

**OFFICIAL STATEMENT DATED NOVEMBER 13, 2024**

**NEW ISSUE – Book-Entry Only**

**See “Ratings” herein**

*In the opinion of Bond Counsel to the Department, under existing statutes, regulations and decisions, (i) assuming compliance with certain covenants described herein, interest on the Series 2024A Bonds will be excludable from gross income for federal income tax purposes except during any period that such Series 2024A Bond is owned by a “substantial user” of the Project or a “related person” (as such terms are used in Section 147(a) of the Code), and as described herein, interest earned on Series 2024A Bonds will be includable in the alternative minimum taxable income of individuals and will be part of the adjusted financial statement income in computing the alternative minimum tax on applicable corporations and (ii) the Series 2024A Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation by the State or by any of its political subdivisions, municipal corporations, or public agencies; no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2024A Bonds, their transfer or the income therefrom. See “TAX MATTERS.”*



**MARYLAND DEPARTMENT OF TRANSPORTATION**

**\$219,755,000**

**Special Transportation Project Revenue Bonds  
(Baltimore/Washington International Thurgood Marshall Airport), Series 2024A  
(Qualified Airport Bonds-AMT)**

**Dated: Date of delivery**

**Due: As shown on the inside cover**

The Maryland Department of Transportation Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2024A (Qualified Airport Bonds-AMT) (the “Series 2024A Bonds”) will be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2024A Bonds initially will be maintained under a book-entry system and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2024A Bonds. Interest on the Series 2024A Bonds from the date of delivery thereof will be payable semiannually on August 1 and February 1 of each year, commencing February 1, 2025. So long as the Series 2024A Bonds are maintained under a book-entry system, payments of principal of and premium, if any, and interest on the Series 2024A Bonds will be made when due by Zions Bancorporation, National Association, as trustee (the “Trustee”), to DTC in accordance with the Trust Agreement described herein (the “Trust Agreement”), and the Trustee will have no obligation to make any payments to any beneficial owner of the Series 2024A Bonds. See “THE SERIES 2024A BONDS – Book-Entry Only System.”

The proceeds of the Series 2024A Bonds will be used to: (i) finance a portion of the costs of certain airport facilities projects as more fully described herein; (ii) pay capitalized interest on the Series 2024A Bonds through December 31, 2025; (iii) fund a Debt Service Reserve Fund securing the Series 2024A Bonds; and (iv) pay certain costs of issuance of the Series 2024A Bonds. See “PLAN OF FINANCE,” “THE PROJECT” and “SOURCES AND USES OF FUNDS.”

The Series 2024A Bonds are subject to optional and mandatory redemption prior to maturity as described herein under “THE SERIES 2024A BONDS – Redemption.”

**The Series 2024A Bonds are limited obligations of the Maryland Department of Transportation (the “Department”) payable solely from the Trust Estate under the Trust Agreement and are not and shall not be deemed to (i) be general obligations of the Department; (ii) constitute obligations of the Maryland Aviation Administration (the “MAA”); or (iii) constitute a debt or a pledge of the full faith and credit of the State of Maryland or any political subdivision thereof. Neither the Department nor the MAA has taxing power.**

This cover page contains certain information for quick reference only. This cover page is not intended to be a summary of the Official Statement. Investors must read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision. For a discussion of certain factors that should be considered in connection with the purchase of the Series 2024A Bonds, see “INVESTMENT CONSIDERATIONS.”



The scheduled payment of principal of and interest on the Series 2024A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2024A Bonds by ASSURED GUARANTY INC.

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**FOR MATURITY SCHEDULES, INTEREST RATES, YIELDS AND CUSIPS, SEE INSIDE COVER**

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The Series 2024A Bonds are offered for delivery when, as and if issued by the Department and subject to the approving opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, and for the Department and MAA, by one or more Assistant Attorneys General. It is expected that the Series 2024A Bonds will be available for delivery through the facilities of DTC on or about November 26, 2024.

**J.P. MORGAN**

**BOFA SECURITIES**

**SIEBERT WILLIAMS SHANK**

# MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

## MARYLAND DEPARTMENT OF TRANSPORTATION

### Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2024A (Qualified Airport Bonds-AMT)

#### \$104,660,000 Serial Bonds

<u>Due August 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>‡</sup></u>
2027	\$3,715,000	5.000%	3.380%	57421FBC0
2028	3,900,000	5.000	3.440	57421FBD8
2029	4,095,000	5.000	3.530	57421FBE6
2030	4,300,000	5.000	3.600	57421FBF3
2031	4,515,000	5.000	3.670	57421FBG1
2032	4,740,000	5.000	3.740	57421FBH9
2033	4,975,000	5.000	3.810	57421FBJ5
2034	5,225,000	5.000	3.830	57421FBK2
2035	5,485,000	5.000	3.910*	57421FBL0
2036	5,760,000	5.000	3.950*	57421FBM8
2037	6,050,000	5.000	3.990*	57421FBN6
2038	6,350,000	5.000	4.020*	57421FBP1
2039	6,670,000	5.000	4.050*	57421FBQ9
2040	7,000,000	5.250	4.030*	57421FBR7
2041	7,370,000	5.250	4.090*	57421FBS5
2042	7,755,000	5.250	4.140*	57421FBT3
2043	8,165,000	5.250	4.180*	57421FBU0
2044	8,590,000	5.250	4.210*	57421FBV8

**\$50,225,000 5.250% Term Bonds due August 1, 2049 Yield: 4.340%\* CUSIP<sup>‡</sup>: 57421FBW6**

**\$64,870,000 5.250% Term Bonds due August 1, 2054 Yield: 4.410%\* CUSIP<sup>‡</sup>: 57421FBX4**

\* Yield to the first optional redemption date of August 1, 2034.

<sup>‡</sup>CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed by S&P Capital IQ, a division of McGraw-Hill Financial, and the Department takes no responsibility for the accuracy thereof. These data are not intended to create a database and do not serve in any way as a substitute for CUSIP Global Services. The CUSIP numbers are subject to being changed after the issuance of the Series 2024A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2024A Bonds.

No dealer, broker, sales representative or any other person has been authorized by the Department to give any information or to make any representation, other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Department. This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or part, for any other purposes. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Department and other sources, but is not guaranteed as to accuracy or completeness by the Department and is not to be construed as a representation by the Department. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Department since the date hereof. This Official Statement contains information supplied by Assured Guaranty Inc. and presented under the heading “BOND INSURANCE” herein and the Specimen Municipal Bond Insurance Policy attached hereto as APPENDIX F, and the Department has relied on Assured Guaranty Inc. for the accuracy of such information.

No quotations from or summaries or explanations of provisions of law and documents herein purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Department and the purchasers or holders of any of the Series 2024A Bonds described herein. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

The cover page hereof, list of officials, this page and the appendices attached hereto are part of this Official Statement. The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section of this Official Statement. The offering of the Series 2024A Bonds is made only by means of this entire Official Statement.

**The Series 2024A Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Agreement described herein been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The Series 2024A Bonds have not been approved or disapproved by any state securities agency nor has any state securities agency passed upon the accuracy or adequacy of this Official Statement.**

**In making an investment decision, investors should rely on their own examination of the Department and the MAA and the terms of the offering, including the merits and risks involved.**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend,” “projection” or other similar words. A number of important factors, including factors affecting the Department’s financial condition and factors that are otherwise unrelated thereto, could cause actual results to differ materially from those stated in such forward-looking statements. THE DEPARTMENT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The prices and other terms respecting the offering and sale of the Series 2024A Bonds may be changed from time to time by the Underwriters after the Series 2024A Bonds are released for sale, and the Series 2024A Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Series 2024A Bonds into investment accounts.

The Trustee has neither participated in the preparation of, nor reviewed, this Official Statement.

Assured Guaranty Inc. (“AG”) makes no representation regarding the Series 2024A Bonds or the advisability of investing in the Series 2024A Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and “APPENDIX F - Specimen Municipal Bond Insurance Policy”.

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# **STATE OF MARYLAND**

Wes Moore, Governor

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**OFFICIAL STATEMENT**  
*of the*  
**MARYLAND DEPARTMENT OF TRANSPORTATION**  
*relating to*

**\$219,755,000**  
**Special Transportation Project Revenue Bonds**  
**(Baltimore/Washington International Thurgood Marshall Airport),**  
**Series 2024A**  
**(Qualified Airport Bonds-AMT)**

**INTRODUCTION**

**General**

This Official Statement sets forth information concerning the offering and sale by the Maryland Department of Transportation (the “Department”) of its \$219,755,000 Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2024A (Qualified Airport Bonds-AMT) (the “Series 2024A Bonds”).

The Series 2024A Bonds are limited obligations of the Department issued pursuant to (i) Sections 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as amended; (ii) the Trust Agreement dated as of February 1, 2021 (the “Original Trust Agreement”), as supplemented by the First Supplemental Trust Agreement, dated as of July 1, 2021 (the “First Supplemental Trust Agreement”) and the Second Supplemental Trust Agreement, dated as of November 1, 2024 (the “Second Supplemental Trust Agreement,” and, together with the Original Trust Agreement and the First Supplemental Trust Agreement, the “Trust Agreement”), each between the Department and Zions Bancorporation, National Association (the “Trustee” and the “Registrar and Paying Agent”); (iii) a resolution of the Secretary of Transportation (the “Secretary”) dated as of November 7, 2024; and (iv) a resolution of the Board of Public Works of the State of Maryland dated as of October 2, 2024.

The Series 2024A Bonds will constitute Additional Bonds under and as defined in the Trust Agreement. The Department previously issued its Special Transportation Project Refunding Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021A (Federally Taxable) (the “Series 2021A Bonds”) and its Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021B (Qualified Airport Bonds-AMT) (the “Series 2021B Bonds,” and, together with the Series 2021A Bonds, the “Series 2021 Bonds”) pursuant to the Original Trust Agreement and the First Supplemental Trust Agreement. The Series 2024A Bonds, the Series 2021 Bonds and any other Additional Bonds issued by the Department under the Trust Indenture are collectively referred to herein as the “Bonds.”

The proceeds of the Series 2021B Bonds were used, in part, to begin the expansion of the Concourse A/B Connector and Baggage Handling System (the “2021 Project”). The proceeds of the Series 2024A Bonds are being used, in part, to complete the construction of the Concourse A/B Connector and Baggage Handling System (the “2024 Project”). The general improvements to BWI Marshall Airport funded by both the proceeds of the Series 2024A Bonds and the Series 2021B Bonds are collectively referred to herein as the “Project.” See “THE PROJECT” herein.

For the definitions of certain other words and terms used in this Official Statement, see APPENDIX A, which includes the proposed form of the Second Supplemental Trust Agreement. Unless otherwise indicated, terms used but not otherwise defined herein have the meanings assigned to such terms in the Trust Agreement.

The Department was created as a principal department of the government of the State of Maryland (the “State”) in 1971. The head of the Department is the Secretary who is appointed by the Governor of the State (the “Governor”) with the advice and consent of the Senate of Maryland. See “THE DEPARTMENT” herein.

### **BWI Marshall Airport**

Baltimore/Washington International Thurgood Marshall Airport (“BWI Marshall Airport” or “BWI Marshall”) is one of three major airports serving the Baltimore-Washington metropolitan area. Located nine miles south of Baltimore and 32 miles northeast of Washington, D.C., BWI Marshall Airport is situated on a 3,596-acre site in Anne Arundel County, Maryland between Baltimore and Washington, D.C. BWI Marshall Airport is one of Maryland’s key economic engines. Based on the December 2023 BWI Marshall Economic Impact Study, BWI Marshall Airport has a total economic impact of \$11.3 billion, 107,066 total jobs, \$5.6 billion total earnings and \$785 million total state and local taxes. See “BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT – General.” BWI Marshall Airport is owned by the State and operated by the Maryland Aviation Administration, one of five modal administrations of the Department (the “MAA”). See “MARYLAND AVIATION ADMINISTRATION.”

BWI Marshall Airport is a major commercial air carrier airport, ranking 22<sup>nd</sup> in the United States based on the number of passengers for calendar year 2023 based on U.S. Department of Transportation T-100 data. Southwest Airlines (“Southwest”) accounted for 70% of total scheduled departing seats at BWI Marshall Airport in July 2024 and BWI Marshall Airport accounted for 5.3% of the total scheduled departing seats in Southwest’s system, making BWI Marshall Airport the fourth busiest airport in Southwest’s system that month. See “BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT – Aviation Activity.”

### **Martin State Airport**

Martin State Airport (“Martin State Airport”) located in Baltimore County, Maryland is owned by the State and operated by the MAA as a public civilian-military joint use airport, serving the needs of private and corporate aircraft owners and military and police users. Martin State Airport also serves as a federally designated reliever airport for noncommercial air carrier traffic



at BWI Marshall Airport. Martin State Airport generates 31% of the total economic impact of the 33 public use airports (excluding BWI Marshall) in Maryland with \$1.4 billion in total economic activity in the region. Based on the December 2023 Martin State Economic Impact Study, Martin State Airport generates approximately \$441 million in economic activity. Revenues derived by the MAA from the operation of BWI Marshall Airport and Martin State Airport (excluding revenues from passenger facility charges and customer facility charges) are Pledged Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues” herein.

## **Regional Aviation**

The MAA, through the Office of Regional Aviation (“Regional Aviation”), promotes and fosters aviation throughout the State of Maryland. There are 34 public-use airports and 100 private-use airports in Maryland. Regional Aviation conducts annual inspections and issues an Airport Operating License or Registration Certificate, as applicable, to those airports in compliance with State regulations. Through the Statewide Aviation Grant program, the MAA provides financial assistance for safety improvement projects at eligible public-use airports. Regional Aviation’s advocacy and outreach program provides integration and connectivity of automated aviation weather reports to the Federal Aviation Administration (the “FAA”) and real-time data to pilots both nationally and globally, provides airport safety equipment to public-use airports, and engages in community events to support aviation education.

## **The Air Service Area**

The Baltimore-Washington metropolitan area is the most educated, second highest income and third largest metropolitan area in the United States. Although BWI Marshall draws the majority of its passengers from the Baltimore-Washington area, many passengers from Southern Pennsylvania and Delaware also use BWI Marshall due to its combination of convenient highway and rail access, low fares and reputation for accessibility.

## **Agreement with Airlines**

The MAA entered into a seven year Use and Lease Agreement (the “Airline Agreement”) with 17 signatory airlines operating at BWI Marshall Airport, including, passenger airlines Alaska Airlines (“Alaska”), Air Canada, American Airlines (“American”), British Airways, Condor Airlines (“Condor”), Delta Air Lines (“Delta”), Frontier Airlines (“Frontier”), JetBlue Airways (“JetBlue”), Southwest, Spirit Airlines (“Spirit”), United Airlines (“United”) and Sun Country Airlines (“Sun Country”) as well as cargo airlines Federal Express (“FedEx”), United Parcel Services (“UPS”), Air Transportation International (“ATI”), ABX Air (“ABX”), and Atlas Air (“Atlas”) (collectively, the “Signatory Airlines”).

The Airline Agreement provides for a commercial compensatory rate-making methodology to calculate terminal rental rates, and a residual rate-making methodology to calculate the airfield area landing fees and baggage claim fees. The revenues received by or on behalf of the MAA under the Airline Agreement and arrangements with other airlines operating at BWI Marshall Airport are included in Pledged Revenues. The MAA may increase terminal rentals, fees and charges pursuant to the Airline Agreement as necessary to ensure that Net Pledged Revenues are sufficient to meet the debt service coverage requirement of the Rate Covenant. The

current term of the Airline Agreement commenced on July 1, 2019 and extends through June 30, 2026. See “AIRPORT AGREEMENTS – Airline Agreement” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues” for more detailed discussion.

### **Other Agreements**

Other agreements between the MAA and users of BWI Marshall Airport and Martin State Airport, respectively, which generate revenues that are included in the Pledged Revenues are (i) the Lease and Concession Contract for the operation and management of the food and beverage, retail, news and gift and certain other services located at BWI Marshall Airport; (ii) the parking management contract for the management and operation of the parking facilities located at BWI Marshall Airport; (iii) the agreements with the rental car companies operating at the consolidated rental car facility serving BWI Marshall Airport; and (iv) land and/or building leases. See “AIRPORT AGREEMENTS – Other Agreements” for a more detailed discussion of such agreements.

### **Use of Proceeds of the Series 2024A Bonds**

The proceeds of the Series 2024A Bonds will be used to: (i) finance a portion of the costs of the 2024 Project; (ii) pay capitalized interest on the Series 2024A Bonds from the date of issuance thereof until December 31, 2025; (iii) fund the Debt Service Reserve Fund securing the 2024A Bonds (the “2024A Debt Service Reserve Fund”); and (iv) pay certain costs of issuance of the Series 2024A Bonds. See “PLAN OF FINANCE,” “THE PROJECT” and “SOURCES AND USES OF FUNDS.”

### **Additional Bonds**

In 2021, the Department issued its Series 2021Bonds, which are secured equally and ratably on parity with the Series 2024A Bonds under the Trust Agreement. The Project is part of the pre-approved capital improvement program agreed to by the Signatory Airlines in the Airline Agreement, ensuring that the debt service requirements of the Series 2024A Bonds issued to finance the remainder of the Project are included in the calculation of terminal rentals and use charges. See “THE PROJECT” and “AIRPORT AGREEMENTS – Airline Agreement.”

The Department may issue other Additional Bonds on parity with the Series 2021 Bonds and the Series 2024A Bonds, subject to the satisfaction of certain conditions under the Trust Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds” herein.

### **Security for the Bonds**

**The Bonds are limited obligations of the Department and shall not be deemed to (i) be general obligations of the Department; (ii) constitute obligations of the MAA; or (iii) constitute a debt or a pledge of the full faith and credit of the State or any political subdivision thereof. Neither the Department nor the MAA has taxing power.**

The Bonds issued under the Trust Agreement are payable solely from the Trust Estate pledged under the Trust Agreement. The Trust Estate includes (i) the Pledged Revenues more

particularly described herein; and (ii) to the extent provided in the Trust Agreement, the amounts on deposit under the Trust Agreement.

The revenue pledge under the Trust Agreement constitutes a *gross pledge* of the Pledged Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” All Bonds outstanding under the Trust Agreement (including the Series 2024A Bonds, upon their issuance) are payable from, and secured equally and ratably by, the Pledged Revenues.

All other expenditures and obligations of the Department are payable from amounts on deposit in the Transportation Trust Fund maintained by the Department, subject to the appropriation of such funds for such purpose by the Maryland General Assembly (the “General Assembly”). The Transportation Trust Fund is credited with taxes, fees, charges, federal grants for transportation purposes and other receipts (excluding passenger facility charges and rental car customer facility charges) of the Department and the five modal administrations of the Department (the “Administrations”), including the MAA. The Transportation Trust Fund pays the operating and maintenance expenses and other obligations of all of the Administrations, including (without limitation) the MAA, debt service on indebtedness and other obligations of the Department (other than the Bonds and bonds or notes payable from passenger facility charges or rental car customer facility charges) and the Department’s annual contributions to the Maryland State Retirement and Pension System for its employees. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Transportation Trust Fund.”

If the Pledged Revenues pledged to the payment of principal of and interest on the Bonds are insufficient to meet such debt service requirements, amounts on deposit in the Department’s Transportation Trust Fund *may*, at the Department’s discretion, be available for that purpose, subject to the appropriation of such funds for such purpose by the General Assembly. The Transportation Trust Fund is *not* pledged to the payment of the Bonds issued under the Trust Agreement, including the Series 2024A Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Transportation Trust Fund.”

### **Report of Airport Consultant**

The MAA has retained LeighFisher to serve as the airport consultant (the “Airport Consultant”) in connection with the issuance of the Series 2024A Bonds to prepare the Report of the Airport Consultant (the “ROAC”). The ROAC, which includes a financial analysis based on the issuance of the Series 2024A Bonds, is attached hereto as APPENDIX D. The Airport Consultant has provided its consent to include the ROAC in this Official Statement. See APPENDIX D and “REPORT OF THE AIRPORT CONSULTANT” herein.

### **Investment Considerations**

The Series 2024A Bonds may not be suitable for all investors. Prospective purchasers of the Series 2024A Bonds should read this Official Statement in its entirety. For a discussion of certain investment considerations relating to the Series 2024A Bonds, see “INVESTMENT CONSIDERATIONS.”

## **Additional Information**

This Official Statement contains brief descriptions of, among other things, the Series 2024A Bonds, the Trust Agreement, the Department, the MAA and BWI Marshall Airport. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to laws and documents are qualified in their entirety by reference to such laws and documents; references to the Series 2024A Bonds are qualified in their entirety by reference to the form of the Series 2024A Bonds attached to the Second Supplemental Trust Agreement. See APPENDIX A. A copy of the final Second Supplemental Trust Agreement and copies of other agreements described in this Official Statement may be obtained upon written request from the Secretary.

## **Forward Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend,” “projection” or other similar words. Such forward-looking statements include, but are not limited to, (i) statements concerning forecasts of future passenger activity at BWI Marshall Airport and of future financial performance at BWI Marshall Airport (see “REPORT OF THE AIRPORT CONSULTANT” herein and APPENDIX D); (ii) statements of the plans and objectives of the Department in relation to the BWI Marshall Airport capital improvement program (see “THE PROJECT”); and (iii) statements concerning potentially material events or developments (see “INVESTMENT CONSIDERATIONS”). A number of important factors, including factors affecting the Department’s financial condition and factors that are otherwise unrelated thereto, could cause actual results to differ materially from those stated in such forward-looking statements. THE DEPARTMENT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR. See “INVESTMENT CONSIDERATIONS – Forward Looking Statements.”

*[Remainder of Page Intentionally Left Blank]*

## SOURCES AND USES OF FUNDS

The following is a description of the expected sources and uses of the proceeds of the Series 2024A Bonds.

### Sources of funds:

Par Amount of the Series 2024A Bonds .....	\$ 219,755,000.00
Net Original Issue Premium .....	<u>\$ 16,299,735.05</u>
<b>Total sources of funds.....</b>	<b><u>\$ 236,054,735.05</u></b>

### Uses of funds:

Deposit to Construction Fund.....	\$ 207,300,073.71
Deposit to Capitalized Interest Fund <sup>(1)</sup> .....	\$ 11,958,526.43
Deposit to 2024A Debt Service Reserve Fund .....	\$ 15,087,825.00
Costs of Issuance <sup>(2)</sup> .....	<u>\$ 1,708,309.91</u>
<b>Total uses of funds .....</b>	<b><u>\$ 236,054,735.05</u></b>

<sup>(1)</sup> Interest accruing on the Series 2024A Bonds for the period from the date of delivery of such Bonds to December 31, 2025.

<sup>(2)</sup> Includes the Underwriters' discount, certain fees and expenses of the Department, the Trustee and the rating agencies, counsel fees, the premium for the Municipal Bond Insurance Policy, printing costs and other miscellaneous expenses.

## THE SERIES 2024A BONDS

### Details of the Series 2024A Bonds

The Series 2024A Bonds are issuable as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2024A Bonds are dated as of the date of their delivery and will mature on August 1 of the years and in the principal amounts shown on the inside front cover of this Official Statement. The Series 2024A Bonds shall bear interest from their date until paid at the rate or rates set forth on the inside front cover (computed on the basis of a 360-day year composed of twelve 30-day months) payable on February 1, 2025 and semiannually thereafter on August 1 and February 1 of each year (the "Interest Payment Dates").

So long as the Series 2024A Bonds shall be maintained under a book-entry system, payments of the principal of and premium, if any, and interest on the Series 2024A Bonds will be made as described below under the heading "Book-Entry Only System." At any other time, interest on the Series 2024A Bonds will be payable by electronic funds transfer on each Interest Payment Date, or the next Business Day (herein defined) if such Interest Payment Date is not a Business Day, to each registered owner thereof at the address of such owner as it appears on the registration books of the Registrar and Paying Agent at the close of business on the 15<sup>th</sup> day of the month immediately preceding the Interest Payment Date (the "Record Date"), and the principal of the Series 2024A Bonds will be payable upon presentation and surrender of the Series 2024A Bonds, when due, at the designated corporate trust office of the Trustee.

## Redemption

### *Optional Redemption*

The Series 2024A Bonds maturing on or after August 1, 2035 are subject to redemption in whole or in part on or after August 1, 2034 at the option of the Department, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

### *Mandatory Sinking Fund Redemption*

Series 2024A Bonds maturing on August 1, 2049 and August 1, 2054 are subject to mandatory redemption prior to maturity, at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the redemption date, from mandatory Sinking Fund Installments due on August 1 of the years and in the amounts as follows:

#### **Term Bond Due August 1, 2049**

<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>
2045	\$9,045,000
2046	9,520,000
2047	10,020,000
2048	10,545,000
2049*	11,095,000

\* Final maturity.

#### **Term Bond Due August 1, 2054**

<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>
2050	\$11,680,000
2051	12,295,000
2052	12,940,000
2053	13,620,000
2054*	14,335,000

\* Final maturity.

The amounts accumulated for any Sinking Fund Installment may be applied by the Trustee to the purchase of Series 2024A Bonds subject to redemption from such Sinking Fund Installment at a price (including any brokerage and other charges) not exceeding the principal amount thereof, plus accrued interest to the date of purchase. Upon any purchase of Series 2024A Bonds subject to redemption from a Sinking Fund Installment by or on behalf of the Department and surrender of such Bonds to the Trustee for cancellation, and upon any redemption of Series 2024A Bonds subject to redemption from a Sinking Fund Installment, an amount equal to the principal amount thereof shall be credited toward such Sinking Fund Installment, and any principal amount of Series 2024A Bonds purchased or redeemed in excess of such Sinking Fund Installment may be applied toward the reduction of any applicable future Sinking Fund Installments as the Department may designate.

### ***Redemption of Bonds Subject to Deposit of Funds and Other Conditions***

Any redemption of Series 2024A Bonds (other than redemption from the Sinking Fund Installments for such Series 2024A Bonds) shall be subject to the deposit of funds for such redemption by or on behalf of the Department and may be subject to such other conditions as the Department shall determine.

### ***Selection of Bonds to Be Redeemed***

If fewer than all of the Bonds shall be called for redemption (other than redemption from the Sinking Fund Installments for such Bonds), then the series and maturities of the Bonds to be redeemed shall be selected by the Department.

So long as the Series 2024A Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2024A Bonds of any one maturity to be redeemed shall be made as described in APPENDIX E, except as otherwise directed by the Department.

If fewer than all of the Series 2024A Bonds of any one maturity shall be called for redemption during any other period, the Trustee shall select or cause to be selected the particular Series 2024A Bonds or portions of Series 2024A Bonds to be redeemed from such maturity as shall be directed by the Department or, in the absence of any such direction, by lot or in such other manner as the Trustee in its discretion may deem proper.

### ***Notice of Redemption***

Notice of the call for any redemption of Series 2024A Bonds shall be given by the trustee at least 20 days before the date fixed for redemption. So long as the Series 2024A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2024A Bonds shall be given only to the Depository Trust Company (“DTC”) or any successor. At any other time, the Trustee shall mail notice of the call for any redemption to the registered owners of the Series 2024A Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee, but failure to mail any such notice to any of such registered owners or any defect in any notice shall not affect the validity of the proceedings for the redemption of any Series 2024A Bonds.

### ***Effect of Call for Redemption***

The Series 2024A Bonds so called for redemption will cease to bear interest on the specified redemption date and shall no longer be secured by the Trust Agreement, provided that funds for such redemption shall be on deposit at that time with the Trustee and that all conditions to such redemption shall have been satisfied.

### **Registration and Exchange of Bonds**

So long as the Series 2024A Bonds are maintained under a book-entry system, Beneficial Owners (as defined in APPENDIX E) thereof will have no right to receive physical possession of the Series 2024A Bonds, and transfers of ownership interests in the Series 2024A Bonds will be made

through book-entries by DTC and the Direct Participants (as defined in APPENDIX E). See “Book-Entry Only System” below and APPENDIX E hereto.

If the book-entry system is discontinued, upon surrender of the Series 2024A Bonds at the designated office of the Registrar and Paying Agent, together with an assignment duly executed by the registered owner or the attorney or legal representative of such owner in such form as shall be satisfactory to the Registrar and Paying Agent, such Bonds will be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any authorized denomination or denominations, and bearing interest at the same rate as the Series 2024A Bonds surrendered for exchange.

The transfer of any Bond may be registered only upon the books kept for the registration and transfer of the Series 2024A Bonds upon surrender of such Bond to the Registrar and Paying Agent, together with an assignment duly executed by the registered owner or the attorney or legal representative of such owner in such form as shall be satisfactory to the Registrar and Paying Agent.

Upon any exchange or registration of transfer, the Department shall execute, and the Registrar and Paying Agent shall authenticate and deliver in exchange for such Bond, within a commercially reasonable time according to then-prevailing industry standards, a new Bond or Bonds, registered in the name of the transferee, of any authorized denomination or denominations, in aggregate principal amount equal to the principal amount of the Bond surrendered, of the same maturity and bearing interest at the same rate.

The Department or the Registrar and Paying Agent may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Bondholder for the privilege of exchanging or registering the transfer of Bonds under the provisions of the Trust Agreement.

### **Book-Entry Only System**

DTC will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Series 2024A Bonds in principal amount equal to the aggregate principal amount of the Series 2024A Bonds of such maturity, and will be deposited with DTC. Principal of and interest payments on the Series 2024A Bonds will be made to DTC or its nominee, Cede & Co. More details about DTC and the book-entry-only system can be found in APPENDIX E.



## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The principal of and interest on the Series 2024A Bonds are payable solely from the Trust Estate pledged and assigned to the Trustee pursuant to the Trust Agreement.

*The Series 2024A Bonds are limited obligations of the Department and do not constitute a debt or a pledge of the full faith and credit of the State, the Department or the MAA, and neither the full faith and credit nor the taxing power of the State nor the revenues (other than the Pledged Revenues) of the Department or the MAA are pledged to the payment of the principal of or the interest on the Series 2024A Bonds. Neither the Department nor the MAA has taxing power.*

The Trust Estate includes (a) the Pledged Revenues described below; and (b) the amounts on deposit under the Trust Agreement, *provided* however that (i) funds and accounts established for particular bonds shall not secure any other bonds, and (ii) funds and accounts established for tax-exempt bonds shall not secure any Bonds that do not constitute tax-exempt bonds.

The Trust Agreement does not convey title to or mortgage any property of BWI Marshall Airport or Martin State Airport. The Department and the MAA have no obligation to rebuild any damaged or destroyed airport facilities regardless of the existence of insurance proceeds.

### Pledged Revenues

Pursuant to the Trust Agreement, the Department has pledged and assigned to the Trustee all receipts, revenues, rentals, income, insurance proceeds and other money received by or on behalf of the MAA, including revenues derived from the ownership and operation of BWI Marshall Airport and Martin State Airport, as well as earnings on the investment of amounts on deposit in the funds and accounts created under the Trust Agreement (collectively, the “Pledged Revenues”).

The Department’s pledge of the Pledged Revenues under the Trust Agreement constitutes a *gross pledge*, such that the first Pledged Revenues received by or on behalf of the Department in each month shall be deposited by the Department with the Trustee until the total amount required to be transferred to the Bond Funds and Debt Service Reserve Funds in such month shall have been deposited with the Trustee. See “Deposit of Pledged Revenues” below.

### Deposit of Pledged Revenues

Pursuant to the Trust Agreement, the *first* Pledged Revenues received by or on behalf of the Department in each month shall be paid to the Trustee for deposit to the Pledged Revenue Fund until there shall have been deposited with the Trustee an amount equal to the sum of: (i) one-sixth (1/6) of the interest becoming due on the outstanding Bonds on the immediately succeeding Interest Payment Date, reduced by the amount on deposit in any Capitalized Interest Fund available for the payment of such Bonds on such Interest Payment Date; (ii) one-twelfth (1/12) of the amount of any principal of or Sinking Fund Installment for the Bonds Outstanding becoming due on the immediately succeeding August 1, in each case less any earnings on the investment of amounts in the Bond Funds then on deposit in the Bond Funds; and (iii) any deficiency in the amount required to be so deposited in any prior month in accordance with the provisions of the Trust Agreement.

At such time as there shall have been deposited in the Pledged Revenue Fund the total amount required to be transferred to the Bond Funds in such month, amounts on deposit in the Pledged Revenue Fund shall be transferred *pro rata* among each of the Bond Fund on the basis of the amounts required to be deposited in the respective Bond Funds in such month.

After the transfer to the Bond Funds described above, beginning on any date on which the Department receives notice of any deficiency in a Debt Service Reserve Fund, the Trustee shall transfer from the Pledged Revenue Fund to each Debt Service Reserve Fund one-twelfth (1/12) of the amount of such deficiency until the amount credited to such Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement for such Debt Service Reserve Fund. If there shall not be sufficient amounts in the Pledged Revenue Fund in any month to make all such transfers to the Debt Service Reserve Funds, amounts on deposit in the Pledged Revenue Fund shall be transferred *pro rata* among each of the Debt Service Reserve Funds on the basis of the amounts required to be deposited in the respective Debt Service Reserve Funds in such month.

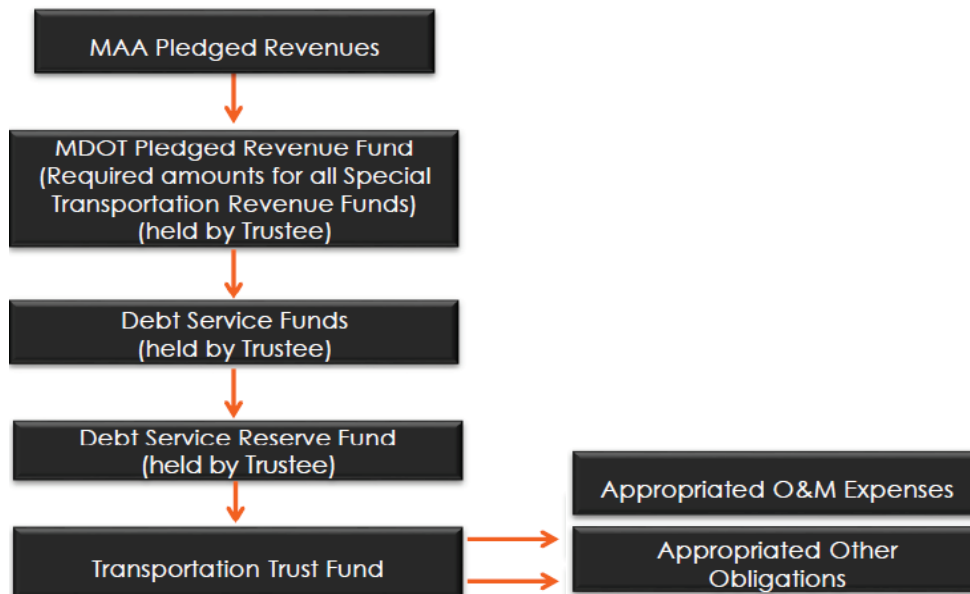
Any Pledged Revenues by or on behalf of the Department in any month *after the deposit with the Trustee of the total amount required to be transferred to the Bond Funds and Debt Service Reserve Funds* in such month shall be paid by the Department to the Transportation Trust Fund.

The Transportation Trust Fund is *not* pledged to the payment of the Bonds.

All operating expenses and other obligations of the MAA directly or indirectly attributable to the ownership or operation of BWI Marshall Airport and Martin State Airport (such expenses being more particularly defined as “Operating Expenses” in the Trust Agreement) and debt service obligations of the Department (other than debt service on the Bonds and bonds or notes payable from passenger facility charges or rental car customer facility charges) are to be paid from amounts on deposit in the Transportation Trust Fund, upon the appropriation of such funds for such purpose by the General Assembly.

Revenues received by or on behalf of the MAA under the Parking Agreement (as defined herein) are included in Pledged Revenues, and the MAA pays parking operating and maintenance expenses (plus a management fee) and receives gross parking revenues net of Anne Arundel County Parking Taxes and beginning July 1, 2024, net of credit card fees. See “AIRPORT AGREEMENTS – Other Agreements” and “Transportation Trust Fund” below.

The chart below sets forth the flow of funds as specified in the Trust Agreement and with respect to the Transportation Trust Fund.



### Transportation Trust Fund

The Transportation Trust Fund was established in 1971 by Chapter 526 of the Laws of Maryland of 1970. The Transportation Trust Fund is credited with taxes, fees, charges, federal grants for transportation purposes and other receipts (excluding passenger facility charges and rental car customer facility charges) of the Department and the Administrations (including MAA) encompassed by the Department. See “THE DEPARTMENT.” As described below, all activities of the Department are supported by the Transportation Trust Fund. The use of an integrated trust fund approach provides the Department with flexibility to meet varying transportation service and infrastructure needs.

Certain taxes and revenues of the Department are required by statute to be deposited in a sinking fund in the Transportation Trust Fund in such amounts as will be sufficient to pay debt service on certain bonds issued by the Department. Upon the deposit of such funds in such sinking funds, the Department is permitted to use the funds in the Transportation Trust Fund for any lawful purpose related to the exercise of its powers, duties and obligations, which include the payment of the operating and maintenance expenses of the Administrations (including MAA), debt service on indebtedness and other obligations of the Department (other than debt service on the Bonds and bonds or notes payable from passenger facility charges or rental car customer facility charges), and the Department’s annual contribution to the Maryland State Retirement and Pension System for its employees. Remaining funds provide mandated capital grants to local governments, Maryland’s share of funding to the Washington Metropolitan Area Transit Authority, and the Department’s capital programs. All funding from the Transportation Trust Fund is subject to appropriation by the General Assembly. Unexpended funds remaining in the Transportation Trust Fund at the close of each fiscal year do not revert to the State’s General Fund but remain in the Transportation Trust Fund.

The Department includes the operating and maintenance needs, including the capital programs of BWI Marshall Airport, Martin State Airport and Regional Aviation, in its annual capital and operating budgets that are submitted to the Governor of the State. The source of the

appropriated funds for BWI Marshall Airport and Martin State Airport, including Regional Aviation, is not restricted by the General Assembly to the funds that have been deposited by MAA into the Transportation Trust Fund.

In the event of any unexpected Operating Expenses or if the Pledged Revenues are insufficient to meet such debt service requirements, the Department may request a supplemental appropriation and such appropriation may include the expenditure of other funds in the Transportation Trust Fund that were not generated from the operation of BWI Marshall Airport or Martin State Airport.

The Transportation Trust Fund is *not* pledged to the payment of the Bonds issued under the Trust Agreement, including the Series 2024A Bonds.

For further information regarding the Department and the Transportation Trust Fund, including detailed discussion of the indebtedness and other obligations of the Department payable from the Transportation Trust Fund, see the Annual Comprehensive Financial Report of the Department, including audited Basic Financial Statements, for the fiscal year ended June 30, 2023, which is posted on the Department's website can be obtained upon written request from the Secretary or accessed at the following link:

[https://www.mdot.maryland.gov/OOF/ACFR\\_FY2023.pdf](https://www.mdot.maryland.gov/OOF/ACFR_FY2023.pdf)

### **Debt Service Reserve Fund**

In accordance with the Trust Agreement, the Second Supplemental Trust Agreement will establish the 2024A Debt Service Reserve Fund to secure the Series 2024A Bonds. Upon the delivery of the Series 2024A Bonds, there will be deposited into the 2024A Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement established under the Second Supplemental Trust Agreement.

The Second Supplemental Trust Agreement will establish the Debt Service Reserve Requirement as an amount equal to the least of (i) 10% of the proceeds of Bonds secured thereby; (ii) Maximum Annual Debt Service on all outstanding Bonds secured thereby; and (iii) 125% of the average annual debt service requirements of all Bonds secured thereby.

Under the Trust Agreement, the 2024A Debt Service Reserve Fund may secure other Additional Bonds (other than any Bonds that do not constitute Tax-Exempt Bonds), provided that upon the issuance of such Additional Bonds, there is deposited therein the amount required to make the amount on deposit therein equal to the Debt Service Reserve Requirement, after giving effect to the issuance of such Additional Bonds.

The Department may deliver to the Trustee a Debt Service Reserve Fund Credit Facility in substitution for amounts initially deposited in the 2024A Debt Service Reserve Fund.

If as a result of any withdrawal from the 2024A Debt Service Reserve Fund, the amount credited thereto is less than the Debt Service Reserve Requirement, the Trustee is required under

the Trust Agreement to transfer from the Pledged Revenue Fund in each month such amount as will cure the deficiency within 12 months.

For further information about the Debt Service Reserve Funds and related definitions, see APPENDIX A.

### **Rate Covenant**

The Department has covenanted in the Trust Agreement that it shall cause the MAA to fix, charge and collect Operating Revenues in each Bond Year as will be sufficient to produce Net Pledged Revenues in such Bond Year in an amount not less than the sum of (i) 125% of the Debt Service Requirements of all outstanding Bonds for such Bond Year; and (ii) 100% of the Debt Service Requirements of all outstanding Other Obligations for such Bond Year (the “Rate Covenant”). “Net Pledged Revenues” consist of Pledged Revenues for a Bond Year, less the amount of Operating Expenses in such Bond Year. While the Series 2024A Bonds are secured by a gross revenue pledge, the Rate Covenant is structured on the basis of a net revenues requirement.

If Net Pledged Revenues are less than the amount specified above, the Department shall employ an Airport Consultant to prepare a report including recommendations with respect to the operation of the Facilities and the Operating Revenues and Operating Expenses. The report of such Airport Consultant is required to be filed with the Department, the MAA and the Trustee within 30 days after the date of the Airport Consultant’s employment by the Department; provided that the Department may extend such time period to the extent reasonably necessary to enable the Airport Consultant to complete such report if the Airport Consultant has requested an extension and is proceeding diligently to complete such report.

The Department shall cause the MAA to revise or cause to be revised the Operating Revenues and Operating Expenses in conformity with any practicable recommendation of the Airport Consultant and shall otherwise follow any practicable recommendation of the Airport Consultant. If the MAA complies with the practicable recommendations of such Airport Consultant that are reasonable, then the failure of the Department to meet the Rate Covenant for such Bond Year shall not constitute an Event of Default under the Trust Agreement.

Under the Trust Agreement, “Net Pledged Revenues” means, when used with respect to any Bond Year, the total amount of the Pledged Revenues for such Bond Year, less the amount of Operating Expenses.

For further information about the Rate Covenant and related definitions, see the proposed form of the Second Supplemental Trust Agreement attached hereto as APPENDIX A.

### **Additional Bonds**

The Series 2024A Bonds constitute Additional Bonds under the Trust Agreement. Under the Trust Agreement, the Department may issue other Additional Bonds on parity with the Series 2024A Bonds, to the extent provided therein, subject to the satisfaction of certain conditions. Among the conditions to the issuance of Additional Bonds under the Trust Agreement, is the requirement that the Department provide the Trustee with one of the applicable deliverables described below (collectively, the “Additional Bonds Test”):

(a) (i) if Additional Bonds are to be issued for Completion Purposes or Extraordinary Maintenance Purposes, and unless the Department meets the requirements set forth in (c) below (A) a report of an Airport Consultant to the effect that the amount of the estimated Net Pledged Revenues for each of the three full Bond Years following the date on which the proceeds of such Additional Bonds are expected to have been fully applied is projected to be not less than the Debt Service Requirements of all outstanding Bonds and Other Obligations as of the last day of each such Bond Year, and (B) a Report of an Engineer to the effect that the proceeds of such Additional Bonds do not exceed the amount necessary to accomplish the intended Completion Purpose or Extraordinary Maintenance Purpose, respectively; or (ii) in the case of Additional Bonds issued for Completion Purposes, a Certificate of the Department to the effect that the aggregate principal amount of such Additional Bonds is not greater than 10% of the aggregate principal amount of the Bonds issued to finance the project to be completed with proceeds of such Additional Bonds;

(b) if Additional Bonds are to be issued for Refunding Purposes, and unless the Department meets the requirements set forth in (c) below, a certificate of the Department to the effect that the Maximum Annual Debt Service on outstanding Bonds, assuming such Additional Bonds are issued and the Bonds or Other Obligations to be refinanced or refunded is no longer outstanding, will not be increased as a result of the issuance of such Additional Bonds; or

(c) a certificate of the Department to the effect that (i) the amount of the Net Pledged Revenues received by the Department in the most recent Bond Year was not less than the sum of (1) 125% of the Maximum Annual Debt Service Requirements of outstanding Bonds taking into account the Additional Bonds to be issued, and (2) 100% of the Debt Service Requirements of all outstanding Other Obligations for such Bond Year; or (ii) based on a Report of an Airport Consultant, during each of the three Bond Years immediately succeeding the later of the date of delivery of such Additional Bonds and the date to which interest on such Additional Bonds has been funded, the estimated Net Pledged Revenues are projected to be not less than the sum of (1) 125% of the Debt Service Requirements of outstanding Bonds for such Bond Year, taking into account the Additional Bonds then to be issued and Bonds expected to be issued for the Completion Purposes of projects financed with such Additional Bonds, and (2) 100% of the Debt Service Requirements of all other outstanding Other Obligations for such Bond Year.

Additional Bonds may be authenticated, delivered and paid for in installments of less than the total authorized principal amount of a Series of Bonds from time to time as the Department may direct in its written requests. In the case of Bonds issued in installments or tranches of Bonds or as draw-down bonds, the proceeds of which are to be received over a number of years to finance a project or series of projects (a "Program"), such as the Project, compliance with this Section may be determined at the time of issuance of any Series of Bonds issued to finance such Program, *provided* that the period over which such Additional Bonds are to be issued does not exceed three years and the aggregate principal amount of such Bonds is set forth in a Certificate of the Department or a Report of an Airport Consultant delivered to the Trustee in connection with the initial issuance of such Bonds.

For further information about the Additional Bonds Test and related definitions, see APPENDIX A.

## **Events of Default and Remedies; No Acceleration**

The Bonds may *not* be accelerated upon the occurrence of an Event of Default under the Trust Agreement. The remedies for Events of Default are limited to suits, actions or special proceedings, at law or in equity, for enforcement. As a result, the MAA may be able to continue indefinitely collecting revenues and applying them to the operation of BWI Marshall Airport and Martin State Airport even if an Event of Default has occurred and no payments are made on the Bonds. See APPENDIX A.

## **PLAN OF FINANCE**

The proceeds of the Series 2024A Bonds will be used to (i) finance a portion of the costs of the 2024 Project; (ii) pay capitalized interest on the Series 2024A Bonds for the period from the date of issuance thereof through December 31, 2025; (iii) fund a deposit into the 2024A Debt Service Reserve Fund securing the Series 2024A Bonds; and (iv) pay certain costs of issuance of the Series 2024A Bonds. See “THE PROJECT” and “SOURCES AND USES OF FUNDS” herein.

## **THE DEPARTMENT**

The Department was established as a principal department of the State government in 1971. The head of the Department is the Secretary, who is appointed by the Governor with the advice and consent of the Senate of Maryland. The Department has the responsibility for most State-owned transportation facilities and programs. This responsibility includes the planning, financing, construction, operation and maintenance of various modes of transportation and carrying out various related licensing and administrative functions. The statutorily created transportation agencies, which are encompassed by the Department, are the MAA, the Maryland Port Administration, the Motor Vehicle Administration, the Maryland Transit Administration (the “MTA”) and the State Highway Administration, and these five agencies constitute the Administrations as defined under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Transportation Trust Fund” above.

The Secretary is empowered, on behalf of the Department, to exercise or perform any power or duty that any of these Administrations may exercise or perform. These powers and duties involve, among others, the operation by the MAA of BWI Marshall Airport and Martin State Airport, including the power to fix parking fees (however landing fees and to rent space to airlines are subject to the Airline Agreement); the operation of various State-owned buildings and marine terminals in the Port of Baltimore, including the power to fix and collect rental and other fees for the use of these facilities; the construction and maintenance of the State highway system; the operation of all transit facilities in the Baltimore metropolitan transit district, including the operation of the bus and rail systems in the district, and the power to fix and collect the fares for these systems; the licensing and registration of all motor vehicles and motor vehicle operators in the State; and the power to acquire any property by purchase or condemnation that is necessary to exercise or perform these powers and duties.

## **MARYLAND AVIATION ADMINISTRATION**

The General Assembly established the MAA on July 1, 1971. The MAA, as provided by Title 5 of the Transportation Article of the Annotated Code of Maryland, as amended, is responsible for fostering and developing aviation activity and facilities throughout the State and operating State-owned airports. By legislative action in the 1972 Session of the General Assembly, ownership of BWI Marshall Airport was acquired by the State from the City of Baltimore on July 26, 1972 and responsibility for its operation, maintenance, protection and development was assigned to the MAA in 1989. Martin State Airport was purchased by the State on July 1, 1975. The MAA operates Martin State Airport as a joint facility, serving the needs of private and corporate aircraft owners, the Maryland Air National Guard, the Maryland State Police, Baltimore County Aviation and Marine Police and the Baltimore City Police. Martin State Airport also serves as a federally designated reliever airport for noncommercial air carrier traffic at BWI Marshall Airport.

The Maryland Aviation Commission was established in 1994 with the Secretary of the Department serving as Chair. The Maryland Aviation Commission's duties, described in §5-201(b) of the Transportation Article of the Annotated Code of Maryland, as amended, include approving major capital projects at state-owned airports. The MAA received approval for the Project from the Maryland Aviation Commission on November 11, 2020 in order to improve the level of service and respond to changing customer needs and projected service levels.

## **BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT**

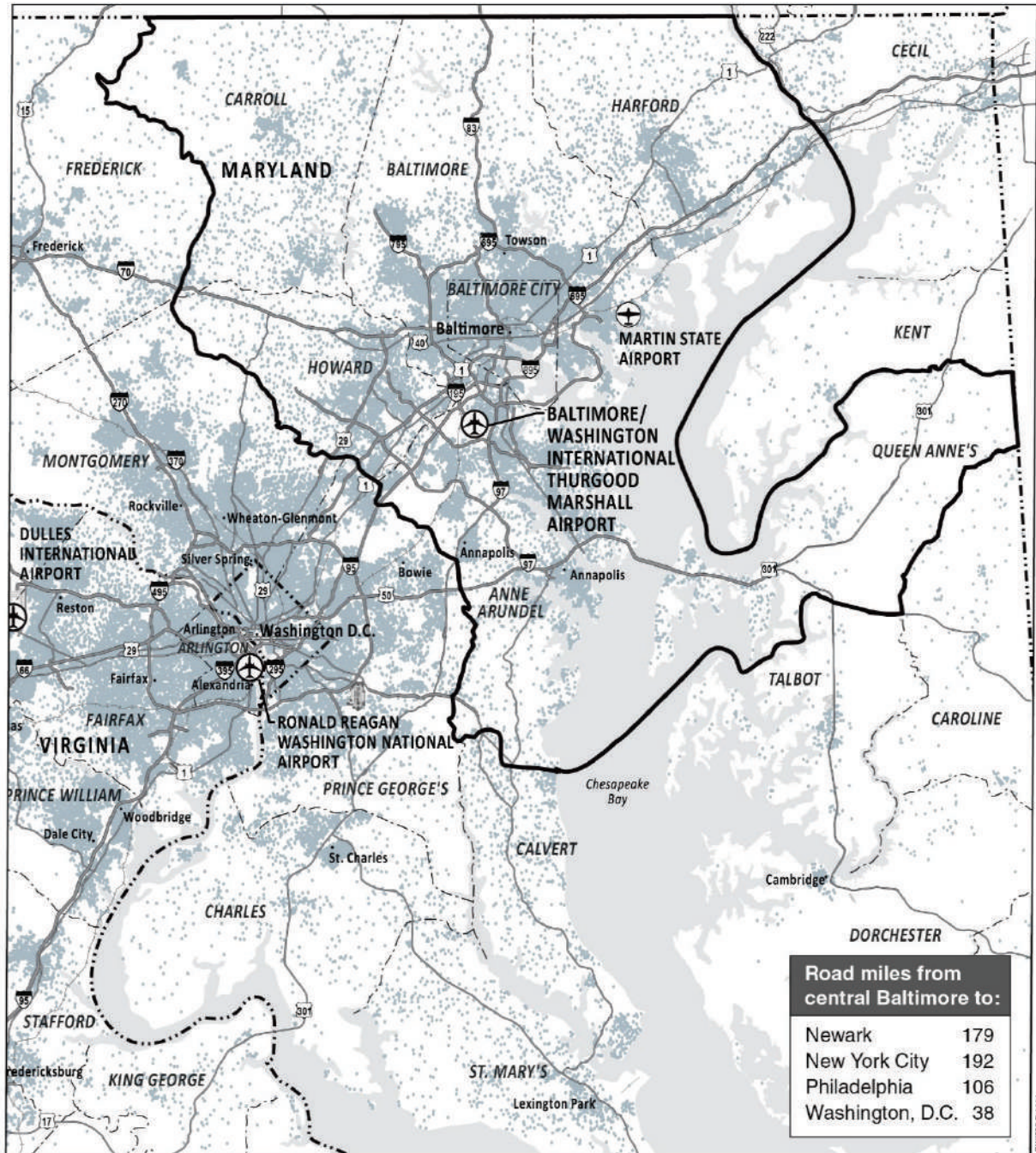
### **General**

BWI Marshall Airport is one of the three major airports serving the Baltimore-Washington metropolitan area, which is the third largest population and travel market in the United States. BWI Marshall Airport is a major commercial air carrier airport, ranking 22<sup>nd</sup> in the United States based on the number of passengers for calendar year 2023 based on U.S. Department of Transportation T-100 data. BWI Marshall Airport primarily serves the Maryland counties of Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's as well as Baltimore City (the "Baltimore Metropolitan Statistical Area" or the "Baltimore MSA"). According to the U.S. Department of Commerce, Bureau of the Census, the population of the Baltimore MSA in 2023 was 2.8 million, accounting for approximately 46% of Maryland's population of 6.2 million. In 2023, the Baltimore MSA was the 20<sup>th</sup> largest MSA in the nation. The secondary region served by the Airport consists of the District of Columbia and 18 counties and 6 cities in the states of Maryland, Virginia, and West Virginia (the "Washington, D.C., MSA") as well as parts of southern Pennsylvania and Delaware. In 2023, the population of the Washington, D.C., MSA was 6.3 million. See APPENDIX D for additional information.

The following map shows the air service areas served by BWI Marshall Airport:

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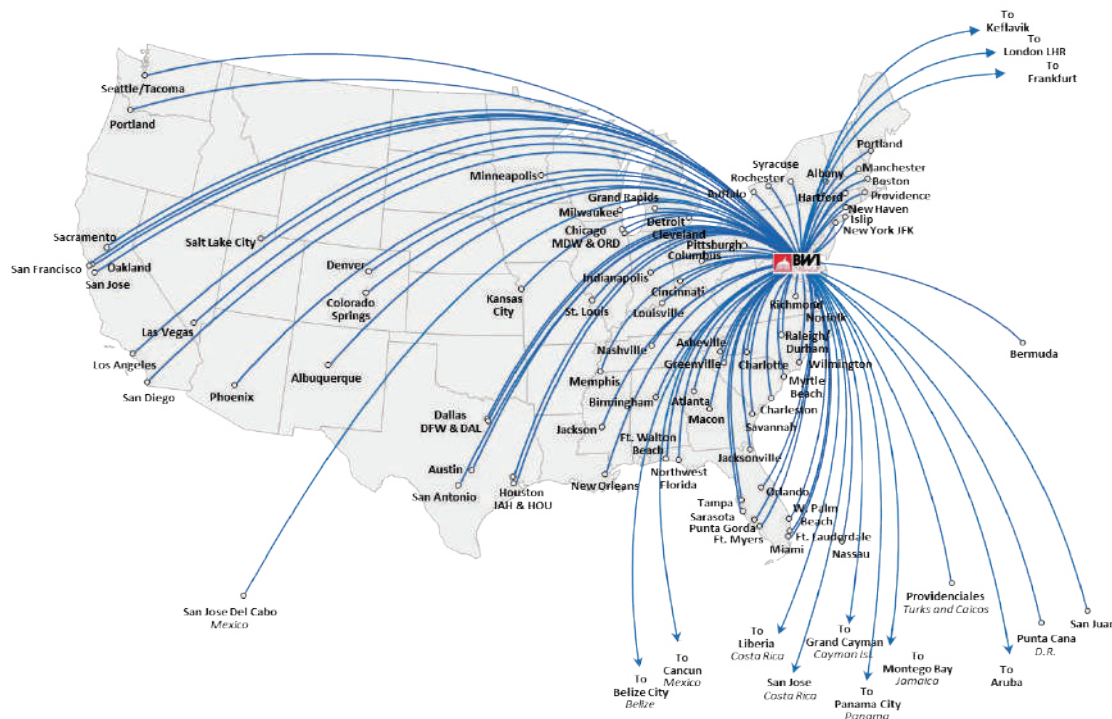
- Major commercial service airport
- General aviation airport
- Primary service region
- Population density: 1 dot equals 100 people
- Major highways
- State boundary
- County boundary

Source: U.S. Census Bureau, 2010 Census data.

Figure 1  
**AIRPORT SERVICE REGION**  
Baltimore/Washington International  
Thurgood Marshall Airport  
February 2020

As of July 2024, 18 passenger air carriers and 8 cargo air carriers serve BWI Marshall Airport. Passenger air carriers provide an average of 311 domestic and international flights daily, serving 91 airports nonstop. During fiscal year 2024, approximately 13.5 million passengers enplaned at BWI Marshall Airport. Cargo air carriers provide an average of 14 domestic and international flights daily.

The map below represents BWI Marshall Airport's domestic and international scheduled nonstop passenger destination airports planned as of July, 2024:



As of July 2024, Nonstop Destination Airports: 91  
Daily Nonstop Departures: 311  
Daily Nonstop Seat Departures: 50,955

Source: Cirium Schedules data through Diio Mi for July 2024, and seasonal markets.

Note: Destinations are counted by airports not metro areas and include destinations served seasonally.

## Existing BWI Marshall Airport Facilities

The major airfield facilities at BWI Marshall Airport consist of three runways: east-west Runway 10/28 is 10,502 feet long and 150 feet wide; northwest-southeast Runway 15R/33L is 9,500 feet long and 150 feet wide; and northwest-southeast commuter Runway 15L/33R is 5,000 feet long and 100 feet wide. Runways 10/28, 15R/33L, and 15L/33R approaches are all equipped with precision Instrument Landing Systems. Runway 10 is equipped with Category II/III landing aids, Runway 15R/33L is Special Authorization Category II capable and Runway 15L/33R is Category I equipped. Associated taxiways provide efficient access from the runways to the passenger terminal, general aviation, and air cargo aprons.

The passenger terminal, consisting of approximately 2.4 million square feet, comprises five concourses, 73 holdrooms with 77 gates (72 active) with Passenger Boarding Bridges (“PBB”), 70 full-service PBB and two arrival-only. There are two commuter holdrooms (non-PBB) gates. The terminal contains facilities for a number of activities, including baggage claim, international federal inspection services, passenger security screening, ground transportation, airline ticket counters, airline operations, food and beverage services, news and gift shops, retail, restrooms, charging stations and public circulation areas.

The air cargo facilities at BWI Marshall Airport are comprised of five buildings located adjacent to Aviation Boulevard (MD Route 170), three buildings located on Terminal Road, one building located on Elm Road and two buildings located on Mathison Way. The 11 buildings combined contain approximately 750,000 square feet of cargo building space.

The general aviation facility is located on the northeast side of BWI Marshall Airport and includes several hangar buildings and the fixed base operator facilities, along with an approximately 22-acre aircraft and parking ramp.

The parking facilities owned and operated at BWI Marshall Airport by the MAA include three primary surface lots, a six-story hourly parking garage and a nine-story daily parking garage, together offering a total of approximately 24,800 public parking spaces. The hourly parking garage is connected to BWI Marshall Airport’s passenger terminal by an underground tunnel and four skywalks. The daily parking garage is not directly connected but is serviced by a free shuttle bus for passengers traveling to and from the passenger terminal. The MAA also provides free shuttle bus services from the passenger terminal to the surface lots, the daily parking garage, the BWI Rail Station Garage that services Amtrak and Maryland Area Regional Commuter (“MARC”). The BWI Rail Station Garage has 3,100 spaces and is owned and operated by the MTA, not the MAA, but is used by the MAA as an overflow garage for the airport during holiday and peak travel periods. An additional MAA surface lot, Amtrak Way, has 500 spaces and is also available as needed during holiday and peak travel periods. All public parking facilities at BWI Marshall Airport, the BWI Rail Station Garage and the shuttle bus services operate 24/7.

Amtrak’s BWI Marshall Airport Rail Station is located on the intercity high-speed rail line that extends from Washington, D.C. to New York City, and on to Boston. The BWI Marshall Airport Rail Station also accommodates the local MTA MARC train service between the Baltimore metropolitan area and Washington, D.C. and extends north to Perryville, Maryland.

BWI Marshall Airport is served by a consolidated rental car facility (the “Consolidated Rental Car Facility”), which was placed in service in 2003 and is currently managed and operated by ten on-airport rental car company brands. The Consolidated Rental Car Facility co-locates all rental car operations into a single location that includes vehicle maintenance and storage and customer service facilities for rental car operators. The Consolidated Rental Car Facility accommodates over 6,000 vehicles and is accessible by free shuttle bus service to and from the BWI Marshall Airport passenger terminal.

BWI Marshall Airport is directly linked to downtown Baltimore, Baltimore Penn Station and other Baltimore regional destinations by the MTA Light Rail Link service that operates a station within the terminal, adjacent to Concourse E. The MTA operates local Link bus service to



BWI Marshall Airport from several destinations, and also operates Commuter express bus service linking BWI Marshall Airport to Montgomery County via the Intercounty Connector and the County Connector located in Anne Arundel County.

Motor vehicle access to BWI Marshall Airport is provided by, among other roads, Interstate 95 and MD 295, from which access is provided to the airport site from the north and south via Interstate 195.

## **Recent Market Trends**

The large market and population area served by BWI Marshall Airport, combined with a convenient terminal layout, an uncongested airfield system, and close proximity to many East Coast destinations led Southwest to pick BWI Marshall Airport as its first East Coast airport in September 1993. Southwest's decision to bring its high-frequency, low-cost service to BWI Marshall Airport has had a substantial, positive impact on BWI Marshall Airport's local origin and destination traffic base. From a modest beginning in 1993 with eight flights to two cities, by November 2019 Southwest had increased operations to a holiday peak of 225 daily flights to 62 destinations. Southwest has been joined at BWI Marshall by other low-cost carriers, including JetBlue, Spirit, Allegiant Air ("Allegiant"), Frontier Airlines ("Frontier"), and Sun Country Airlines ("Sun Country"). JetBlue ended service April 30, 2024 and Allegiant will end service December 2, 2024. Sun Country became a Signatory Airline on July 1, 2024.

In addition to the low-cost carriers, BWI Marshall is served by legacy mainline carriers Alaska, American, Delta and United. These carriers and their affiliated regional partners enplaned over 2.0 million passengers at BWI Marshall in fiscal year 2024, and provided nonstop service to 16 destinations.

Several carriers offer international service from BWI Marshall Airport. British Airways provides BWI Marshall Airport with daily nonstop service to London's Heathrow Airport. Condor provides summer seasonal nonstop service to Frankfurt, Germany. Icelandair and PLAY provide service to Reykjavik, Iceland with connections across Europe. Copa Airlines provides service to Panama City, Panama, and BermudAir provides service to Bermuda. Southwest offers international service to Aruba; Nassau in the Bahamas; Belize; the Cayman Islands; Liberia and San Jose in Costa Rica; Punta Cana in the Dominican Republic; Montego Bay in Jamaica; Cancun and Los Cabos in Mexico; and the Turks and Caicos. Spirit also offers international service to Cancun.

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## Airlines Serving BWI Marshall Airport

The airlines serving BWI Marshall Airport as of July 2024 are delineated in the chart below:

<b>Passenger Airlines Serving BWI Marshall Airport July 2024<sup>(1)</sup></b>			
<i>Mainline Airlines<sup>2</sup></i>	<i>Essential Air Service (“EAS”)</i>	<i>Low-Cost Carriers</i>	<i>Foreign Flag Carriers</i>
Alaska Airlines	Contour Airlines	Allegiant Air <sup>(2)</sup>	BermudAir
American Airlines		Avelo Airlines	British Airways
Delta Air Lines		Frontier Airlines	Condor
United Airlines		Southwest Airlines	Copa Airlines
		Spirit Airlines	Icelandair
		Sun Country Airlines	PLAY

Source: Cirium Schedules database, accessed online August 2024 via Diio Mi.

<sup>(1)</sup> Other passenger services from charter airlines include but are not limited to Atlas and OMNI Air.

<sup>(2)</sup> Allegiant will end service from BWI Marshall Airport on December 2, 2024.

## Aviation Activity

BWI Marshall Airport primarily serves origination and destination (“O&D”) passenger traffic. Over the past decade, O&D passengers have accounted for approximately 70% of all passengers enplaned at BWI Marshall Airport, with the remaining 30% connecting between flights. More recently, the percentage of connecting passengers has increased to approximately 32%.

*Passenger enplanements.* BWI Marshall Airport exceeded fiscal year 2019 passenger activity in fiscal year 2024. BWI Marshall Airport broke historical records in June 2024. The following table sets forth historical enplanement information for BWI Marshall Airport from fiscal year 2019 to 2024.

<b>Historical Enplaned Passengers BWI Marshall Airport</b>		
Fiscal Year	Enplaned Passengers	Percent Change
2019	13,415,606	-0.9%
2020	10,034,304	-25.2%
2021	6,645,250	-33.8%
2022	10,694,176	60.9%
2023	12,365,276	15.6%
2024	13,496,059	9.1%

Source: Maryland Aviation Administration records.

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*Other Aviation Operating Data.* The following table presents the percentage variances for selected operating and financial data of BWI Marshall Airport for fiscal year 2019 and fiscal year 2024.

<b>Percentage Change in Selected Operating and Financial Data BWI Marshall Airport</b>			
	2019	2024	Percent Change
Enplaned Passengers	13,415,606	13,496,059	0.6%
Aircraft Operations <sup>(a)</sup>	260,932	243,628	-6.6%
Passenger Dependent Gross Revenues:			
Parking <sup>(b)</sup>	\$66,071,276	\$82,938,510	25.6%
Food/Beverage/Retail	18,386,010	21,078,984	14.6%
Rental Car	17,771,408	18,484,182	4.0%

<sup>(a)</sup> All operations, including military and general aviation operations.

<sup>(b)</sup> Revenues net of Anne Arundel County Parking taxes.

Source: Maryland Aviation Administration records.

*Enplanements by Airline.* The table on the following page sets forth enplanement information for the airlines operating at BWI Marshall Airport for fiscal year 2019 through fiscal year 2024. Southwest enplaned approximately 8.8 million domestic and international passengers in fiscal year 2019 (65.4% share) compared with 9.5 million passengers in fiscal year 2024 (70.3% share).

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**AIRLINE SHARES OF ENPLANED PASSENGERS**  
**Baltimore/Washington International Thurgood Marshall Airport**  
*(Ranked by Fiscal Year 2024)*

	2019	2020	2021	2022	2023 <sup>(7)</sup>	2024
<b>Domestic Scheduled</b>						
Signatory Airlines						
Southwest	8,465,545	6,422,702	4,570,841	7,202,944	8,241,316	9,157,525
Spirit	1,315,662	1,075,637	668,757	887,925	1,005,712	1,002,459
Delta	1,073,870	756,811	355,612	759,983	895,484	898,394
American	875,110	659,129	453,568	628,212	551,758	584,833
United	531,441	358,470	180,358	377,251	464,784	509,984
Frontier <sup>(1)</sup>	16,541	49,786	74,948	188,506	335,499	449,640
Alaska	205,564	138,640	38,946	60,033	74,446	79,769
JetBlue <sup>(2)</sup>	184,735	85,324	50	108	68,105	43,059
Nonsignatory Airlines <sup>(3)</sup>	82,721	64,777	54,186	88,504	100,355	92,678
Subtotal Domestic	<u>12,751,189</u>	<u>9,611,276</u>	<u>6,397,266</u>	<u>10,193,466</u>	<u>11,748,410</u>	<u>12,818,341</u>
<b>International Scheduled</b>						
Signatory Airlines						
Southwest	314,105	208,527	174,421	334,453	296,155	341,765
British Airways	65,265	46,801	-	14,109	51,056	59,698
Spirit	81,401	59,479	17,462	61,428	56,182	49,470
Frontier	-	-	-	19,597	36,088	27,120
Air Canada <sup>(6)</sup>	68,523	52,451	-	5,309	31,052	24,179
Condor	15,480	14,120	-	2,121	9,257	10,729
WOW Air	56,865	-	-	-	-	-
Alaska	1,065	-	-	-	-	-
United	47	-	-	115	230	-
Delta	4,015	1,068	473	163	366	-
American	-	-	-	-	-	-
Nonsignatory Airlines <sup>(4)</sup>	11,600	-	-	16,351	79,669	120,162
Subtotal International	<u>618,366</u>	<u>382,446</u>	<u>192,356</u>	<u>453,646</u>	<u>560,055</u>	<u>633,123</u>
Charter Airlines <sup>(5)</sup>	<u>46,051</u>	<u>40,582</u>	<u>55,628</u>	<u>47,064</u>	<u>67,762</u>	<u>44,595</u>
<b>Total Enplaned Passengers</b>	<u>13,415,606</u>	<u>10,034,304</u>	<u>6,645,250</u>	<u>10,694,176</u>	<u>12,365,276</u>	<u>13,496,059</u>
<b>Domestic Scheduled</b>						
Signatory airlines						
Southwest	63.1%	64.0%	68.8%	67.4%	66.6%	67.8%
Spirit	9.8	10.7	10.1	8.3	8.1	7.4
Delta	8	7.5	5.4	7.1	7.2	6.6
American	6.5	6.6	6.8	5.9	4.5	4.3
United	4	3.6	2.7	3.5	3.8	3.8
Frontier <sup>(1)</sup>	0.1	0.5	1.1	1.8	2.7	3.3
Alaska	1.5	1.4	0.6	0.6	0.6	0.6
Jet Blue <sup>(2)</sup>	1.4	0.9	0	0	0.6	0.3
Nonsignatory Airlines <sup>(3)</sup>	0.6	0.6	0.8	0.8	0.8	0.6
Subtotal Domestic	95.0%	95.8%	96.3%	95.3%	94.9%	94.9%
<b>International Scheduled</b>						
Signatory						
Southwest	2.3%	2.1%	2.6%	3.1%	2.4%	2.5%
Spirit	0.6	0.6	0.3	0.6	0.5	0.4
British Airways	0.5	0.5	-	0.1	0.4	0.4
Air Canada <sup>(6)</sup>	0.5	0.5	-	-	0.3	0.2
Frontier <sup>(1)</sup>	-	-	-	0.2	0.3	0.2
Condor	0.1	0.1	-	-	0.1	0.1
WOW Air	-	-	-	-	-	-
Alaska	-	-	-	-	-	-
United	-	-	-	-	-	-
American	-	-	-	-	-	-
Delta	-	-	-	-	-	-
Nonsignatory Airlines <sup>(4)</sup>	0.1	-	-	0.2	0.6	0.9
Subtotal International	4.6%	3.8%	2.9%	4.2%	4.5%	4.7%
Charter Airlines <sup>(5)</sup>	0.3%	0.4%	0.8%	0.4%	0.5%	0.3%
<b>Total</b>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Note: For fiscal years ended June 30. Data includes regional affiliates. Totals may not add up due to rounding.

<sup>(1)</sup>Frontier became a Signatory Airline on September 1, 2021.

<sup>(2)</sup>JetBlue ceased operations on April 30, 2024.

<sup>(3)</sup>Includes Avelo Airlines, Boutique Air, Cape Air, Contour Airlines, Southern Airways, Sun Country, and Via Air.

<sup>(4)</sup>Includes Air Jamaica, Air Senegal, BermudAir, Condor, COPA, Delta, Frontier, Norwegian, Sunwing, USA 3000 and WOW Air.

<sup>(5)</sup>Includes Atlas Air, Miami Air International, North American, Omni Air International, and World Airways, among others.

<sup>(6)</sup>Air Canada discontinued service from BWI Marshall in March 2024.

<sup>(7)</sup>For fiscal year 2023, the MAA included charter flights from Nonsignatory Airlines in the total charter count.

Source: Maryland Aviation Administration records.

## **Southwest at BWI Marshall Airport**

As scheduled for July 2024, BWI Marshall Airport accounts for 5.4% of the departing seats in Southwest's system, making BWI Marshall Airport the fourth busiest airport in Southwest's system. Accordingly, BWI Marshall is one of Southwest's focus cities in its network. Southwest currently leases 32 active gates at BWI Marshall. Upon the completion of the Project, the expanded five gates will be leased to Southwest beginning in December of 2025. In July 2024, Southwest averaged 7.0 daily departures per leased gate with 223 average daily departures to 73 destinations.

In 2025, Southwest is expected to open a 27-acre site at BWI Marshall Airport that includes an aircraft maintenance hangar large enough to accommodate servicing three 737 aircraft with another eight on the hangar apron (the "Southwest Aircraft Maintenance Base" or the "Maintenance Base"). Construction of the Maintenance Base created more than 450 construction and maintenance jobs over the work period, and the Maintenance Base is expected to provide hundreds of additional jobs over the next two decades. The Maintenance Base will be Southwest's only maintenance facility on the east coast, and upon its completion, Southwest will enter into a 30-year lease agreement with BWI Marshall Airport effective in 2025. See "AIRPORT AGREEMENTS – Other Agreements" for additional information.

## **THE PROJECT**

### **Background**

*Capital Improvement Program.* The six-year capital improvement program for the MAA for fiscal years 2021 through 2026 totaled \$854 million and included primary construction projects with costs of \$690 million, including the Project (as defined below). The six-year capital improvement program for the MAA for fiscal years 2025 through 2030 totals approximately \$1.1 billion and included primary construction projects with costs of \$710.6 million, including the 2024 Project. Funding for the capital improvement program is provided from funds on deposit in the Transportation Trust Fund, the proceeds of the Series 2021B Bonds and the Series 2024A Bonds, federal grants, other grants, passenger facility charge collections and rental car customer facility charge collections.

Major BWI Marshall Airport capital improvement projects during the 2025-2030 period include various system preservation projects (\$357 million), Residential Sound Insulation Program (\$29 million), Concourse E Outbound Baggage Handling System (\$40 million), DX/DY Apron Pavement Rehabilitation (\$37 million), Concourse A/B Bag Claim 0-5 Reconfiguration (\$30 million), Martin State Airport Runway 15/33 Rehabilitation (\$28 million), Taxiway F Relocation Phase 2 (\$27 million), BC Apron Reconstruction, Infill & Taxiway Improvements (\$58 million), BWI North Area Fuel Farm Fuel Storage Tank Additions (\$15 million), Taxiway T Reconstruction (\$26 million), BWI Runway 15L/33R Pavement Rehabilitation (\$14 million), and Concourse A/B Connector and the Baggage Handling System ("BHS") (\$277 million), which are part of the 2024 Project, as discussed below.

### **General Description of the Project**

The 2024 Project consists of completing the expansion of the passenger terminal to accommodate a passenger connector between Concourses A and B (the "Concourse A/B



Connector”), the expanded and improved BHS, and other terminal development. Work began on the expansion in 2021 as part of a pre-approved capital improvement program agreed to by the Signatories Airlines in the Airline Agreement and financed in part with the proceeds of the Series 2021B Bonds (the “2021 Project”). The 2024 Project is a continuation and completion of the 2021 Project, as such the 2021 Project and the 2024 Project are sometimes referred to herein collectively as the “Project.” The total cost of the Project is \$502.5 million. As of September 2024, \$27.5 million of the costs of the Project have been funded from the Transportation Trust Fund, \$38.1 million from federal grants, \$27.3 million from passenger facility charges, and \$200 million from the proceeds of the Series 2021B Bonds. The remaining \$209.6 million will be funded with the Series 2024A Bonds. The Department does not anticipate issuing any Additional Bonds after the issuance of the Series 2024A Bonds in order to fund the completion of the Project.

## **Components of the 2024 Project**

### ***Passenger Terminal Expansion/Improvement of Baggage Handling***

The 2024 Project consists primarily of completing construction of the Concourse A/B Connector and the BHS, which involves the addition of approximately 142,000 square feet and the renovation of approximately 78,000 square feet of terminal building space between Concourses A and B. The addition is planned to be constructed at two levels, apron and departures.

The 2024 Project includes (without limitation) the expansion of the departures level between Concourses A and B by approximately 79,000 square feet to allow for the expansion of the hold rooms at certain gates to accommodate the passenger loads expected with the use of 175-seat B-737-800 and B-737 MAX8 (the “MAX 8”) Aircraft while creating a direct connection between existing Concourses A and B, and adding 12,070 square feet of concession space and the replacement of five passenger boarding bridges. It will also expand the apron level by approximately 63,000 square feet to accommodate a new in-line checked baggage screening and handling inspection system providing up to eight explosive detection system machines meeting the latest security standards. The improved system will increase throughput capacity from 2,100 to 4,044 bags per hour. The enlarged apron level space will also accommodate new outbound baggage make-up facilities and airline operations areas. The 2024 Project includes the relocation of existing utilities under the building footprint with the existing apron and the reconstruction of the parking apron pavement at five gates.

### ***Other Terminal Improvements***

The 2024 Project will also include construction of two new restroom cores, an upgrade to the central utility plant to provide the additional HVAC capacity required for the enlarged terminal building, upgrades to mechanical, electrical, plumbing, communications, information technology, security and fire-life-safety protection systems, relocating existing utilities under the building footprint within the existing apron, and reconstruction of the aircraft parking apron at 5 gates (including miscellaneous renovations, acquisitions, equipment and other improvements).

## MAA Financial Information

*Historical Operating Revenues and Expenditures.* The following table shows the operating revenues, non-operating revenues, operating expenditures, debt service and net operating income of the MAA for fiscal years 2019 through 2024.

<b>Historical Operating Revenues and Expenditures</b> <b>For Fiscal Years Ended June 30</b> <b>(Amounts in millions of dollars)</b>						
	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>
Operating Revenues	\$257.9	\$233.1	\$185.9	\$277.5	\$311.5	\$321.4
Non-Operating Revenues <sup>(1)</sup>	--	77.5	21.5	83.6	0.1	5.9
Total Revenues	257.9	310.6	207.3	361.2	311.6	327.3
Debt Service <sup>(3)</sup>	--	--	1.0	2.2	26.9	28.3
Operating Expenses <sup>(4)</sup>	205.1	197.4	198.9	212.0	224.8	239.5
Net Operating Income	<u>\$52.9</u>	<u>\$113.2</u>	<u>\$7.4</u>	<u>\$147.0</u>	<u>\$59.9</u>	<u>\$59.4</u>

Source: Maryland Aviation Administration records.

<sup>(1)</sup> The MAA received \$75.1 million in CARES funds and \$2.4 million in Department of Health funds towards operating expenses in fiscal year 2020. The MAA received \$21 million in CRRSAA funds reimbursing prior advances from the Transportation Trust Fund in fiscal year 2021. The MAA received \$80 million in ARPA funds reimbursing prior advances from the Transportation Trust Fund and \$4.1 million in CRRSAA funds benefitting the Transportation Trust Fund in fiscal year 2022. Amounts listed do not include direct Transportation Trust Fund reimbursements for prior fiscal year advances (\$25M in 2017, \$21M in 2018 and \$22M in 2019).

<sup>(3)</sup> Installment payments on the Series 2021A Bonds.

<sup>(4)</sup> Operating Expenses of Transportation Trust Fund net of Law Enforcement Officer/K9 Grant, TSA COVID Cleaning FY20-23 and Shuttle Bus Fuel Tax Reimbursement.

*Historical Airline Revenues and Non-Airline Revenues.* The following table sets forth the total airline revenues and total non-airline revenues of the MAA for fiscal year 2019 through fiscal year 2024.

<b>Historical Airline Revenues and Non-Airline Operating Revenues</b> <b>For Fiscal Years Ended June 30</b> <b>(Amounts in millions of dollars, except as noted)</b>						
	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>
<b><u>Airline Revenues</u></b>						
Airline Flight Activities	\$68.2	\$63.8	\$53.9	\$68.6	\$72.9	\$72.5
Airline Terminal Rents & Fees	64.2	67.2	63.5	68.3	69.5	79.5
Other <sup>(1)</sup>	6.4	10.9	7.1	6.5	17.4	10.1
Total Airline Revenues	<u>\$138.8</u>	<u>\$141.9</u>	<u>\$124.5</u>	<u>\$143.4</u>	<u>\$159.7</u>	<u>\$162.1</u>
<b><u>Non-Airline Revenues</u></b>						
Parking <sup>(2)</sup>	47.8	29.8	18.3	67.3	79.8	82.9
Food/Beverage/Retail	18.4	14.7	7.5	17.2	18.2	21.1
Rental Car Concession	17.8	14.0	10.0	16.6	18.2	18.5
Other <sup>(3)</sup>	35.2	32.6	25.6	33.0	35.5	36.8
Total Non-Airline Revenues	<u>\$119.2</u>	<u>\$91.2</u>	<u>\$61.3</u>	<u>\$134.1</u>	<u>\$151.8</u>	<u>\$159.3</u>
<b>Total Operating Revenues</b>	<b><u>\$257.9</u></b>	<b><u>\$233.1</u></b>	<b><u>\$185.9</u></b>	<b><u>\$277.5</u></b>	<b><u>\$311.5</u></b>	<b><u>\$321.4</u></b>
Airline Revenue (% of Total)	54%	61%	67%	52%	51%	50%
Non-Airline Revenue (% of Total)	46%	39%	33%	48%	49%	50%

Note: Totals may not sum due to rounding.

<sup>(1)</sup> Includes cargo facility rentals and ground leases, ground equipment service building rentals, and Airline Agreement prior year reconciliations.

<sup>(2)</sup> Prior to fiscal year 2022, parking revenues are net of debt service, credit card fees and Anne Arundel County Parking Taxes. In February 2021, parking bonds were refunded with the Series 2021A Bonds. Parking revenues for fiscal year 2022 and subsequent fiscal years are net of Anne Arundel County Parking Taxes.

<sup>(3)</sup> Includes, non-airline terminal rentals & utilities, Transportation Network Companies (Uber/Lyft), other ground transportation fees, Martin State Airport, employee parking decals, service station, advertising, land and building rentals, passenger security services, rental car leases, and catering.

Source: Maryland Aviation Administration records.

*Historical Cost Per Enplaned Passenger.* The following table shows the airline cost per enplaned passenger for the airlines operating at BWI Marshall Airport for fiscal years 2019 through 2024. The cost per enplaned passenger increased for the airlines operating at BWI Marshall Airport in fiscal year 2020 and 2021 due to the impact of the COVID-19 pandemic. As passenger enplanements recovered, the cost per enplaned passenger normalized to \$10.65 in fiscal year 2024. The cost per enplaned passenger includes the costs and enplanements for both Signatory and Nonsignatory Airline carriers.

<b>Historical Cost Per Enplaned Passenger For Fiscal Years Ended June 30</b>						
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Cost Per Enplaned Passenger	\$9.33	\$12.55	\$16.43	\$11.95	\$10.79	\$10.65

Source: Maryland Aviation Administration records.

## **BWI Marshall Airport Insurance**

The MAA maintains a comprehensive insurance program covering the operations of BWI Marshall Airport. The State’s self-insurance reserve, known as the State Insurance Trust Fund (the “SITF”) is managed by the State Treasurer’s Office, Insurance Division, which purchases insurance policies through Willis of Maryland using various insurance carriers and various layers of coverage. The State Treasurer is the primary procurement authority for commercial insurance, including the MAA’s Commercial General Liability/Airport Owners and Operators Liability policy, and there are several commercial policies procured by the State Treasurer’s Office for coverage of specialized losses. The State is self-insured for four basic types of losses: Torts (Negligence), Officers and Employees, Accidental Damage to State-owned property (Property), and Faithful Performance of Public Officials. The State combines self-insurance and commercial insurance for State-owned property, including BWI Marshall Airport and Martin State Airport.

Commercial insurance placements include Excess Property Coverage. The commercial policy for State-owned property provides repair or replacement cost coverage, whichever less, for State-owned buildings, contents, and Electronic Data Processing (“EDP”) equipment. The policy helps to preserve the solvency of the State’s self-insurance reserve in the SITF, in the event of a catastrophic loss. A deductible of \$2.5 million per occurrence applies except for catastrophic perils such as windstorms and floods, which may have higher deductibles.

The program also covers certain property with separate and lower deductibles. EDP coverage includes State-owned computer hardware, software, and media. A \$100,000 commercial deductible applies, and theft is excluded. Boiler & Machinery coverage includes State-owned boilers, pressure vessels, refrigerating and air conditioning equipment; may also cover electrical damage from artificially generated electrical current, mechanical breakdown from sudden breakage, or rupture of machinery or equipment.

The Airport Owners and Operators Liability policy (\$750 million limit) is provided by Starr Indemnity & Liability Company and covers BWI Marshall Airport as well as Martin State Airport. Therefore, aggregate limits of the policy could be eroded by claims at either airport. The liability coverages and annual limits are as follows:

<b>Insurance Coverage BWI Marshall Airport</b>	
<u>Limit</u>	<u>Coverage</u>
\$750,000,000	Bodily injury, personal/advertising injury, and property damage liability combined, each occurrence/offense, and in the aggregate where applicable, included within which are the following sub-limits:
\$750,000,000	Products-Completed Operations Annual Aggregate Limit
\$50,000,000	Personal Injury & Advertising Injury Annual Aggregate Limit
\$750,000,000	Hangarkeepers Limit any One Occurrence Historical
\$750,000,000	Hangarkeepers Limit any One Aircraft
\$750,000,000	Non-Owned Aircraft Liability Limit any One Occurrence
\$350,000,000	Extended coverage War, Hijacking and Other Perils Aggregate Limit

## **AIRPORT AGREEMENTS**

The MAA has agreements with various users of BWI Marshall Airport and Martin State Airport, respectively, certain of which generate revenues that are included in Pledged Revenues.

### **Airline Agreement**

The MAA entered the Airline Agreement (which relates to the terminal lease and airfield operations) with 17 Signatory Airlines, including, Alaska, Air Canada, American, British Airways, Condor, Delta, JetBlue, Southwest, Spirit, United, Frontier and Sun Country, as well as cargo airlines FedEx, UPS, ATI, ABX, and Atlas. Sun Country and Frontier are the two most recent signatories of the Airline Agreement, joining July 1, 2024 and September 1, 2021 respectively. JetBlue ended service April 30, 2024 but remains a signatory to the Airline Agreement unless and until all of their leased space is re-leased to other tenants. Air Canada discontinued nonstop service from BWI Marshall to Toronto in March 2024.

The Airline Agreement provides for a commercial compensatory rate-making methodology to calculate terminal rental rates, and a residual rate-making methodology to calculate the airfield area landing fees and baggage claim fees. In addition, Signatory Airlines must either provide international service or pay a minimum of \$200,000 annually in rates, fees, and charges to the MAA. Thus far for fiscal year 2024, the Signatory Airlines have accounted for more than 98.1% of total enplaned passengers at BWI Marshall Airport. The term of the current Airline Agreement began on July 1, 2019 and extends through June 30, 2026, after which a successive negotiated Airport Agreement will go into effect.

Nonsignatory Airlines generally operate at BWI Marshall Airport under written Commercial Flight Operations agreements (“CFO”). Airlines that do not have an executed Airline Agreement with the MAA may operate at BWI Marshall Airport but are subject to higher fees than Signatory Airlines and airlines with a CFO. Airlines that have executed Airline Agreements with the MAA could challenge the MAA’s airline rate-making methodology under the U.S. Department of Transportation’s rates and charges review process.

The revenues received by or on behalf of the MAA under the Airline Agreement and arrangements with other airlines operating at BWI Marshall Airport are included in Pledged Revenues. Pursuant to the Airline Agreement the MAA may increase terminal rentals, fees and

charges as necessary to ensure that Net Pledged Revenues are sufficient to meet the debt service coverage requirement of the Rate Covenant (“Extraordinary Coverage Payments”). Any such Extraordinary Coverage Payments are to be retained by the MAA only to the extent necessary to meet the Rate Covenant requirement and excess amounts are to be credited back to the Signatory Airlines.

## **Other Agreements**

Other agreements entered into by the MAA with respect to BWI Marshall Airport and Martin State Airport include (without limitation) the following:

*Terminal Building Concession Contracts.* The most significant sources of terminal building concession revenues are food and beverage, retail, news and gift and certain other services. The MAA entered into a Lease and Concession Contract (the “Concession Contract”) in March 2004 with Fraport Maryland, Inc. (formerly BAA and Airmall Maryland, Inc.). The Concession Contract ran through March 2023, and is currently month-to-month until the Department selects a new Concessionaire. The MAA has the right to terminate the current Concession Contract upon sixty days prior written notice, without any cost to the MAA, except for the cost of buyouts authorized by the Concession Contract. The MAA issued a new request for proposal (“RFP”) in early 2022 for an agreement to replace the Concession Contract. The Department subsequently re-issued the RFP in late 2023. The revenues received by or on behalf of the MAA under the Concession Contract are included in Pledged Revenues.

*Parking Agreement.* The MAA Parking Management Agreement effective September 1, 2022 (the “Parking Agreement”), with SP+ Parking (the “Parking Operator”). Pursuant to the Parking Agreement, the Parking Operator manages and operates parking facilities located at BWI Marshall Airport for a term of five years and collects customer parking fees on behalf of the MAA. Under the Parking Agreement, the MAA pays parking operating and maintenance expenses (plus a management fee) and receives gross parking revenues net of Anne Arundel County Parking Taxes and beginning July 1, 2024, net of credit card fees (without reduction for concession fees since the agreement is a Management Agreement). The MAA is responsible for setting the parking rates at all BWI Marshall Airport public parking facilities upon approval from the Governor. The Department and the Governor approved a rate increase effective July 1, 2024; the previous rates had been in effect since 2009. The revenues received by or on behalf of the MAA under the Parking Agreement are included in Pledged Revenues.

*Rental Car Agreements.* The MAA has entered into agreements with certain rental car companies (the “Rental Car Agreements”) in 2002 under which, among other things, each rental car company is required to collect from customers certain customer facility charges (“Customer Facility Charges”) and transportation facility charges. The Rental Car Agreements expired on December 31, 2023, and the MAA’s current contract is on a month-to-month extension. These contracts, including the lease of the Shuttle Bus Fleet and the Bus Maintenance Facility, are in negotiations. Customer Facility Charges collected by the rental car companies are remitted to the Trustee and are pledged to pay debt service on certain revenue bonds issued by the Maryland Transportation Authority to finance the Consolidated Rental Car Facility and are *not* included in the Pledged Revenues. The current Customer Facility Charge is \$5.75 per transaction day, and the current transportation facility charge is \$2.25 per transaction day. The transportation facility

charges are collected by the rental car companies and remitted to the Rental Car Consortium to pay for rental car bus operations. *None of the Bonds, including the Series 2024A Bonds, are secured by the Customer Facility Charges or the transportation facility charges.* All other revenues received by or on behalf of the MAA under the Rental Car Agreements are included in the Pledged Revenues.

*Maintenance Base Lease Agreement.* The MAA partnered with Southwest to develop and construct the Southwest Aircraft Maintenance Base at BWI Marshall Airport. The MAA funded \$51 million of site infrastructure improvements from the Transportation Trust Fund to support the development of the Maintenance Base, such as utilities and site grading. Southwest is funding the construction of the \$120 million Maintenance Base from its capital program. Upon completion of the Maintenance Base construction project, Southwest will enter into a 30-year ground lease agreement with BWI Marshall Airport (the “Maintenance Base Lease Agreement”). The MAA anticipates entering into the Maintenance Base Lease Agreement in 2025. The Maintenance Base will be able to accommodate three B737 aircraft in the hangar and eight B737 aircraft on the apron. Revenues from lease payments pursuant to the Maintenance Base Lease Agreement will be included in the Pledged Revenues.

*Other Revenue and Increases.* The MAA charges a ground transportation fee per trip to certain commercial transportation operators servicing BWI Marshall Airport’s terminal building. Operators currently include Transportation Network Companies Uber and Lyft as well as local taxis. These operators are charged a fee for every inbound and outbound trip reported. On February 1, 2024, the MAA increased the per trip fee from \$2.50 to \$3.50 per trip inbound and outbound. On January 1, 2024, the MAA also increased the International Arrivals/Federal Inspection Service Fee charged to air carrier passengers utilizing the Federal Inspection Service Area. The fee is charged per deplaned passenger using the Federal Inspection Service Area as reported by air carriers. The MAA increased the rate from \$7.00 to \$8.00 per deplaned passenger with for Signatory Airlines and from \$9.00 to \$10.00 per deplaned passengers of Nonsignatory Airlines. These revenues are included in the Pledged Revenues.

#### **HISTORICAL TRANSPORTATION TRUST FUND PAYMENTS FOR MAA CAPITAL IMPROVEMENT PROGRAM**

The MAA maintains a rolling six-year Capital Improvement Program for BWI Marshall Airport, Martin State Airport and Regional Aviation. Although the Department is not contractually obligated to do so, for each of fiscal year 2017 through fiscal year 2024, the Department provided the following amounts from the Transportation Trust Fund, as appropriated, for funding the MAA’s ongoing capital improvement program at BWI Marshall Airport, Martin State Airport and Regional Aviation:

*[Remainder of Page Intentionally Left Blank]*

<b>Funding of the MAA's Capital Improvement Program (Amounts in millions of dollars)</b>			
<b>Fiscal Year</b>	<b>Net Operating Income<sup>(1)</sup></b>	<b>Transportation Trust Fund Funds</b>	<b>Total Capital Improvement Program<sup>(2)</sup></b>
2019	\$52.9	\$10.1	\$62.9
2020 <sup>(3)</sup>	113.2	(50.0)	63.2
2021 <sup>(4)</sup>	7.4	42.5	49.9
2022 <sup>(5)</sup>	147.0	(102.5)	44.5
2023	59.9	6.2	66.1
2024	59.4	19.6	79.0

Source: Maryland Aviation Administration records.

<sup>(1)</sup> Net Operating Income includes non-operating revenues net of debt service installment payments and Operating Expenses. See the "Historical Operating Revenue and Expenses" table herein.

<sup>(2)</sup> Excludes federal and other funding from the customer facility charge, passenger facility charge, Maryland Transportation Authority loans, revenue bonds and any other grants; net of any federal reimbursements.

<sup>(3)</sup> In fiscal year 2020, the Capital Improvement Program total is net of CARES funding of \$12.5 million.

<sup>(4)</sup> In fiscal year 2021, the MAA received \$21 million in CRRSAA funds reimbursing prior advances from the Transportation Trust Fund.

<sup>(5)</sup> In fiscal year 2022, the MAA received \$80 million in ARPA funds reimbursing prior advances from the Transportation Trust Fund and \$4.1 million in CRRSAA funds benefitting the Transportation Trust Fund.

Note: Excludes direct Transportation Trust Fund reimbursements from prior fiscal year advances (\$25M in 2017, \$21M in 2018 and \$22M in 2019).

*[Remainder of Page Intentionally Left Blank]*

## DEBT SERVICE SCHEDULE

The following table sets forth (i) the debt service requirements for the Series 2021A Bonds; (i) the debt service requirements for the Series 2021B Bonds; (ii) the estimated debt service requirements of the Series 2024A Bonds; and (iii) the total debt service requirements of outstanding Bonds, in each case for a 12-month period ending August 1 (a “Bond Year”).

<b>Bond Year</b>	<b>Total Debt Service on</b>		<b>Series 2024A Bonds</b>		<b>Total Debt Service on</b>	
	<b>Series 2021A Bonds</b>	<b>Series 2021B Bonds</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Outstanding Bonds</b>
2025	\$29,109,002	\$8,611,600	-	-	-	\$37,720,602
2026	29,111,422	12,471,600	-	6,634,068	6,634,068	48,217,090
2027	29,109,854	12,473,600	3,715,000	11,372,688	15,087,688	56,671,142
2028	29,110,780	12,470,850	3,900,000	11,186,938	15,086,938	56,668,568
2029	29,108,481	12,473,100	4,095,000	10,991,938	15,086,938	56,668,519
2030	29,112,702	12,469,600	4,300,000	10,787,188	15,087,188	56,669,489
2031		12,470,100	4,515,000	10,572,188	15,087,188	27,557,288
2032		12,468,850	4,740,000	10,346,438	15,086,438	27,555,288
2033		12,470,350	4,975,000	10,109,438	15,084,438	27,554,788
2034		12,473,850	5,225,000	9,860,688	15,085,688	27,559,538
2035		12,473,600	5,485,000	9,599,438	15,084,438	27,558,038
2036		12,469,100	5,760,000	9,325,188	15,085,188	27,554,288
2037		12,469,850	6,050,000	9,037,188	15,087,188	27,557,038
2038		12,470,850	6,350,000	8,734,688	15,084,688	27,555,538
2039		12,471,250	6,670,000	8,417,188	15,087,188	27,558,438
2040		12,470,650	7,000,000	8,083,688	15,083,688	27,554,338
2041		12,473,650	7,370,000	7,716,188	15,086,188	27,559,838
2042		12,469,650	7,755,000	7,329,263	15,084,263	27,553,913
2043		12,473,150	8,165,000	6,922,125	15,087,125	27,560,275
2044		12,471,400	8,590,000	6,493,463	15,083,463	27,554,863
2045		12,473,650	9,045,000	6,042,488	15,087,488	27,561,138
2046		12,473,650	9,520,000	5,567,625	15,087,625	27,561,275
2047		12,470,400	10,020,000	5,067,825	15,087,825	27,558,225
2048		12,470,400	10,545,000	4,541,775	15,086,775	27,557,175
2049		12,469,000	11,095,000	3,988,163	15,083,163	27,552,163
2050		12,470,600	11,680,000	3,405,675	15,085,675	27,556,275
2051		12,464,400	12,295,000	2,792,475	15,087,475	27,551,875
2052			12,940,000	2,146,988	15,086,988	15,086,988
2053			13,620,000	1,467,638	15,087,638	15,087,638
2054			14,335,000	752,588	15,087,588	15,087,588
<b>Total</b>	<b><u>\$174,662,241</u></b>	<b><u>\$332,858,750</u></b>	<b><u>\$219,755,000</u></b>	<b><u>\$209,293,218</u></b>	<b><u>\$429,048,218</u></b>	<b><u>\$936,569,209</u></b>

Note: Totals may not add due to rounding. Amounts net of capitalized interest being funded by the Series 2024A Bonds.

## REPORT OF THE AIRPORT CONSULTANT

References made herein to the ROAC, attached hereto as APPENDIX D, are made to the entire ROAC, including exhibits thereto, which contain material information, forecasts, findings, assumptions, and conclusions regarding BWI Marshall Airport and Martin State Airport. The ROAC has been included herein in reliance upon the knowledge and experience of the Airport Consultant.

The ROAC presents certain airline traffic and financial forecasts for the fiscal years ending June 30, 2025 through June 30, 2028 and sets forth the assumptions upon which the forecasts are based. Certain of such assumptions were provided by, or reviewed and agreed to by, management



of the MAA. In the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts.

The ROAC includes a discussion of the underlying economic base of the region served by BWI Marshall Airport, analysis of historical and forecasted numbers of enplaned passengers at BWI Marshall Airport and forecasts of Net Pledged Revenues and debt service coverage ratios during the forecast period.

The information in the following table has been extracted from the ROAC, and such table shows forecasted application of Pledged Revenues, Net Pledged Revenues after Other Obligations, Debt Service Requirements of the Bonds, including the Series 2024A Bonds, and debt service coverage under the provisions of the Trust Agreement:

<b>Forecast Application of Pledged Revenues and Debt Service Coverage</b>				
<b>Fiscal years 2025 through 2028</b>				
<b>Fiscal Year</b>	<b>Pledged Revenues</b>	<b>Net Pledged Revenues after Other Obligations (A)</b>	<b>Bond Debt Service Requirements (B)</b>	<b>Bond Debt Service Coverage Ratio (A/B)</b>
2025	\$371.0	\$132.6	\$37.7	3.52x
2026	393.6	146.3	48.5	3.02x
2027	420.5	153.5	57.4	2.68x
2028	434.6	156.9	57.4	2.73x

Source: Report of the Airport Consultant, attached hereto as APPENDIX D (see Exhibit F thereof).

The Airport Consultant previously prepared a Report of the Airport Consultant dated July 1, 2021 which included in its financial analysis the issuance of the Series 2021 Bonds and a contemplated issuance of approximately \$235 million of Additional Bonds in fiscal year 2023. For the avoidance of doubt, the Series 2024A Bonds are being issued in lieu of the fiscal year 2023 issuance referenced therein.

*The ROAC should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein.*

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

The MAA has a long history of integrating environmental, social, and governance considerations into its operations and decision-making processes.

### **Environmental**

The MAA Executive Management Team oversees the MAA Sustainability Plan (the “Plan”). The Plan, launched in 2024, provides regular oversight, accountability and a framework for addressing key business decisions. The Plan builds on the MAA’s long-standing commitment to improve its individual and organizational performance.

A team of senior leaders were appointed to the Sustainability Steering Committee (“SSC”) to oversee the development of the Plan and formal program. The appointed senior leaders are representatives from each division of the MAA.

The MAA's Strategic Plan is updated every 4 years and includes the organization's vision, mission, and goals along with a roadmap for the work to be accomplished over the next 4 years.

In order to promote environmental sustainability, the MAA has a number of successful environmental programs and initiatives that have been documented in its [Green Promotion and Reporting Program report](#). The MAA also has a well-established Environmental Compliance program that includes an ISO 14001-based Environmental Management System (the "EMS"). The SSC uses the EMS to identify and track environmental aspects and impacts, and regularly updates the MAA's objectives and targets accordingly.

The MAA has also implemented an environmental management information system known as the Joint Environmental Tracking System ("JETS"). The JETS system manages documents and tracks compliance requirements across various environmental media areas, including air, water, waste, and tank management. JETS is an automated tracking system, sending email reminders to responsible parties within the MAA to complete environmental compliance tasks and upload documentation of completion.

## **Social**

The MAA has increased its efforts to develop and integrate corporate social responsibility initiatives. Diversity, Equity, and Inclusion ("DEI") is central to the MAA's mission to provide an environment where everyone can thrive and connect to life's opportunities. As a community partner, the MAA values input and collaboration with neighbors, community leaders, and organizations to ensure that initiatives align with the needs of the people they are meant to serve.

The MAA carries out its mission through the Minority/Disadvantaged Business Enterprise ("M/DBE") Program, equal employment opportunities, DEI management training, affirmative action, Title VI compliance, Americans with Disabilities Act ("ADA") compliance, and language assistance for those in need of interpretation services.

Under federal and state guidance, the MAA established the M/DBE Program. The M/DBE Program allows for the MAA to make consistent efforts to ensure nondiscrimination in contract awards and administration and to create a level playing field on which M/DBEs can compete. Each year, the MAA hosts SynergyBWI, a business networking event offering an opportunity for small and minority businesses to learn about business and contracting opportunities at both BWI Marshall Airport and Martin State Airport. For airport concessions, the MAA participates in the federal Airport Concession Disadvantage Business Entity program.

To ensure an equitable and nondiscriminatory work environment, the MAA employs a diverse workforce and offers DEI training to new employees. Recently, the MAA launched a new DEI training for managers aimed to help supervisors learn how to create safer work environments by teaching them how to recognize and stop bullying, discrimination, and harassment. The training also demonstrates how DEI efforts cultivate a culture of belonging and inclusivity. The MAA also provides various amenities to improve accessibility for those experiencing disabilities and language barriers.

The MAA has well-established initiatives that engage with and support community members in a visible, transparent, and responsive manner. These initiatives are organized by

offices across the MAA and range from hosting business networking events, honoring current and former military service members, and providing advertising space for regional non-profits on monitors throughout BWI Marshall Airport's terminals. The MAA also showcases the works of local artists of all ages in galleries located in BWI Marshall Airport's terminals. Young people also have opportunities to learn about aviation and engage in Science, Technology, Engineering, and Mathematics events, including the MAA's internship program, Engineer's Week, and its Summer Youth Initiative.

The MAA has a long-standing noise program that helps community stakeholders understand the facts, science, and regulations associated with airport noise in a transparent, clear, and accessible way. The MAA also manages the Community Enhancement Grant Program that provides grants for transportation projects to benefit the communities impacted by operations of BWI Marshall Airport. As part of the MAA's Capital Development process, the MAA is committed to transparent and fair community engagement as it plans projects, which results in positive social and environmental impacts. Such engagement often includes workshops, stakeholder interviews, public comment periods, and other community outreach activities.

## **Governance**

The MAA's mission is to foster safe and efficient operations, economic viability, and environmental stewardship in aviation activity state-wide, which is promoted by the MAA's leadership through its policies, practices, and compliance with state and federal laws and regulations.

The MAA is committed to providing safe and secure airports for its employees, tenants, community, and the travelling public. Airport safety assurance helps to ensure that mitigations put in place to manage safety risk are carried out and working as intended. At airports, threats against safety include falling hazards, biohazards, vehicle and aircraft accidents, fires, violence, and terrorism. Safety is one of the MAA's core values and it is therefore the responsibility of all MAA offices. The Offices of Safety and Risk Management and Airport Operations work jointly together to ensure safety and compliance with federal and state laws and guidelines. These offices are leading the development of an MAA-wide formal Safety Management System that complies with the updated FAA regulations and general airport industry best practices.

Together with the Maryland Transportation Authority Police, Transportation Security Administration ("TSA"), and the MAA's Airport Fire & Rescue Department, the MAA works diligently to reduce security threats throughout the airports. These teams enforce safety and security laws, screen for threats, and provide emergency support as needed. The MAA also practices preventative safety by conducting daily walk throughs, practicing emergency exercises, and hosting safety fairs and workshops featuring information on best safety practices.

The MAA has established Emergency Management Plans for physical threats and Disaster Recovery Plans for technological threats. These plans are updated regularly and outline specific procedures to respond to emergencies including aircraft accidents, fires, power outages, terrorism, pandemics, natural disasters, cyber-attacks, and system outages. The MAA's staff receives Federal Emergency Management Agency training to deploy when needed in the event of an emergency and practice annual tabletop exercises to simulate a disaster response.

Additionally, the Division of Airport Technology works to reduce technological and cyber threats and is currently updating its Airport Technology Master Plan and developing a Cyber Security Master Plan. In addition to a large online catalog of safety and security trainings, the MAA requires all badge holders to participate in annual training for airport secured areas, active shooters, and human trafficking.

## **BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Series 2024A Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series 2024A Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2024A Bonds when due as set forth in the form of the Policy included as APPENDIX F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

### **Assured Guaranty Inc.**

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL,” and, together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the

market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

#### *Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.*

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

#### *Current Financial Strength Ratings*

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

#### *Capitalization of AG*

At September 30, 2024:

- The policyholders’ surplus of AG was approximately \$3,644 million.
- The contingency reserve of AG was approximately \$1,374 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

### *Miscellaneous Matters*

AG makes no representation regarding the Series 2024A Bonds or the advisability of investing in the Series 2024A Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

## INVESTMENT CONSIDERATIONS

*The Series 2024A Bonds may not be suitable investments for all persons, and prospective purchasers should be able to evaluate the risks and merits of an investment in the Series 2024A Bonds and should confer with their own legal and financial advisors before considering a purchase of any Bonds. In considering the matters set forth in this Official Statement, prospective investors should carefully review the investment considerations set forth throughout this Official Statement and specifically consider certain investment considerations associated with the Series 2024A Bonds. The material under this heading is a discussion of some, but not all, of the possible investment considerations that should be evaluated carefully by prospective purchasers of the Series 2024A Bonds prior to any investment. The order in which such considerations are presented does not necessarily reflect the relative importance of such considerations or the likelihood that any of the events or circumstances described below will occur or exist.*

### **Limited Obligations**

The Series 2024A Bonds are limited obligations of the Department payable solely from Pledged Revenues and shall not be deemed to (i) be general obligations of the Department; (ii) constitute obligations of the Department; (iii) constitute obligations of the MAA; or (iv) constitute a debt or a pledge of the full faith and credit of the State or any political subdivision thereof. Neither the Department nor the MAA has taxing power.

### **General Airline Industry Factors**

The Series 2024A Bonds are payable solely from the Trust Estate, consisting primarily of the Pledged Revenues. The amount of Pledged Revenues will be dependent primarily on the levels of aviation activity and enplaned passenger traffic at BWI Marshall Airport and aviation activity at Martin State Airport, which are affected substantially by the economic health of the airline industry generally and the airlines serving BWI Marshall Airport in particular. Certain factors that may materially affect BWI Marshall Airport and Martin State Airport and the financial health and viability of the airlines include, but are not limited to, changes in the population and the economic health of the region and nation; airline service and route networks; local, regional, national and international economic and political conditions; aviation security concerns; changes in demand for air travel; service and cost competition; mergers; the availability and cost of aviation fuel and other necessary supplies; levels of air fares; fixed costs and capital requirements; the cost and availability of financing; the capacity of the national air traffic control system; the capacity of BWI Marshall Airport; competition from other airports, particularly the other two major airports serving the Baltimore-Washington metropolitan area, Reagan National Airport and Dulles International Airport; national and international disasters and hostilities; domestic and world health concerns; the cost and availability of employees; labor relations within the airline industry; regulation by the federal government; environmental risks and regulations; noise abatement concerns and regulation; passenger frustrations with delays caused by increased security measures; bankruptcy and insolvency laws; acts of war or terrorism; and business travel substitutes.

## **Southwest Airlines' Presence at BWI Marshall Airport**

Southwest is the dominant air carrier operating at BWI Marshall Airport and maintains a large connecting hub at BWI Marshall Airport. In fiscal year 2024, Southwest accounted for approximately 70% of the total passengers at BWI Marshall Airport. Also in 2024, Southwest announced new initiatives meant not only to increase its profitability, but also the amount of passengers traveling through BWI Marshall Airport. These initiatives include overnight “red-eye” flying, which will strengthen connectivity to early morning flights at BWI Marshall Airport, and international code sharing, which will provide more passengers for Southwest’s domestic flights. Southwest will begin code sharing with Icelandair in the first half of 2025, with another international carrier to follow later in the year. The airline also introduced a new payment option to purchase Southwest flights with a combination of cash and rapid rewards points and the addition of Southwest itineraries to Google Flights and other online travel agencies so that Southwest flight options will now be included in search results. Southwest also announced it will begin assigned seating after historically allowing passengers to choose their own seats in boarding group order.

No assurance can be given with regard to Southwest’s future level of activity at BWI Marshall Airport. If, for whatever reason, Southwest reduces or discontinues its operations at BWI Marshall, the level of activity of Southwest may not be replaced by other carriers, which could result in a reduction of the total number of enplaned passengers at BWI Marshall and a reduction in the amount of Pledged Revenues. See “THE BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT” above.

Any reduction or discontinuation of Southwest’s activity at BWI Marshall Airport could result in material differences to the forecasts presented in the ROAC. See “REPORT OF THE AIRPORT CONSULTANT” herein and APPENDIX D.

## **Regional and National Economic Conditions**

Historically, airline passenger traffic nationwide has correlated closely with the condition of the United States economy and levels of real disposable income. Previous recessions and periods of stagnant economic conditions in the United States, Maryland and the Baltimore metropolitan area contributed to reduced passenger traffic at BWI Marshall Airport. Future increases in passenger traffic will depend largely on the ability of the United States to sustain growth in economic output and income.

With the globalization of business and the increased importance of international trade and tourism, growth in the United States economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economic conditions, trade balances, currency exchange rates, political relationships, and hostilities are important influences on passenger traffic at United States airports, including BWI Marshall Airport. Sustained future increases in passenger traffic at BWI Marshall Airport will depend in part on stable international conditions as well as national and global economic growth. See also “Financial Condition of Airlines Serving BWI Marshall Airport” below.



## **Financial Condition of Airlines Serving BWI Marshall Airport**

The number of passengers using BWI Marshall Airport will depend partly on the profitability of the airline industry and the associated ability of the industry and individual airlines, particularly Southwest, to make the necessary investments to continue providing service. Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to enable increased airfares, and stable fuel prices and labor costs.

The financial condition of the United States airline industry has historically been volatile and many carriers have had extended periods of unprofitability in the past. The airline industry is sensitive to a variety of factors, including the cost and availability of labor, fuel, aircraft, supplies and insurance; general economic conditions; international trade; currency values; competitive considerations, including effects of airline ticket pricing; governmental regulations, including security and climate change-related regulations; taxes imposed on airlines and passengers; maintenance and environmental requirements; passenger demand for air travel; strikes and other union activities; availability of financing; and disruptions caused by airline accidents, criminal accidents, public health concerns, COVID-19, and acts of war or terrorism.

The revenues of the airlines serving BWI Marshall and Martin State Airport may be materially affected by many factors, including (without limitation) the following: technological changes; strikes and other employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; and other risks. Historically, the airline industry's results have correlated with the performance of the national and international economy. See also "General Airline Industry Factors" above.

Financial or operational difficulties by one or more Signatory Airlines may directly or indirectly have an adverse impact on BWI Marshall Airport operations and may result in a reduction in the amount of Pledged Revenues. The Department makes no representation concerning the financial health of the airlines, and no assurance can be given regarding the impact, if any, that future unfavorable events affecting airline users or the airline industry more broadly might have upon the Pledged Revenues or the operations of BWI Marshall Airport or Martin State Airport.

## **Effect of Airline Industry Consolidation**

In response to competitive pressures, the United States airline industry has consolidated. In December 2009, Delta and Northwest Airlines merged, with the combined airline operating as Delta. In October 2010, United and Continental Airlines merged, with the combined airline operating as United. In 2011, Southwest completed its acquisition of AirTran Airways, and in 2012 was issued a single operating certificate. In 2013, American and US Airways merged, with the combined airline operating as American, and in October 2016 was issued a single operating certificate. In 2016, Alaska Air Group completed its acquisition of Virgin America and received a single operating certificate in January 2018. In 2023, Alaska Air Group proposed a merger with Hawaiian Airlines, which was accepted by the Justice Department on September 18, 2024. On January 13, 2024, a federal district court blocked the proposed merger of JetBlue and Spirit

Airlines, finding the deal violated U.S. antitrust law in a case brought by the Justice Department. Following the decision, JetBlue and Spirit Airlines terminated their merger agreement.

While prior mergers have not materially affected operations at BWI Marshall Airport, any future mergers or consolidations of other Signatory Airlines could materially adversely affect operations at BWI Marshall Airport.

Consolidation has resulted in four airlines (American, Delta, Southwest and United) and their regional affiliates now accounting for approximately 80% of domestic seat-mile capacity. The consolidation has contributed to industry profitability. However, any resumption of financial losses could cause one or more United States airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines would drastically affect airline service at certain connecting hub airports and change airline travel patterns nationwide.

### **Aircraft Manufacturing and Availability**

Air travel has rebounded since 2020, increasing airlines' demand for new aircraft and parts for current fleets. Aircraft manufacturers, and companies that supply them with parts and materials, have faced challenges increasing production to meet demand. Specifically, Boeing and Airbus have faced challenges in increasing production of their most popular models, the Boeing 737 and Airbus A320, to meet demand. Boeing is also working with the FAA to improve manufacturing quality and safety, which has affected Boeing's production levels early in 2024. These manufacturing delays have impacted fleet planning, route adjustments, operating costs and future growth plans at various airlines.

The Boeing MAX 8 aircraft was grounded in March 2019 after fatal crashes of that aircraft that were caused by malfunctions of the automated flight control system. As a result of its investigation, in November 2020, the FAA required that MAX 8 aircraft obtain FAA airworthiness and export certificates of airworthiness and implement specified design changes. The FAA also required that U.S. airlines operating the MAX 8 implement revised pilot training programs and mandatory aircraft maintenance in order to return MAX 8 planes to passenger service. In February 2021, the U.S. Department of Transportation's inspector general issued a report with 14 recommendations for the FAA to implement to improve the certification process for future new planes. While the grounding did not cause significant flight cancellations at BWI Marshall Airport and Martin State Airport, safety concerns of travelers and future aircraft grounding could, in the future, impact airlines serving BWI Marshall Airport and Martin State Airport. See the ROAC attached hereto as APPENDIX D for more information.

On January 5, 2024, a cabin panel tore off the side of a Boeing 737 MAX 9 aircraft (the "MAX 9") on an Alaska Airlines flight from Portland, Oregon to Ontario, California while in flight. The MAX 9 landed safely with several passengers suffering injuries and no fatalities. Following the incident, the FAA grounded all MAX 9 airplanes and required inspections, including close review of specific bolts, guide tracks and fittings and detailed visual inspections of door plugs and dozens of associated components. The National Transportation Safety Board's preliminary investigation found that bolts were missing on the MAX 9 that suffered the cabin panel blowout. A federal criminal investigation into Boeing Co. is on-going. The grounding of all MAX 9 aircraft caused airlines to cancel thousands of flights in January 2024. The grounding order was

lifted on January 24, 2024 and MAX 9 planes owned by Alaska Airlines and United Airlines were permitted to resume service after passing inspections. The FAA's ensuing six-week audit of Boeing and Spirit AeroSystems found multiple instances where the companies allegedly failed to comply with manufacturing quality control requirements. While Boeing's production line that went above and beyond the FAA's standard inspection process, the FAA identified non-compliance issues in Boeing's manufacturing process control, parts handling and storage, and product control. Boeing submitted a corrective action plan to the FAA in May of 2024.

### **Aircraft Supply Chain Constraints**

Supply chain constraints causing shortages of aircraft engines, avionics, and other essential components are affecting the ability of aircraft manufacturers, including Airbus and Boeing, to produce larger, more fuel-efficient aircraft in the numbers being sought by airlines even while there is industry-wide domestic overcapacity. Such constraints are causing and may continue to cause a reduction in the number of active aircraft in fleets able to operate service, however, due to the variety and complexity of airline operation, these constraints may affect individual airlines and/or the BWI Marshall Airport with different magnitudes.

### **Aviation Safety and Security Concerns**

A terrorist threat or terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services, including, but not limited to, services at BWI Marshall Airport, and depress airline industry revenues. Since 2001, intensified security precautions have been instituted by government agencies, airlines and airport operators. Enhanced security procedures create the potential for increased inconvenience and delays at many airports, although to date only relatively minor delays have been experienced. No assurance can be given that such enhanced security precautions will be successful or will not create unacceptable inconvenience and delays. The possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

With the proliferation of inexpensive, commercially available, unmanned aerial vehicles ("UAVs"), or drones, the threat that unauthorized and unsafe UAV operations near airports could adversely affect the safety or security of U.S. airports and arriving or departing aircraft has increased significantly in recent years. Recent incursions of airport airspace by UAVs have disrupted airport operations by causing flights to be halted or diverted. An unauthorized UAV incursion at BWI Marshall Airport and Martin State Airport could result in the temporary delay or cancellation of flights to or from either airport. Though no such incursion has occurred to date, there can be no assurance, however, that in the future, unauthorized UAV activity will not adversely affect the Department's operations.

### **Aviation Fuel Prices**

The price of aviation fuel is an important determinant of an airline's operating economics. Over the last 15 years, fuel prices have fluctuated drastically, reaching record highs in 2008 and 2022. Fuel prices continue to be susceptible to, among other factors affecting the global demand for and supply of oil, political unrest in various parts of the world, Organization of Petroleum Exporting Countries policy, increased demand for fuel caused by the rapid growth of economies

such as those of China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities, and weather. In May of 2021, a cyber-attack on the operator of the largest fuel pipeline in the United States caused an increase in oil prices. It is not possible to predict whether and to what extent fuel prices will increase and the effect of such increases on the airlines serving BWI Marshall Airport and/or Martin State Airport.

### **Regulations, Grant Assurances, and Other Restrictions Affecting BWI Marshall Airport and Martin State Airport**

The operations of BWI Marshall Airport and Martin State Airport are affected by a variety of contractual, statutory, regulatory and grant assurance restrictions and limitations including, without limitation, the provisions of the Airline Agreement and extensive federal legislation, regulations, and grant assurances applicable to commercial service airports in the United States. It is not possible to predict whether future restrictions or limitations on BWI Marshall Airport operations and/or Martin State Airport operations will be imposed, whether future legislation, regulations or grant assurances will affect future federal funding for capital projects for BWI Marshall Airport or Martin State Airport or whether such restrictions, legislation, regulations or grant assurances would adversely affect Pledged Revenues.

### **Climate Change and Possible New Regulations**

Climate change concerns are shaping laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at BWI Marshall Airport and could also affect ground operations at BWI Marshall Airport and/or Martin State Airport. In January of 2021, the United States Environmental Protection Agency (the “EPA”) adopted a final rule setting greenhouse gas (“GHG”) emissions standards that apply to certain new commercial airplanes, including all large passenger jets. The standards adopted match the international airplane carbon dioxide standards adopted by the International Civil Aviation Organization (“ICAO”). The standards apply to new aircraft type designs and in-production aircraft must meet the standards by 2028. The Department cannot predict what effect the standards may have on BWI Marshall Airport or on air traffic at BWI Marshall Airport. Further, the Department cannot predict what additional laws and regulations on other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on BWI Marshall Airport, airlines serving BWI Marshall Airport, or the local economy. The effects, however, could be material.

### **Capital Improvement Program and the Project**

The estimated costs of, and the projected schedule for, the projects, including the Project, in the capital improvement program for BWI Marshall Airport depend on various sources of funding, and are subject to a number of uncertainties. The ability of the MAA to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (i) economic conditions, including as a result of worldwide health concerns including pandemics; (ii) estimating errors; (iii) design and engineering errors; (iv) changes to the scope of the projects; (v) delays in contract awards; (vi) material and/or labor shortages; (vii) delays due to airline operational needs; (viii) unforeseen site conditions; (ix)

adverse weather conditions; (x) contractor defaults; (xi) labor disputes; (xii) unanticipated levels of inflation; (xiii) litigation; and (xiv) environmental issues. No assurance can be given that the costs related to the projects will not exceed the current budget therefor or that the completion thereof will not be delayed beyond those currently projected. At present, the MAA is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. In addition, the MAA may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included in the forecasts shown in the ROAC.

### **Government Sequestration and Shutdowns**

Government sequestration and the impacts of a government shutdown may affect local air travel. The impact of a federal government shutdown on the demand for local air travel would depend on the duration and depth of such a shutdown and, therefore, is difficult to quantify.

### **Geopolitical Considerations**

The U.S. economy and aviation sector in particular are exposed to risks from geopolitical conflicts. Current international conflicts have affected the global economy and commercial aviation. The impacts of these conflicts include but are not limited to (i) increased food, commodity and fuel prices and increased strain on global supply chains; (ii) economic sanctions against certain individuals, institutions, companies and commodities including oil and natural gas; (iii) closure of affected airspace necessitating changes to airline routes and the suspension of service to some areas; and (iv) increased risk of cyber-attacks from foreign governments against U.S. government agencies, financial institutions and infrastructure. These conditions have had, and may continue to have, material adverse effects on the cost of air travel, airline industry profitability and service patterns. Current international conflicts are highly volatile, and conditions may deteriorate without warning.

### **Effect of Bankruptcy on the Airline Agreement**

Airlines operating at BWI Marshall Airport have filed for bankruptcy in the past and may do so in the future. The Department and the MAA cannot predict the extent to which any such events would impact the ability of the MAA to generate sufficient Pledged Revenues to pay the Series 2024A Bonds. See “BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT – Airlines Serving BWI Marshall Airport” and “AIRPORT AGREEMENTS” herein.

In the event of bankruptcy proceedings involving one or more Signatory Airlines, the debtor airline or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Airline Agreement. In the event of assumption, the debtor airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the relevant document. Rejection of the Airline Agreement by any airline would give rise to an unsecured claim of the MAA for damages, the amount of which may be limited by the United States Bankruptcy Code. Under the current agreement, the MAA has performance bonds in place for terminal rents and, under the residual cost methodology, is made whole by the other Signatory carriers.

## **Competition, Alternative Modes of Transportation, and Travel Substitutes**

BWI Marshall Airport's air service area is the Baltimore-Washington metropolitan area, which includes Washington, D.C., Maryland, and Northern Virginia. Other Washington area airports, notably Reagan National Airport and Dulles International Airport, compete with BWI Marshall Airport. In addition, commercial airline service between BWI Marshall Airport and cities in the Northeast corridor competes with rail and other forms of transportation which may become more attractive to passengers in the future with improvements in ground transportation service and in differences in costs of each form of transportation, and in light of security concerns and countermeasures. While the effects cannot be quantified, the use of business jets has been expanding rapidly and may hold down the return of high-yield business travel on commercial airlines at BWI Marshall Airport. Furthermore, the MAA may continue to experience increases in its operating costs due to compliance with federally mandated and other security and operating changes. Such increased costs may increase costs per enplaned passenger to the airlines, which could result in BWI Marshall Airport being at a competitive disadvantage relative to other airports and transportation modes.

Teleconference, videoconference and web-based meetings have improved in quality and price and are often considered a satisfactory alternative to face-to-face business meetings. Moreover, due to COVID-19, many companies have become more comfortable utilizing such technologies. Although the impact cannot be quantified, it is possible that business travel to and from BWI Marshall Airport may be susceptible to such travel substitutes.

## **Failure of Transportation Trust Fund Payments**

Pursuant to the Trust Agreement, the Department has provided a gross pledge of the Pledged Revenues for the payment of the Bonds, including the Series 2024A Bonds. If the Pledged Revenues are insufficient to pay the required debt service payments on the Bonds, the Department may request a supplemental appropriation to pay such payments using funds in the Transportation Trust Fund. Additionally, payment of Operating Expenses at BWI Marshall Airport, Martin State Airport and expenses associated with Regional Aviation are subject to appropriation, both as part of the Department's annual budget and in connection with any supplemental appropriation for additional Operating Expenses requested by the Department. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Transportation Trust Fund." There are no operating or maintenance expense payments or operating expense or maintenance reserves being funded from Pledged Revenues or otherwise held by the Trustee.

The Transportation Trust Fund is used to pay debt service for other obligations of the Department and to pay operating expenses of all the Administrations comprising the Department, including payments of the Department's annual contributions to the Maryland State Retirement and Pension System for its employees, and there is no assurance that the Transportation Trust Fund will have sufficient moneys available to make an appropriation. In addition, in the event that funds in the Transportation Trust Fund are available, any such request to receive monies from the Transportation Trust Fund is subject to, and dependent upon, appropriation of funds for such purpose by the General Assembly. The General Assembly is not obligated to make any appropriation or to make a sufficient appropriation to pay debt service on the obligations of the Department (including, to the extent necessary, the Bonds) or Operating Expenses at BWI

Marshall Airport or Martin State Airport or the expenses associated with Regional Aviation in any year. A failure to appropriate amounts sufficient to pay all debt service due on the Bonds or to pay Operating Expenses would not constitute an event of default under the Trust Agreement. There can be no assurance that the General Assembly will appropriate money sufficient to pay debt service on the Bonds, if necessary, or to pay Operating Expenses at any time.

### **Force Majeure**

The Department's and the MAA's ability to generate Pledged Revenues also is at risk from other force majeure events, such as extreme weather events and other natural occurrences, fires, explosions, spills of hazardous substances, strikes and lockouts, sabotage, or wars, terrorist or other attacks, blockades or riots. No assurance can be provided that such events will not occur, and, if any such events were to occur, no prediction can be provided as to the actual impact or severity of the impact on the MAA's operations or on BWI Marshall's or Martin State Airport's operations and financial condition, as applicable.

### **Worldwide Health Concerns**

Travel restrictions, as well as other public health measures, may be imposed to limit the spread of communicable diseases which may arise. COVID-19 had an adverse effect on domestic and international travel and a number of travel-related industries, severely and broadly disrupting local and global economies.

Other previous travel alerts or advisories include the 2016 travel alert by the United States Centers for Disease Control and Prevention warning pregnant women to avoid travel to areas where outbreaks of the Zika virus, which has been linked to birth defects, were occurring. In 2009, the WHO and the United States Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of outbreaks of a serious strain of H1N1 influenza or "flu." In spring 2003, there was an outbreak of a serious strain of bird flu in Asia and Canada called "Severe Acute Respiratory Syndrome" or SARS.

Future outbreaks or pandemics may lead to a significant or material decrease in air traffic, at least for a temporary period, which in turn could cause a further decrease in passenger activity at BWI Marshall and Martin State Airport and a corresponding decline in Pledged Revenues. A disruption to the global supply chain due to a pandemic can also stall manufacturing and construction operations, which in turn could interfere with the MAA's operations at BWI Marshall Airport and Martin State Airport, or the operations of the airlines operating at BWI Marshall and Martin State Airport.

### **Cybersecurity; Technological Dependence**

Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including the Department, the MAA, the airlines, BWI Marshall Airport, Martin State Airport, the FAA, the TSA, the concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally

identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by unauthorized entities or individuals attempting to gain access to computer networks for the purposes of misappropriating assets or information or causing operational disruption and damage, and the information stored on networks of the Department, the MAA, the airlines, BWI Marshall Airport, Martin State Airport, the concessionaires and others could be disrupted, accessed, publicly disclosed, lost or stolen.

Cybersecurity incidents could also result from unintentional events, such as breaches caused by employee error, negligence or malfeasance. Airports and the airlines serving them are dependent upon the computer systems utilized to manage their operations. Any such breach, attack or operational system failure could compromise systems and the information stored thereon, and may cause wide-scale groundings or disruption of air service. Any such disruption could result in an interference in the operations of BWI Marshall Airport or Martin State Airport and/or the airlines and concessionaires. Depending on its nature and duration, any such disruption could adversely affect the ability of the Department to generate Pledged Revenues. Additionally, cybersecurity breaches could cause material disruption to BWI Marshall Airport's or Martin State Airport's operations and the safety and efficiency of the air travel industry generally.

Any disruption, access, disclosure or other loss of information could also expose the Department, the MAA, BWI Marshall Airport or Martin State Airport to material litigation and other legal risks, which would cause the Department, the MAA, BWI Marshall Airport or Martin State Airport to incur material costs related to such legal claims or proceedings, and could result in liability under laws that protect the privacy of personal information, regulatory penalties, disruption in the safety and/or efficiency of the operation of the airlines serving BWI Marshall Airport or Martin State Airport and the services provided by BWI Marshall Airport and Marshall Airport, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect Pledged Revenues.

No assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Department, the MAA, BWI Marshall Airport or Martin State Airport or the airlines serving BWI Marshall Airport or Martin State Airport.

### **Industry Workforce Shortages**

General labor shortages, including pilots, mechanics and air traffic controllers, have been impacting, and may continue to impact, the airline industry, BWI Marshall Airport, and Martin State Airport. As a result of COVID-19, many airlines offered buyouts, early retirement, and severance packages to reduce staffing costs in their efforts to mitigate the effects of reduced passenger traffic.

Pilot shortages have been an industry-wide issue, especially so for smaller regional airlines. Other factors include an aging pilot workforce and fewer new pilots coming from the military.



In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and relatively fewer new mechanics entering the labor market. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

The 2024 FAA Reauthorization Act authorized \$240 million through fiscal year 2028 for three separate grant programs to support (i) pilot education and recruitment; (ii) aviation maintenance technical workers; and (iii) aviation manufacturing workers and aerospace engineers. The 2024 FAA Reauthorization Act also required the FAA to increase minimum hiring targets for new air traffic controllers through fiscal year 2028. The Department cannot predict the impact of these measures on industry labor shortages.

### **Air Traffic Control Systems and Staffing**

Capacity limitations of the national air traffic control system at BWI Marshall Airport, Martin State Airport and at competing airports may affect future activity of BWI Marshall Airport and Martin State Airport. In the past, demands on the air traffic control system have caused operational restrictions that have affected airline schedules and passenger traffic and caused significant delays. On January 10, 2023, a failure in the FAA's Notice to Air Missions ("NOTAM") system, which flags potential hazards for pilots before departure, caused an approximately two-hour grounding of all passenger aircraft in the United States. The FAA concluded the outage was caused by a contractor who mistakenly deleted files in the NOTAM system database.

Over the last ten years, the FAA has made certain improvements to the computer, radar and communications equipment of the air traffic control system, but no assurances can be given that future increases in airline and passenger activity would not again adversely affect airline operations. The 2012 FAA Reauthorization Act contained numerous provisions aimed at accelerating the implementation of Next Generation Air Transport System ("NextGen"). NextGen is designed to modernize the National Airspace System from a ground-based system of air traffic control to a satellite-based system of air traffic management in order to enhance the use of airspace and runways. The 2024 FAA Reauthorization Act requires the FAA to implement certain NextGen programs by December 31, 2025 and also requires the implementation of advanced data communication capabilities by 2026 and the modernization of aeronautical information management systems by 2027.

### **Limitation on Bondholders' Remedies**

The Series 2024A Bonds may not be accelerated upon the occurrence of an Event of Default. Under the terms of the Trust Agreement, remedies for Events of Default are limited to such actions which may be taken at law or in equity. As a result, the MAA may be able to continue indefinitely collecting revenues and applying them to the operation of BWI Marshall Airport even if an Event of Default has occurred and no payments are made on the Series 2024A Bonds. See APPENDIX A.

In the event of a default in the payment of principal of or interest on the Series 2024A Bonds, the remedies available to the owners of the Series 2024A Bonds upon default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing law, including the United States Bankruptcy Code. The approving opinion of Bond Counsel to the Department with respect to the Series 2024A Bonds will be qualified as to enforceability of the various legal instruments by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency and equitable principles. See the proposed form of Opinion of Bond Counsel attached hereto as APPENDIX B.

### **Assumptions in the ROAC; Actual Results May Differ**

The ROAC, attached here to APPENDIX D, incorporates numerous assumptions and states that the forecasts therein are subject to uncertainties.

The ROAC is an integral part of this Official Statement and should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the forecasts discussed in the ROAC will be achieved or that the assumptions upon which the forecasts are based will be realized. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances will occur. Therefore, actual results achieved during the forecast period may vary from those set forth in the ROAC, and the variations may be material and adverse. Additionally, the debt service forecasts in the ROAC are not expected to be updated to reflect the sale, issuance or final terms of the Series 2024A Bonds. See the ROAC, attached hereto as APPENDIX D for more information regarding the assumptions of the Airport Consultant.

### **Other Key Factors**

For more details regarding key factors that could impact results of the Department's operations, see the ROAC attached hereto as APPENDIX D.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "project," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projections and actual results, and those differences may be material.

### **Bond Insurance**

Under the terms of the Trust Agreement, AG may exercise the rights of the owners of the Series 2024A Bonds, including to direct the exercise of any remedies in the event of default or to consent to any future amendments to the Trust Agreement. See APPENDIX A – Trust Agreement and Proposed Form of Second Supplemental Trust Agreement.

In the event AG becomes obligated to make payments with respect to the Series 2024A Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2024A Bonds or the marketability for the Series 2024A Bonds. AG's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AG will not be subject to downgrade and such event could adversely affect the market price of the Series 2024A Bonds or the marketability for the Series 2024A Bonds. See "RATINGS" and "BOND INSURANCE" herein.

The obligations of AG are contractual obligations and in an event of default by AG, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. In the event AG is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2024A Bonds will be payable solely from the moneys pledged pursuant to the Trust Agreement. Neither the Department, the Underwriters, nor the financial advisors have made an independent investigation into the claims paying ability of AG and no assurance or representation regarding the financial strength or projected financial strength of AG is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Department to pay principal and interest on the Series 2024A Bonds and the claims-paying ability of AG, particularly over the life of the investment. See "RATINGS" and "BOND INSURANCE" for further information provided by AG and the Policy attached here to APPENDIX F, which includes further instructions for obtaining current financial information concerning AG.

## **TAX MATTERS**

In rendering its opinion, Bond Counsel to the Department will rely without independent investigation on the representations and certifications of certain officials of the Department and MAA made on behalf of the Department and MAA with respect to certain material facts within the knowledge of the Department and MAA relevant to the tax-exempt status of interest on the Series 2024A Bonds.

The following is only a general summary of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") as enacted and in effect on the date hereof and does not purport to be complete; holders of the Series 2024A Bonds should consult their own tax advisors as to the effects, if any, of the Code (and any proposed or subsequently enacted amendments to the Code) in their particular circumstances.

### **Maryland Income Taxation**

In the opinion of Bond Counsel, under existing law, the Series 2024A Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature from taxation by the State or by any of its political subdivisions, municipal corporations, or public agencies of any kind. No opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2024A Bonds, their transfer or the income therefrom. Interest on the Series 2024A Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. Holders or prospective purchasers of the Series

2024A Bonds should consult their own tax advisors regarding the taxable status of the Series 2024A Bonds in jurisdictions other than the State.

## **Federal Income Taxation**

### ***General***

In the opinion of Bond Counsel to the Department, assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, the interest on the Series 2024A Bonds will be excludable from gross income for federal income tax purposes, except, with respect to any Series 2024A Bond, during any period in which such Series 2024A Bond is owned by a “substantial user” of the Project or a “related person,” as such terms are used in Section 147(a) of the Code.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Series 2024A Bonds, including restrictions that must be complied with throughout the term of the Series 2024A Bonds, in order for interest on the Series 2024A Bonds to remain excludable from gross income for federal income tax purposes. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Series 2024A Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Series 2024A Bonds; and (iii) other requirements applicable to the use of the proceeds of the Series 2024A Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Series 2024A Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Department and the MAA have made certain covenants regarding actions required to maintain the excludability of interest on the Series 2024A Bonds from gross income for federal income tax purposes.

Further, Bond Counsel to the Department is of the opinion that interest on the Series 2024A Bonds will be includable in the alternative minimum taxable income of individuals and will be part of the adjusted financial statement income, 15% of which is included in the computation of the alternative minimum tax on applicable corporations. For this purpose, in general, applicable corporations are corporations with more than \$1.0 billion in average annual adjusted financial statement income determined over a 3-year period. Interest income on the Series 2024A Bonds will be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America.

In rendering this opinion, we have relied without independent investigation on the representations of certain officials of the Department made on behalf of the Department in its Tax Compliance Certificate and Agreement with respect to certain material facts within the knowledge of the Department relevant to the tax-exempt status of interest on the Series 2024A Bonds, and certain related representations of certain officials of the MAA made on behalf of the MAA.

### ***Certain Federal Income Tax Consequences of Ownership***

There are other federal income tax consequences of ownership of obligations such as the Series 2024A Bonds under certain circumstances, including the following: (i) deductions are

disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 25% of the sum of tax-exempt interest received or accrued and the deductible portion of dividends received by such companies; (iii) interest income which is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, including interest on tax-exempt obligations such as the Series 2024A Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; (v) net gain realized upon the sale or other disposition of the Series 2024A Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates; and (vi) receipt of certain investment income, including interest on the Series 2024A Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code.

### ***Tax Accounting Treatment of Series 2024A Bonds Constituting Discount Bonds***

Certain maturities of the Series 2024A Bonds may be issued at an initial public offering price which is less than the amount payable on such Series 2024A Bonds at maturity (the “Discount Bonds”). The difference between the initial offering price at which a substantial amount of the Discount Bonds of each maturity was first sold and the principal amount of such Discount Bonds payable at maturity constitutes original issue discount. The amount of such original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or repayment at maturity). For federal income tax purposes (a) any holder of a Discount Bond will recognize gain or loss upon the disposition of such Discount Bond (including sale, early redemption or purchase or payment at maturity) in an amount equal to the difference between (i) the amount received upon such disposition and (ii) the sum of (1) the holder’s original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond; and (b) the amount of the basis adjustment described in clause (a)(ii)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of any Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (a) the product of (i) the yield for the Discount Bond (adjusted as necessary for an initial short period) divided by the number of

compounding periods in a year multiplied by (ii) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (b) the amount actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial issue price of such Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period. Holders of Discount Bonds should note that, under the tax regulations, the yield and maturity of Discount Bonds are determined without regard to commercially reasonable sinking fund payments and any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The yields (and related prices) provided by the Underwriters of the Series 2024A Bonds as shown on the inside cover of this Official Statement may not reflect the initial issue prices for the purpose of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Bonds. In addition, prospective purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Bonds under the alternative minimum tax and the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the alternative minimum tax or the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

#### ***Purchase, Sale and Retirement of Series 2024A Bonds***

Except as noted below in the case of market discount, the sale or other disposition of a Series 2024A Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Series 2024A Bond will be its cost.

Upon the sale or retirement of a Series 2024A Bond, for federal income tax purposes a holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Series 2024A Bond, determined by adding to the original cost basis in such Series 2024A Bond the amount of original issue discount that is treated as having accrued as described above under "TAX MATTERS -- Tax Accounting Treatment of Series 2024A Bonds constituting Discount Bonds." Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Series 2024A Bond has been held for more than one year. Present law taxes both long and short-term capital

gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

### ***Market Discount***

If a holder acquires a Series 2024A Bond after its original issuance at a discount (or in the case of a Series 2024A Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such Series 2024A Bond was first issued), the holder will be deemed to have acquired the Series 2024A Bond at “market discount,” unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Series 2024A Bond with market discount subsequently realizes a gain upon the disposition of the Series 2024A Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Series 2024A Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Series 2024A Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Series 2024A Bond’s stated redemption price at maturity over the holder’s cost of acquiring the Series 2024A Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Series 2024A Bond and its stated maturity date. In the case of a Series 2024A Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Series 2024A Bond’s revised issue price over the holder’s cost of acquiring the Series 2024A Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Series 2024A Bond and its stated maturity date. For this purpose, a Series 2024A Bond’s “revised issue price” is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Series 2024A Bond during the period between its original issue date and the date of acquisition by the holder.

### ***Amortizable Bond Premium***

A Series 2024A Bond will be considered to have been acquired at a premium if, and to the extent that, immediately after the acquisition of such Series 2024A Bond, the holder’s tax basis in the Series 2024A Bond exceeds the amount payable at maturity (or, in the case of a Series 2024A Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Series 2024A Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Series 2024A Bonds. The holder will be required to reduce such holder’s tax basis in the Series 2024A Bond for purposes of determining gain or loss upon disposition of the Series 2024A Bond by the amount of amortizable bond premium that accrues determined in the manner prescribed in the tax regulations. Generally, no deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Series 2024A Bonds.

## **Legislative Developments**

Legislative proposals proposed after issuance and delivery of the Series 2024A Bonds could adversely affect the market value of the Series 2024A Bonds. Further, if enacted into law, any such legislation could cause the interest on the Series 2024A Bonds to be subject, directly or indirectly, to federal or state income taxation and could otherwise alter or amend one or more of the provisions of federal or state tax law described above or their consequences, as applicable. Prospective purchasers of the Series 2024A Bonds should consult with their tax advisors as to the status and potential effect of any legislative proposals, as to which Bond Counsel expresses no opinion.

## **NO LITIGATION AFFECTING THE SERIES 2024A BONDS**

There is no litigation pending or, to the knowledge of the Department, threatened, questioning the existence of the Department or the MAA, the validity of the Series 2024A Bonds or the Trust Agreement, or any proceedings of the Department taken with respect to the issuance or sale thereof, or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2024A Bonds.

## **UNDERWRITING**

The Series 2024A Bonds are being purchased by J.P. Morgan Securities LLC, BofA Securities, Inc. and Siebert Williams Shank & Co., LLC (the “Underwriters”). The Underwriters have agreed to purchase the Series 2024A Bonds at a discount of \$621,650.15 from the initial offering prices set forth on the cover page of this Official Statement.

The initial offering prices set forth on the cover of this Official Statement may be changed from time to time by the Underwriters.

The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower than the offering prices set forth on the cover page hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

In the ordinary course of its various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and instruments of the Department (directly, as collateral securing other obligations or otherwise) and persons and entities with relationships with the Department. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish or express independent research views in respect of such assets,



securities or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities and instruments.

J.P. Morgan Securities LLC, an Underwriter of the Series 2024A Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2024A Bonds from J.P. Morgan Securities LLC at the original issue price less a negotiated portion of the selling concession applicable to any Series 2024A Bonds that such firm sells.

BofA Securities, Inc., an Underwriter of the Series 2024A Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2024A Bonds.

## **FINANCIAL ADVISORS**

PFM Financial Advisors, LLC and People First Financial Advisors have been retained as financial advisors to the Department in connection with the issuance of the Series 2024A Bonds and other matters pertinent thereto.

## **RATINGS**

S&P Global Ratings and Kroll Bond Rating Agency are expected to assign insured ratings of “AA” and “AA+,” respectively, based upon the Policy to be issued by Assured Guaranty Inc. at the time of delivery of the Series 2024A Bonds. See “INVESTMENT CONSIDERATIONS – Bond Insurance,” “BOND INSURANCE,” and APPENDIX F - “Specimen Municipal Bond Insurance Policy.”

Moody’s Investors Service, Inc. and Fitch Ratings have assigned ratings to the Series 2024A Bonds of “A1” and “A+”, respectively. Any explanation of the significance of each of the ratings of the Series 2024A Bonds may be obtained from the rating agency furnishing the same. There is no assurance that such ratings will be obtained for any given period of time or that they may not be lowered or withdrawn entirely by such rating agencies, or any of them, if in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the respective Bonds.

## **LEGAL MATTERS**

McKennon Shelton & Henn LLP, Baltimore, Maryland, is acting as Bond Counsel to the Department (“Bond Counsel”) in connection with the issuance of the Series 2024A Bonds. The proposed form of the approving opinion of Bond Counsel is attached as APPENDIX B. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, for the Department and MAA by one or more Assistant Attorneys General.

## **CONTINUING DISCLOSURE**

In accordance with Rule 15c2-12 (the “Rule”) promulgated by the SEC, the Department will execute and deliver, on or before the date of issuance and delivery of the Series 2024A Bonds, a Continuing Disclosure Agreement, the form of which is attached as APPENDIX C.

The Department believes it has complied in all material respects with its obligations under its existing Continuing Disclosure Agreements executed pursuant to Rule 15c2-12 during the last five years; however, the Department acknowledges that during such period, certain financial information, while publicly available and filed with the Electronic Municipal Market Access System maintained by the MSRB (“EMMA”) and linked to CUSIPs assigned to the Department’s outstanding bonds on EMMA, in some limited cases were not properly linked to certain outstanding CUSIPs on EMMA at the time of filing. The Department believes it has taken corrective action to properly link all such informational filings with all relevant CUSIPs and has implemented procedures designed to assure proper linkage of filings in the future.

## **MISCELLANEOUS**

Statements made in this Official Statement involving matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made by the Department or the MAA that any of the opinions, forecasts or estimates will be realized. This Official Statement is not intended to be construed as a contract or agreement between the Department and any purchaser or owner of any of the Series 2024A Bonds.

The Trustee has not participated in the preparation of this Official Statement.

Copies of the Trust Agreement and other agreements described in this Official Statement may be obtained upon written request from the Secretary.

The attached Appendices are integral parts of this Official Statement and should be read in their entirety together with all of the foregoing information.

The execution and delivery of this Official Statement has been duly authorized by the Department.

**MARYLAND DEPARTMENT OF  
TRANSPORTATION**

By: /s/ Paul J. Wiedefeld

Paul J. Wiedefeld  
Secretary of Transportation of Maryland

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**APPENDIX A**

**TRUST AGREEMENT**

**AND**

**PROPOSED FORM OF SECOND SUPPLEMENTAL TRUST AGREEMENT**

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**TRUST AGREEMENT**

by and between

**MARYLAND DEPARTMENT OF TRANSPORTATION**

and

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION**

Dated as of February 1, 2021

**\$219,880,000**

**Maryland Department of Transportation  
Special Transportation Project Refunding Revenue Bonds  
(Baltimore/Washington International Thurgood Marshall Airport)  
Series 2021A (Federally Taxable)**

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## Appendix A – Form of the Series 2021A Bond

## **TRUST AGREEMENT**

**THIS TRUST AGREEMENT**, dated as of February 1, 2021 (this “Trust Agreement,” as defined herein) and effective from the time of execution and delivery between the parties, is by and between **MARYLAND DEPARTMENT OF TRANSPORTATION** (the “Department”), and Zions Bancorporation, National Association, a national banking association (the “Trustee”).

### **RECITALS**

The Department is authorized pursuant to Section 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as amended (the “Enabling Legislation,” as defined herein), to issue special transportation project revenue bonds for the purpose of financing and refinancing all or any part of the costs of transportation facilities (as defined in Section 3-101 of the Transportation Article of the Annotated Code of Maryland, as amended) and to secure such revenue bonds by a trust agreement, which may pledge and assign all or any part of the revenues of any transportation facilities to secure such revenue bonds.

The Department has determined to issue its revenue bonds for the purpose of refunding certain outstanding revenue bonds previously issued by the Maryland Transportation Authority (the “Authority”) and the Maryland Economic Development Corporation (“MEDCO”) (collectively, the “Refunded Bonds,” as defined herein) to pay certain costs of Airport Facilities (as defined herein) for the Baltimore/Washington International Thurgood Marshall Airport (“BWI Marshall Airport”), thereby allowing the Department to terminate the respective leasehold interests of the Authority and MEDCO in property located at BWI Marshall Airport. By a resolution of the Secretary of Transportation dated as of February 2, 2021, the Department has authorized the issuance of its revenue bonds (the “Series 2021A Bonds,” as defined herein) for the purpose of refunding the Refunded Bonds and by a resolution adopted by the Maryland Board of Public Works (the “Board”) on November 18, 2020, the Board approved the sale of the Series 2021A Bonds.

The Bonds (defined herein) shall be limited obligations of the Department payable solely from the Pledged Revenues (defined herein). None of the State of Maryland (the “State”), the Department, the Maryland Aviation Administration (the “MAA”) or any political subdivision of the State shall be obligated to pay the Bonds or the interest thereon except from the Pledged Revenues, and neither the faith and credit nor the taxing power of the State or any political subdivision of the State is pledged to the payment of the Bonds or the interest thereon. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State, the Department, the MAA or any political subdivision of the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

All Bonds issued from time to time under this Trust Agreement will be, except as otherwise expressly provided herein, equally and ratably secured to the extent provided herein by a pledge and assignment of the Trust Estate (defined herein) to the extent provided herein.

All things necessary to make the Series 2021A Bonds, when authenticated by the Trustee and issued in accordance with this Trust Agreement, the legal, valid and binding obligations of the Department according to the import thereof, and to constitute this Trust Agreement a valid assignment and pledge of the Trust Estate, have been done and performed, and the creation, execution and delivery

of this Trust Agreement, and the creation, execution and issuance of the Series 2021A Bonds, subject to the terms hereof, have in all respects been duly authorized.

### **GRANTING CLAUSES**

The Department, in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the owners thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of the principal or Redemption Price (defined herein) of and interest on, and the purchase price of, the Bonds according to their tenor and effect and the performance and observance by the Department of all the covenants expressed or implied herein and in the Bonds, for the equal and ratable benefit (to the extent herein provided) of the holders thereof and their respective successors and assigns, forever, subject only to the provisions of this Trust Agreement permitting the application thereof on the terms and conditions set forth in this Trust Agreement, does hereby grant, bargain, sell, convey, assign and pledge to the Trustee, and unto its respective successors in trust and assigns forever, and grant to the Trustee, and unto its respective successors in trust and assigns forever, a security interest in, the following (the "Trust Estate"):

(a) all of the right, title and interest of the Department in and to the Pledged Revenues; and

(b) all of the right, title and interest of the Department in and to any money and securities from time to time on deposit in the Pledged Funds (defined herein) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Department or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Trust Agreement; *provided*, however, that notwithstanding the foregoing, the funds and accounts established for particular Bonds shall not secure any other Bonds and *provided* further that funds and accounts established solely for Tax-Exempt Bonds (defined herein) shall not secure any Bonds that do not constitute Tax-Exempt Bonds;

**TO HAVE AND TO HOLD** all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in trust and assigns forever upon the terms and trusts herein set forth for the equal and ratable benefit (to the extent herein provided), security and protection of all present and future such holders, without privilege, priority or distinction as to the lien or otherwise of any Bond over any other Bond, except as otherwise expressly provided herein;

**PROVIDED, HOWEVER**, that, if the Department shall well and truly pay, or cause to be paid, the principal or Redemption Price of and interest on, and the purchase price of, the Bonds, according to the true intent and meaning thereof or shall provide for the payment thereof as provided by Article IX, and shall perform and observe all the covenants and conditions of this Trust Agreement and the Bonds to be performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, upon compliance with Article IX, the lien of this Trust Agreement shall be discharged and satisfied and shall be null and void; otherwise, this Trust Agreement is to be and remain in full force and effect.

All Bonds secured hereunder are to be issued and all such property, rights and interests, including (without limitation) the amounts hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Department has agreed and covenanted, and does hereby agree and covenant with the Trustee and the holders of the Bonds as follows (subject to the provisions of Section 5.01):

## **ARTICLE I**

### **DEFINITIONS AND RULES OF CONSTRUCTION**

#### **Section 1.01. Definitions.**

Terms used in this Trust Agreement have the following meanings, unless a different meaning clearly appears from the context:

**“Additional Bonds”** means any bond, note or other evidence of obligation issued by the Department pursuant to Section 2.04, including (without limitation) any cap, swap or other hedging arrangement.

**“Additional Facilities”** means any Airport Facilities that are financed or refinanced with proceeds of any Additional Bonds.

**“Administrative Expenses”** means any expenditures reasonably and necessarily incurred by the Department by reason of its issuance and administration of any Bonds and the performance of its obligations under this Trust Agreement, including (without limitation) fees and expenses of the Trustee (whether as Trustee, paying agent or registrar for the Bonds), not otherwise paid or provided for, legal, financing and administrative expense and fees and expenses of the Department’s financial advisor.

**“Agency Obligations”** means direct obligations, including bonds, debentures, notes, participation certificates or similar obligations of, or obligations the timely payment of the principal of and the interest on which are unconditionally guaranteed by any agency or instrumentality of the United States of America or their successors, including (without limitation): Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Tennessee Valley Authority, United States Postal Service, Export-Import Bank of the United States, United States Department of Agriculture-Rural Development (formerly Farmers Home Administration), General Services Administration, United States Maritime Administration, Small Business Administration, United States Department of Housing and Urban Development and Federal Housing Administration.

**“Airport Consultant”** means LeighFisher Inc. or any other independent consulting firm having a favorable reputation for skill and experience with respect to the design, construction and operation of airport transportation facilities or the determination of the economic feasibility of such facilities, which is designated and retained by the Department to perform the activities required by this Trust Agreement to be performed by the Airport Consultant.

**“Airport Facilities”** means has the meaning set forth in Section 5-101 of the Transportation Article of the Annotated Code of Maryland, as amended.

**“Applicable Law”** means any law, regulation, requirement or order of any federal, state or local agency, court or other governmental body applicable from time to time to the acquisition, design, construction, equipping, financing, ownership, possession or operation of all, or any portion, of the Facilities or the performance of any of the obligations of the Department under this Trust Agreement, including (without limitation) all permits, licenses and governmental approvals required for the operation of any portion of the Facilities.

**“Authority”** means Maryland Transportation Authority, a body politic and corporate organized and existing under the laws of the State of Maryland, and its successors and assigns.

**“Authorized Denomination”** means (i) when used with respect to any Series 2021A Bond, \$5,000 or any integral multiple thereof, and (ii) when used with respect to any Additional Bond, any denomination in which such Additional Bond is authorized to be outstanding from time to time as specified in the Supplemental Trust Agreement authorizing such Additional Bond.

**“Balloon Debt”** means Indebtedness 25% or more of the principal amount of which matures in the same 12-month period, which portion of such principal amount is not required to be amortized by redemption prior to such period.

**“Bond”** or **“Bonds”** means the Series 2021A Bonds and any Additional Bonds, collectively.

**“Bond Counsel”** means an attorney or firm of attorneys having a national reputation in the field of municipal law whose legal opinions are generally accepted by purchasers of municipal bonds designated by the Department as its bond counsel from time to time. The firm of McKennon Shelton & Henn LLP is recognized as constituting Bond Counsel, subject to further action by the Department.

**“Bond Year”** means the twelve-month period ending on August 1 of each calendar year.

**“Business Day”** means a day other than a (i) Saturday, Sunday or legal holiday in the State, (ii) a day on which banking institutions in the State or in the city in which the Designated Office of the Trustee is located are authorized or obligated to remain closed or (iii) a day on which the New York Stock Exchange is closed.

**“BWI Marshall Airport”** means the Baltimore/Washington International Thurgood Marshall Airport located in Anne Arundel County, Maryland.

**“Certificate”, “Notice”, “Opinion”, “Order”, “Report”, “Request”, “Requisition”** and **“Statement”** mean, respectively, a written certificate, notice, opinion, order, report, request, requisition or statement, in form and substance satisfactory to the Department, signed (i) when used with respect to the Department, by a Department Representative, and (ii) when used with respect to any other person, by an authorized officer thereof. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

**“CFC”** means the customer facility charge charged and collected by each operator of a rental car business from its rental car customers on behalf of the MAA for each 24-hour period or fraction thereof that an auto is rented under a rental agreement entered into at BWI Marshall Airport or Martin State Airport, or elsewhere with the pick-up at BWI Marshall Airport or Martin State Airport, pursuant to a Lease and Concession Contract to Establish and Operate a Non-Exclusive On-Airport Rental Auto Concession at Baltimore/Washington International Airport, or other similar agreement between such operator and the MAA, as amended and supplemented, and any Contingent Rent (as defined in such agreement) or similar charge payable under such agreement.

**“CFC Bonds”** means the Maryland Transportation Authority Taxable Limited Obligation Revenue Bonds Baltimore/Washington International Airport Consolidated Rental Car Facility Series 2002 and any other obligations payable from CFC Revenues.

**“CFC Revenues”** means amounts held under any trust agreement or similar agreement pursuant to which any obligations under which any bonds, notes or other obligations that are payable from CFCs are issued, revenues derived from the collection of CFCs, and income earned from the investment thereof.

**“Code”** means the Internal Revenue Code of 1986, as amended from time to time, or any successor federal income tax statute or code, and the applicable regulations thereunder.

**“Cost”** means, when used with respect, to the Project or any Additional Facilities, includes the cost of and all expenses incident to the construction, reconstruction, acquisition, improvement, extension, alteration, modernization, planning, maintenance, and repair of the facility, including the cost and expenses of (a) all property acquired in connection with it; (b) financial, architectural, consulting, engineering, and legal services; (c) plans, specifications, surveys, estimates, feasibility reports, and direct and indirect labor, material, equipment, and administrative expenses; and (d) financing the Project or such Additional Facilities, respectively, including financing charges and interest before, during, and for up to one year after completion of construction.

**“Credit Facility”** means any letter of credit, bond insurance policy, bond purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility securing any Bond or held to the credit of any fund or account created by this Trust Agreement. When used with reference to any Bonds, “Credit Facility” means any Credit Facility securing such Bonds.

**“Credit Facility Agreement”** means the agreement, if any, pursuant to which any Credit Facility is issued. When used with reference to any Bonds, “Credit Facility Agreement” means the Credit Facility Agreement under which any Credit Facility securing such Bonds shall have been issued.

**“Credit Facility Provider”** means the issuer of any Credit Facility then in effect. When used with reference to any Bonds, “Credit Facility Provider” means the provider of any Credit Facility securing such Bonds.

**“Debt Service Requirements”** means, when used with respect to any Bonds or Other Obligations for any Bond Year, as of any particular date of calculation, the amount required to pay the sum of (1) the interest on such Bonds or Other Obligations payable during such Bond Year and (2) the principal of, the Sinking Fund Installment for and any other amount required to effect any mandatory redemption of such



Bonds or Other Obligations, if any, during such Bond Year, less any amount of such interest or principal for the payment of which money or Permitted Investments, the principal of and interest on which when due will provide for such payment, are held in trust, including (without limitation) any accrued interest and capitalized interest on deposit in any Bond Fund or any Construction Fund. For the purpose of calculating the Debt Service Requirements:

(a) with respect to any Variable Rate Indebtedness:

(i) for the purpose of calculating (A) the Debt Service Reserve Fund Requirement, (B) the tests required in connection with the issuance of Additional Bonds under clauses (v), (vi) or (vii) of Section 2.04 hereof and (C) the principal amount of any such Indebtedness constituting Balloon Debt payable in any Bond Year described in clause (b) below, such Indebtedness shall be deemed to bear interest at the fixed rate that it would have borne had it been issued at a fixed rate for the term thereof, as evidenced by a certificate of an investment banking firm or financial advisor knowledgeable in financial matters relating to the Facilities satisfactory to the Department, who may be, without limitation, the financial advisor to the Department, confirming such interest rate assumption as reasonable, *provided* that if the Department shall have entered into any cap, swap or other hedging arrangement with an entity rated in one of the three highest Rating Categories by a Rating Agency (each, a “Qualified Hedging Transaction”) identified in the records of the Department with respect to such Indebtedness, at the option of the Department, such Indebtedness shall be deemed to bear interest at the rate payable by the Department under such Qualified Hedging Transaction;

(ii) for all other purposes of this Trust Agreement, such Indebtedness shall be deemed to bear interest at an annual rate equal to (A) in the case of any period during which such Indebtedness shall have been outstanding, the weighted average interest rate per annum borne by such Indebtedness during such period and (B) in any other case, the higher of (1) the weighted average interest rate per annum borne by such Indebtedness during the 12-month period ending on the date of calculation (or, in the case of any Indebtedness to be issued during the immediately preceding 12-month period, the weighted average interest rate per annum borne by other outstanding indebtedness having comparable terms and of comparable creditworthiness during the immediately preceding 12-month period, as evidenced by a certificate of an investment banking firm or a financial advisor knowledgeable in financial matters relating to the Facilities satisfactory to the Department, who may be, without limitation, the financial advisor to the Department) and (2) the interest rate per annum borne by such Indebtedness on the date of calculation, *provided* that if any Qualified Hedging Transaction identified in the records of the Department with respect to any such Indebtedness shall be in effect for the period for which such calculation is to be made, at the option of the Department, such Indebtedness shall be deemed to bear interest at the rate payable by the Department under such Qualified Hedging Transaction during such period;

(b) with respect to any Balloon Debt, the principal amount of such Indebtedness payable in each Bond Year may be deemed to be the amount that would be payable during such Bond Year if such Indebtedness were required to be amortized in full from the date of its issuance in substantially equal annual installments of principal (such principal to be rounded to the nearest \$5,000) and interest over a term equal to the shorter of (i) 30 years and (ii) 120% of the weighted average economic life of the facilities financed or refinanced thereby;

(c) with respect to any Optional Tender Debt, the option of the holder thereof to tender such Indebtedness for purchase or redemption prior to maturity shall be disregarded; and

(d) with respect to any Credit Facility Agreement, so long as no demand for payment under the Credit Facility issued under such Credit Facility Agreement shall have been made, the debt service requirements of such Credit Facility Agreement shall be excluded from such calculation.

**“Debt Service Reserve Fund”** means, individually, the 2021A Debt Service Reserve Fund created under Section 4.01(a) hereof and maintained for the Series 2021A Bonds and any fund so designated which is created pursuant a Supplemental Trust Agreement in accordance with Section 4.01(b) hereof.

**“Debt Service Reserve Fund Credit Facility”** means any Credit Facility held to the credit of a Debt Service Reserve Fund.

**“Debt Service Reserve Fund Requirement”** means when used with respect to (a) the Series 2021A Bonds and any other Series of Bonds secured by the 2021A Debt Service Reserve Fund or such Debt Service Reserve Fund, as of any particular date of computation, an amount equal to the least of (i) 10% of the proceeds of the Bonds secured thereby, (ii) Maximum Annual Debt Service on all outstanding Bonds secured thereby, or (iii) 125% of the average annual debt service requirements of all Bonds secured thereby and (b) when used with respect to any other Series of Bonds or the Debt Service Reserve Fund, if any, maintained for such Bonds, such amount as shall be established in the Supplemental Trust Agreement authorizing the issuance of such Bonds.

**“Department”** means Maryland Department of Transportation, an agency of the State of Maryland, and its successors and assigns.

**“Department Representative”** means the Secretary of Transportation, the Deputy Secretary of Transportation, or the Chief Financial Officer of the Department or any other person authorized by the Secretary of Transportation to act on behalf of the Department under or with respect to this Trust Agreement by written certificate executed by the Secretary of Transportation and delivered to the Trustee.

**“Designated Office”** means, when used with respect to the Trustee, the corporate trust office designated as such by the Trustee.

**“Enabling Legislation”** means Sections 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as amended, and any other provision of law authorizing the issuance of bonds, notes or other evidences of obligation of the Department to finance Airport Facilities, and all future acts supplemental to or amendatory of any of the foregoing.

**“Engineer”** means an individual or firm of engineers registered in the State (who may be, without limitation, an employee of the Department, the Department, the MAA or the State or any agency or political subdivision thereof) designated and retained by the Department to perform the activities required by this Trust Agreement to be performed by the Engineer.

**“Event of Default”** means any event of default specified in Section 7.01.

**“Facilities”** means the land, building, machinery, equipment, hardware, inventory or other real or tangible personal property or any interest therein owned by the Department, the Authority or the MAA that is located at or used in connection with the BWI Marshall Airport or Martin State Airport.

**“Generally Accepted Accounting Principles”** means accounting principles generally accepted in the United States of America applicable in the preparation of financial statements of governmental units, as promulgated by the Governmental Accounting Standards Board or such other body as shall be recognized as authoritative by the American Institute of Certified Public Accountants or any successor body (as such principles may change from time to time), applied on a consistent basis (except for changes in application in which the Independent Public Accountant concurs) applied both to classification of items and amounts.

**“Government Obligations”** means direct obligations of, or obligations that are unconditionally guaranteed by, the United States of America, including (without limitation) obligations of Resolution Funding Corporation.

**“Holder”** or **“holder”** or **“Bondholder”** or any similar term means the registered owner of any Bond.

**“Indebtedness”** means any indebtedness or liability for borrowed money, any installment sale obligation or any obligation under any lease that is capitalized under Generally Accepted Accounting Principles, including (without limitation) any of the foregoing the payment of which is subordinate to the Bonds, to the extent that any of the foregoing is payable from the Pledged Revenues, excluding any CFC Bonds and PFC Bonds.

**“Independent Public Accountant”** means an individual, partnership or corporation engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State and in fact independent, employed by the Department from time to time to pass upon those matters required by this Trust Agreement to be passed upon by an Independent Public Accountant. The firm of CliftonLarsonAllen LLP is recognized as constituting the Independent Public Accountant, subject to further action by the Department.

**“Interest Payment Date”** means, with respect to the Series 2021A Bonds, February 1 and August 1 of each year commencing August 1, 2021, and with respect to any Additional Bonds, the dates established as Interest Payment Dates in the Supplemental Trust Agreement authorizing such Additional Bonds.

**“Investment Income”** means interest earnings and net profits realized on the Pledged Funds.

**“MAA”** means Maryland Aviation Administration, an agency of the State of Maryland and a business unit of the Department, and its successors and assigns.

**“Martin State Airport”** means Martin State Airport located in Baltimore County, Maryland.

**“Maximum Annual Debt Service”** means, when used with reference to any Bonds for any Bond Year, as of any particular date of computation, the greatest amount required in the then-current or any future Bond Year to pay the Debt Service Requirements of such Bonds.

**“Net Pledged Revenues”** means, when used with respect to any Bond Year, the total amount of the Pledged Revenues for such Bond Year, less the amount of Operating Expenses.

**“Operating Expenses”** mean all expenses of the MAA directly or indirectly attributable to the ownership or operation of the Facilities and payable as operating expenses of the Facilities, without regard to the treatment of such expenses under Generally Accepted Accounting Principles, including (without limitation): reasonable expenses of administration, operation, maintenance and repair, which may include expenses not annually recurring, costs of billing and collecting rates, fees, charges and other amounts arising from or in connection with the BWI Marshall Airport or Martin State Airport; insurance and surety bond premiums; fees and payments for any Credit Facility; legal, engineering and auditing expenses; expenses and compensation of the Trustee (other than any of the foregoing expenses that are payable from PFC Revenues or CFC Revenues); debt service on any Indebtedness; depreciation; amortization; and expenditures that the Department elects to capitalize. For the purpose of determining the amount of the Net Pledged Revenues for any Bond Year, Operating Expenses shall be reduced by the amount of any funds that the Department is legally entitled to receive from the United States government or any instrumentality or agency thereof, such as Coronavirus Aid, Relief, and Economic Security (CARES) Act, funds that are properly allocated to BWI Marshall Airport or Martin State Airport that are applied to the payment of any Operating Expenses.

**“Operating Revenues”** means all receipts, revenues, rentals, income, insurance proceeds and other money received by or on behalf of the MAA, including (without limitation) revenues derived from the ownership, operation or leasing of any of the Facilities, excluding CFC Revenues and PFC Revenues.

**“Optional Tender Debt”** means any Indebtedness that is subject to optional or mandatory tender by the holder thereof (including, without limitation, any mandatory tender in connection with the expiration of any Credit Facility securing such Indebtedness, any conversion of the interest rate on such Indebtedness or otherwise) for purchase or redemption prior to the stated maturity date thereof if the purchase or redemption price of such Indebtedness is under any circumstances payable from the Trust Estate.

**“Other Obligations”** means all of the following Indebtedness other than Bonds incurred or assumed by the Department and payable under any circumstances from the Pledged Revenues:

- (i) any obligation for the payment of principal and interest with respect to money borrowed for an original term, or renewable at the option of the Department for a period from the date originally incurred, longer than one year;
- (ii) any obligation for the payment of money under leases under which (i) ownership of the leased property vests in the lessee at the end of the lease term, (ii) the lessee has the option to purchase the leased property at a price below fair market value, (iii) the lease term is equal to or greater than 75% of the estimated

economic life of the leased property, or (iv) the present value of the rental and other minimum lease payments equals or exceeds 90% of the fair market value of the leased property;

(iii) any obligation for the payment of money under installment purchase contracts having an original term in excess of one year; and

(iv) at the election of the Department, any obligation having an original term of one year or less that is intended to be refinanced at maturity.

For the avoidance of doubt, the term “Other Obligations” includes obligations described in clause (i), (ii), (iii) or (iv) above the payment of which is subject to annual appropriation.

**“Outstanding”** or **“outstanding”** means, (a) when used with reference to Bonds as of any particular date, all Bonds authenticated and delivered under this Trust Agreement except (i) any Bond cancelled by the Trustee (or delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for the payment of the principal or Redemption Price of and interest on which provision shall have been made as provided in Section 9.01 and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Article II, Article III or Section 8.04; and (b) when used with reference to any other Indebtedness or obligation of the Department, all Indebtedness theretofore issued or incurred other than any such Indebtedness that is deemed to have been paid and discharged under Generally Accepted Accounting Principles and that is not secured by the Pledged Revenues.

**“Participant”** when used with respect to any Securities Depository, means any participant of such Securities Depository.

**“Permitted Investment”** means each of the following investments to the extent that the amounts to be invested therein are then permitted to be invested in such investments under Applicable Law:

(a) Government Obligations;

(b) Agency Obligations;

(c) interest bearing time deposits, certificates of deposit or similar arrangements (“Deposits”) with any commercial bank, trust company or savings and loan association (including, without limitation, the Trustee), *provided* that, to the extent such Deposits are not fully insured by the Federal Deposit Insurance Corporation, the outstanding unsecured long-term indebtedness of such commercial bank, trust company or savings and loan association (or its holding company) is rated by a Rating Agency in one of its two highest Rating Categories, and such Deposits are continuously secured by lodging with a bank or trust company, as collateral security, obligations described in clause (a), (b), (e) or (f) below, having a market value, calculated no less frequently than weekly, not less than 102% of the amount of such Deposit;

(d) repurchase agreements for obligations described in clause (a) or (b) above, *provided* that (i) such obligations shall be (A) delivered to the Department or the Trustee (as the case may be) or supported by a safekeeping receipt issued by a depository satisfactory to the Department or the Trustee (as the case may be) if issued in certificated form, or (B) supported by a receipt or other confirmatory documentation satisfactory to the Department or the Trustee (as the case may be) if issued in book-entry

form, (ii) the Department or the Trustee (as the case may be) shall have a perfected security interest in such obligations, (iii) such obligations shall be free and clear of any other liens or encumbrances, and (iv) such repurchase agreements shall provide that the value of the underlying obligations shall be continuously maintained at a current market value, calculated no less frequently than weekly, of not less than 102% of the purchase price;

(e) obligations issued by or on behalf of any state of the United States of America or any political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been irrevocably deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment;

(f) any other obligations issued by or on behalf of any state of the United States of America or any political subdivision thereof, *provided* that such obligations, or other obligations of the issuer thereof of comparable maturities that are secured equally and ratably with such obligations, shall be rated by a Rating Agency in one of its two highest long-term Rating Categories;

(g) banker's acceptances issued by any commercial bank, trust company or savings and loan association (including, without limitation, the Trustee), the outstanding unsecured long-term indebtedness of which is rated by a Rating Agency in one of its two highest Rating Categories;

(h) commercial paper or finance company paper rated by a Rating Agency in its highest Rating Category; and

(i) shares in investment companies that invest only in obligations described in clauses (a), (b), (c), (d), (e), (f), (g) and (h) above (including any proprietary mutual fund, money market fund or short term investment fund maintained by the Trustee and for which the Trustee or an affiliate is investment advisor, or provides other services, and receives reasonable compensation for such services).

**“PFC”** means the passenger facility charge approved by the Federal Aviation Administration and imposed at BWI Marshall Airport or Martin State Airport.

**“PFC Bonds”** means, collectively, (i) the Maryland Transportation Authority Passenger Facility Charge Revenue Bonds Series 2019 Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT), (ii) the Maryland Transportation Authority Passenger Facility Charge Revenue Bonds, Series 2014 Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT), (iii) the Maryland Transportation Authority Passenger Facility Charge Revenue Bonds, Series 2012A Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT), (iv) the Maryland Transportation Authority Passenger Facility Charge Revenue Bonds, Series 2012B Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT), (v) the Maryland Transportation Authority Variable Rate Passenger Facility Charge Revenue Bonds, Series 2012C Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT) and any other obligations payable from PFC Revenues.

**“PFC Revenues”** means amounts held under any trust agreement or similar agreement pursuant to which any obligations under which any bonds, notes or other obligations that are payable from PFCs

are issued and revenues derived from the collection of PFCs and income earned from the investment thereof.

**“Pledged Funds”** means amounts on deposit in the Pledged Revenue Fund, and each Bond Fund, Debt Service Reserve Fund, Redemption Fund or other similar fund created under this Trust Agreement or any Supplemental Trust Agreement.

**“Pledged Revenues”** means Operating Revenues and Investment Income.

**“Rate Covenant”** has the meaning set forth in Section 5.03 hereof.

**“Rating Agency”** means Fitch Ratings, Moody’s Investors Service, Inc., S&P Global Ratings or any other securities rating agency that, at the request of the Department, shall have assigned a rating that is then in effect with respect to any Bonds, and their successors and assigns, and **“Rating Agencies”** means each such Rating Agency, collectively.

**“Rating Category”** means one of the general rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

**“Record Date”** means, when used with respect to the Series 2021A Bonds, or any Additional Bonds, except as otherwise provided in the Supplemental Trust Agreement authorizing the issuance of such Additional Bonds, means the fifteenth day of the calendar month preceding each Interest Payment Date or, if there is a default in the payment of interest due on such Bonds, a subsequent date fixed by the Trustee that is at least 10 and not more than 15 days before the date set for the payment of such defaulted interest.

**“Redemption Price”** means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to this Trust Agreement.

**“Refunded Bonds”** means, collectively, (i) the Maryland Transportation Authority Airport Parking Revenue Refunding Bonds, Series 2012A, Baltimore/Washington International Thurgood Marshall Airport Projects (General Governmental Purpose Bonds), (ii) the Maryland Transportation Authority Airport Parking Revenue Refunding Bonds, Series 2012B, Baltimore/Washington International Thurgood Marshall Airport Projects (Qualified Airport Bonds – AMT) and (iii) the Maryland Economic Development Corporation Lease Revenue Refunding Bonds (Maryland Aviation Administration Facilities), 2012 Series (Taxable).

**“Securities Depository”** means The Depository Trust Company, a corporation organized and existing under the laws of the State of New York, and any other securities depository for the Bonds appointed pursuant to Section 2.10, and their successors.

**“Series”** means any series of Bonds authorized by this Trust Agreement.

**“Series 2021A Bonds”** means the Maryland Department of Transportation Special Transportation Project Refunding Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021A (Federally Taxable).

**“Sinking Fund Installment”** means the amount of money provided in this Trust Agreement, and in each Supplemental Trust Agreement authorizing any Series of Additional Bonds to redeem Bonds of such Series required to be redeemed prior to the maturity thereof at the times and in the amounts provided in this Trust Agreement or such Supplemental Trust Agreement, respectively.

**“State”** means the State of Maryland.

**“Supplemental Trust Agreement”** means any instrument between the Department and the Trustee amending, modifying or supplementing this Trust Agreement, any Supplemental Trust Agreement or any Bond, delivered and becoming effective in accordance with the terms of this Trust Agreement.

**“Tax-Exempt Bond”** means any Bonds with respect to which there shall have been delivered to the Department an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income for federal income tax purposes.

**“Transportation Trust Fund”** means the Transportation Trust Fund created under Section 3-216 of the Transportation Article of the Annotated Code of Maryland, as amended.

**“Trust Agreement”** means this Trust Agreement, as amended, modified or supplemented from time to time by Supplemental Trust Agreements.

**“Trust Estate”** means all property, rights and other assets that from time to time may be pledged and assigned to the Trustee under the Granting Clauses of this Trust Agreement.

**“Trustee”** means Zions Bancorporation, National Association, a national banking association, and any other corporation that may at any time be substituted in its place pursuant to this Trust Agreement, and their successors.

**“Variable Rate Indebtedness”** means, as of any particular date, any Indebtedness the interest rate on which is not established at a fixed rate or rates for the remaining term thereof.

**“2021 Project”** means the construction of an expansion of the passenger terminal at BWI Marshall Airport to accommodate a passenger connector between Concourses A and B, an expanded and improved baggage handling system, and other BWI Marshall Airport terminal development.

## **Section 1.02. Rules of Construction.**

Unless the context clearly indicates to the contrary, the following rules apply to the construction of this Trust Agreement:

(a) Words importing the singular number include the plural number and words importing the plural number include the singular number.



(b) Words of the masculine gender include correlative words of the feminine and neuter genders.

(c) The table of contents and the headings or captions used in this Trust Agreement are for convenience of reference and do not constitute a part of this Trust Agreement, nor affect its meaning, construction or effect.

(d) Words importing persons include any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(e) Any reference to a particular percentage or proportion of the Holders of Bonds shall mean the Holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under this Trust Agreement.

(f) Any reference to the Pledged Revenue Fund, Construction Fund, Bond Fund, Debt Service Reserve Fund, Redemption Fund or Subordinate Debt Fund shall be to the fund or account so designated that is created under Section 4.01 or any Supplemental Trust Agreement. If any Supplemental Trust Agreement provides for the establishment of separate funds and accounts for any Series of Bonds, then any provision of this Trust Agreement requiring or permitting the application of amounts on deposit in any fund or account to the payment of any Bond or the transfer of amounts on deposit in any fund or account maintained for any Bonds to any other fund or account shall refer to the fund or account maintained for Bonds of the Series of which such Bond is a part.

(g) Any reference in this Trust Agreement to a particular "Article," "Section" or other subdivision shall be to such Article, Section or subdivision of this Trust Agreement unless the context shall otherwise require.

(h) Each reference in this Trust Agreement to an agreement or contract shall include all amendments, modifications and supplements to such agreement or contract unless the context shall otherwise require.

(i) During any period in which no Credit Facility is in effect and all amounts payable to each Credit Facility Provider, if any, have been paid, the provisions of this Trust Agreement that relate to the Credit Facility and the Credit Facility Provider shall be of no force and effect.

## **ARTICLE II**

### **AUTHORIZATION AND DETAILS OF THE SERIES 2021A BONDS ADDITIONAL BONDS**

#### **Section 2.01. Bonds Authorized.**

There is hereby authorized the issuance under this Trust Agreement of a Series of Bonds designated "Maryland Department of Transportation Special Transportation Project Refunding Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021A (Federally

Taxable)” in the aggregate principal amount of Two Hundred Nineteen Million Eight Hundred Eighty Thousand Dollars (\$219,880,000). The aggregate principal amount of Bonds that may be issued under this Trust Agreement is not limited except as provided by this Trust Agreement.

## **Section 2.02. Details of Bonds.**

The Series 2021A Bonds shall be issued as fully registered bonds, shall bear interest at the rates of interest per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) set forth below and shall mature on August 1 in each of the years and in amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$26,755,000	0.361%	2027	\$27,460,000	1.253%
2024	26,855,000	0.526	2028	27,805,000	1.303
2025	26,995,000	0.806	2029	28,165,000	1.636
2026	27,215,000	0.906	2030	28,630,000	1.686

The Series 2021A Bonds are not subject to redemption prior to maturity, and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in the form of Series 2021A Bonds included in Appendix A.

The Series 2021A Bonds shall be substantially in the form set forth in Appendix A, with such insertions, omissions and variations as may be deemed necessary or appropriate by the officers of the Department executing the same and as shall be permitted by the Enabling Legislation. The Department hereby adopts the form of Series 2021A Bond set forth in Appendix A and all of the covenants and conditions set forth therein, as and for the form of obligation to be incurred by the Department as the Series 2021A Bonds. The covenants and conditions set forth in the form of Series 2021A Bond are incorporated into this Trust Agreement by reference and shall be binding upon the Department as though set forth in full herein.

Additional Bonds shall have the terms, tenor, details and specifications and shall be in such form as shall be provided in the Supplemental Trust Agreement authorizing such Additional Bonds.

The Bonds may contain, or have endorsed thereon, any notations, legends or endorsements not inconsistent with the provisions of this Trust Agreement or of any Supplemental Trust Agreement authorizing the same as may be necessary or desirable and as may be determined by the officers of the Department executing the same prior to the execution and delivery of such Bonds. The execution and delivery of any Bonds by the Department in accordance with this Trust Agreement shall be conclusive evidence of the approval of the form of such Bonds by the Department, including any insertions, omissions, variations, notations, legends or endorsements authorized by this Trust Agreement.

Bonds shall be numbered in the manner determined by the Trustee. Before authenticating and delivering any Bond, the Trustee shall complete the form of such Bond.

Bonds may have attached thereto or printed on the reverse side thereof the opinion of Bond Counsel for such Bonds. The printing of CUSIP numbers on Bonds shall have no legal effect and shall not affect the enforceability of any Bond.

### **Section 2.03. Conditions Precedent to Delivery of Series 2021A Bonds.**

The Series 2021A Bonds shall be executed by the Department and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2021A Bonds and, upon payment of the purchase price of such Bonds, shall deliver the Series 2021A Bonds upon the Order of the Department, but only upon delivery to the Trustee of each of the following:

(a) a counterpart of this Trust Agreement executed by the parties hereto;

(b) a Certificate of the Department directing the authentication and delivery of the Series 2021A Bonds, describing the Series 2021A Bonds to be authenticated and delivered, designating the purchaser to whom the Series 2021A Bonds are to be delivered, stating the purchase price of the Series 2021A Bonds, directing the deposit of the proceeds of the Series 2021A Bonds and the payment of any associated Administrative Expenses from the Construction Fund, and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Department; and

(c) an Opinion of Bond Counsel to the effect that (i) this Trust Agreement has been duly authorized, executed and delivered by the Department and constitutes the valid and binding obligation of the Department; and (ii) the Department is duly authorized and entitled to issue the Series 2021A Bonds, and Series 2021A Bonds executed, authenticated and delivered as provided in this Trust Agreement have been duly and validly issued and constitute valid and binding limited obligations of the Department.

### **Section 2.04. Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds.**

In addition to the Series 2021A Bonds, the Department is hereby authorized to issue, from time to time, Additional Bonds under and secured by this Trust Agreement, subject to the conditions provided in this Section, for any purpose for which indebtedness may be incurred by the Department under the Enabling Legislation, including (without limitation): (a) refinancing, refunding or advance refunding any Outstanding Indebtedness (“Refunding Purposes”), (b) obtaining funds necessary to pay the costs of extraordinary maintenance of or repairs or improvements to any Facilities, including (without limitation) repairs, replacements or improvements required as a result of any casualty or taking or other extraordinary occurrence or to meet the requirements of Applicable Law (“Extraordinary Maintenance Purposes”), (c) obtaining funds to pay the Cost of any Additional Facilities or (d) obtaining funds to pay the Cost of completing any Additional Facilities (“Completion Purposes”). Additional Bonds may be issued to pay the costs incurred in connection with the issuance and sale of any Bonds, to establish reserves and to pay interest on any Bonds prior to and during acquisition and construction. The issuance of Additional Bonds shall be authorized by a Supplemental Trust Agreement.

Each Additional Bond shall be on parity with, and shall be entitled to the same benefit and security of this Trust Agreement as, the Series 2021A Bonds and any other Additional Bonds that may be issued from time to time, to the extent provided in this Section.

The Supplemental Trust Agreement authorizing the issuance of any Series of Additional Bonds shall specify the maturities and redemption provisions of such Additional Bonds, the form and denominations thereof and other details of such Additional Bonds. Without limiting the generality of the foregoing, Additional Bonds may constitute Variable Rate Indebtedness, Optional Tender Debt or Balloon Debt, as shall be determined by the Department in its discretion. Any Supplemental Trust Agreement authorizing the issuance of Additional Bonds shall provide for the creation of a separate Bond Fund for such Bonds if any principal of such Bonds becomes due on a date other than August 1 or the Interest Payment Dates on such Bonds are not February 1 and August 1 or if such Bonds constitute Tax-Exempt Bonds. The Department may provide for the creation of a separate Bond Fund, Debt Service Reserve Fund or Redemption Fund and other funds and accounts for any Series of Additional Bonds in other circumstances, as shall be deemed advisable by the Department. In any event, funds and accounts established for Tax-Exempt Bonds may not secure any Bonds that do not constitute Tax-Exempt Bonds.

The Supplemental Trust Agreement authorizing the issuance of any Additional Bonds shall provide for the deposit of Pledged Revenues in the Bond Fund and the Debt Service Reserve Fund, if any, maintained for such Bonds.

If any Supplemental Trust Agreement provides for the establishment of separate funds and accounts for any Series of Bonds, then such Supplemental Trust Agreement shall require that (i) the Pledged Revenues required to be deposited in the Pledged Revenue Fund on any date shall be transferred and deposited *pro rata* among all of the Bond Funds on the basis of the principal of, the Sinking Fund Installments for and the interest on the Series of Bonds secured thereby required to be deposited in the Bond Fund maintained for such Bonds on such date, and (ii) the Pledged Revenues required to be deposited in the Debt Service Reserve Funds, if any, on any date shall be allocated *pro rata* among all Debt Service Reserve Funds, if any, on the basis of the respective aggregate principal amount of the Bonds Outstanding secured by such Debt Service Reserve Funds. Amounts on deposit in the funds and accounts created for particular Series of Bonds available for the payment of any Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, or the purchase price of, the Bonds of such Series or to the reimbursement of the issuer of any Credit Facility securing such Bonds and shall not be available to satisfy the claims of Holders of Bonds of any other Series or the issuer of any Credit Facility securing any other Series of Bonds.

The Supplemental Trust Agreement authorizing the issuance of any Series of Additional Bonds may provide that proceeds realized under any Credit Facility securing the payment of such Additional Bonds shall not be available to pay the principal or Redemption Price of or interest on the Series 2021A Bonds or any other Series of Additional Bonds.

Any Supplemental Trust Agreement authorizing the issuance of Additional Bonds may provide that (i) such Series of Bonds shall be secured by a Debt Service Reserve Fund, including (without limitation) any Debt Service Reserve Fund then maintained for other Series of Bonds, or (ii) such Series of Additional Bonds shall not be secured by a Debt Service Reserve Fund.

If any Supplemental Trust Agreement authorizing the issuance of any Series of Additional Bonds provides that such Additional Bonds shall be secured by an existing Debt Service Reserve Fund, such Supplemental Trust Agreement shall provide for the deposit in such Debt Service Reserve Fund on the date of issuance of such Additional Bonds of the amount, if any, necessary to make the amount on deposit therein equal to the Debt Service Reserve Fund Requirement on all Bonds secured thereby, after giving effect to the issuance of such Additional Bonds. Such Supplemental Trust Agreement may provide that the amount of any increase in the Debt Service Reserve Fund Requirement resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of such Additional Bonds.

The Supplemental Trust Agreement authorizing the issuance of any Additional Bonds shall (i) establish the amount of the Debt Service Reserve Fund Requirement, if any, for such Debt Service Reserve Fund, (ii) provide the period during which any deficiency shall be cured, (iii) contain provisions with respect to the issuance of any other Additional Bonds secured by such Debt Service Reserve Fund and (iv) provide such terms with respect to the valuation of such Debt Service Reserve Fund, the application of any earnings on or surpluses in such Debt Service Reserve Fund and any Credit Facilities held to the credit of such Debt Service Reserve Fund (which may be different from those described herein) as the Department shall deem appropriate, any other provision of this Trust Agreement to the contrary notwithstanding.

Additional Bonds shall be executed by the Department and delivered to the Trustee, whereupon the Trustee shall authenticate and deliver such Additional Bonds upon the Order of the Department, but only upon receipt by the Trustee of the purchase price of such Additional Bonds and each of the following:

- (i) a counterpart of the Supplemental Trust Agreement authorizing such Additional Bonds, executed by the parties thereto;
- (ii) an Order of the Department directing the authentication and delivery of such Additional Bonds, describing such Additional Bonds, designating the purchaser of such Additional Bonds, stating the purchase price of such Additional Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the Department;
- (iii) an Opinion of Bond Counsel to the effect that (A) the Supplemental Trust Agreement authorizing such Additional Bonds has been duly authorized, executed and delivered by the Department and constitutes the valid and binding obligation of the Department; (B) the Department is duly authorized and entitled to issue such Additional Bonds and Additional Bonds executed, authenticated and delivered as provided in this Trust Agreement and such Supplemental Trust Agreement have been duly and validly issued and constitute valid and binding limited obligations of the Department; and (C) the issuance of such Additional Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued;
- (iv) a Certificate of the Department to the effect that, upon the authentication and delivery of such Additional Bonds, no Event of Default shall exist under this Trust Agreement;
- (v) if such Additional Bonds are issued or incurred for Completion Purposes or Extraordinary Maintenance Purposes, unless the Department meets the requirements of clause

(vii) below (A) a Report of an Airport Consultant to the effect that the amount of the estimated Net Pledged Revenues for each of the three full Bond Years following the date on which the proceeds of such Additional Bonds are expected to have been fully applied is projected to be not less than the Debt Service Requirements of all Outstanding Bonds and Other Obligations as of the last day of each such Bond Year and (B) a Report of an Engineer to the effect that the proceeds of such Additional Bonds do not exceed the amount necessary to accomplish the intended Completion Purpose or Extraordinary Maintenance Purpose, respectively; or (C) in the case of Additional Bonds issued for Completion Purposes, a Certificate of the Department to the effect that the aggregate principal amount of such Additional Bonds is not greater than 10% of the aggregate principal amount of the Bonds issued to finance the Facilities to be completed with proceeds of such Additional Bonds;

(vi) if Additional Bonds are issued or incurred for Refunding Purposes, unless the Department meets the requirements of clause (vii) below, a Certificate of the Department to the effect that the Maximum Annual Debt Service on Outstanding Bonds, assuming such Additional Bonds are issued and the Indebtedness to be refinanced or refunded is no longer outstanding, will not be increased as a result of the issuance of such Additional Bonds;

(vii) unless the Department meets the requirements of clause (v) or (vi) above, a Certificate of the Department to the effect that (A) the amount of the Net Pledged Revenues received by the Department in the most recent Bond Year was not less than the sum of (1) 125% of the Maximum Annual Debt Service Requirements of Outstanding Bonds taking into account the Additional Bonds to be issued and (2) 100% of the Debt Service Requirements of all outstanding Other Obligations for such Bond Year or (B) based on a Report an Airport Consultant, during each of the three Bond Years immediately succeeding the later of the date of delivery of such Additional Bonds and the date to which interest on such Additional Bonds has been funded, the estimated Net Pledged Revenues are projected to be not less than the sum of (1) 125% of the Debt Service Requirements of Outstanding Bonds for such Bond Year, taking into account the Additional Bonds then to be issued and Bonds expected to be issued for the Completion Purposes of projects financed with such Additional Bonds, and (2) 100% of the Debt Service Requirements of all other outstanding Other Obligations for such Bond Year; and

(viii) the amount, if any, required to make the amount on deposit in the Debt Service Reserve Fund securing such Additional Bonds, if any, equal the Debt Service Reserve Fund Requirement applicable to such Debt Service Reserve Fund upon the issuance of such Additional Bonds.

Additional Bonds may be authenticated, delivered and paid for in installments of less than the total authorized principal amount of a Series of Bonds from time to time as the Department may direct in its written requests. In the case of the Bonds issued in installments or tranches of Bonds or as draw-down bonds, the proceeds of which are to be received over a number of years to finance a project or series of projects (a "Program"), such as the 2021 Project, compliance with this Section may be determined at the time of issuance of any Series of Bonds issued to finance such Program, *provided* that the period over which such Additional Bonds are to be issued does not exceed three years and the aggregate principal amount of such Bonds is set forth in a Certificate of the Department or a Report of an Airport Consultant delivered to the Trustee in connection with the initial issuance of such Bonds, such as the Report of LeighFisher dated January 28, 2021.

## **Section 2.05. Payment of Bonds.**

Except as otherwise provided in any Supplemental Trust Agreement, the principal or Redemption Price of and interest on, and the purchase price of, the Bonds shall be payable in lawful money of the United States of America.

While the Bonds are held under the book-entry system with a Securities Depository, the principal or Redemption Price of and interest on, and the purchase price of, the Bonds shall be payable in accordance with the procedures established by the Securities Depository. During any other period, the principal or Redemption Price of and interest on, and the purchase price of, the Bonds shall be payable to the persons in whose name such Bonds are registered on the registration books maintained by the Trustee as of the close of business on the Record Date for the payment of such interest, except as otherwise provided by the Supplemental Trust Agreement prior to the issuance thereof, *provided* that the final principal amount of any Bond shall be payable when due upon presentation and surrender of such Bond at the Designated Office of the Trustee.

## **Section 2.06. Execution and Authentication.**

The Bonds shall be executed in the name and on behalf of the Department by the manual or facsimile signature of the Secretary of Transportation and sealed with its corporate seal (or a facsimile thereof), attested by the manual or facsimile signature of the Chief Financial Officer of the Department or the designee of the Chief Financial Officer of the Department. In case any officer whose manual or facsimile signature appears on any Bond shall cease to be such officer before delivery of such Bond, such signature, nevertheless, shall be valid and sufficient for all purposes as if such officer had remained in office until such delivery, and the Department may adopt and use for the execution of Bonds the manual or facsimile signature of any person who shall have been at the time the proper officer to execute such Bonds, notwithstanding the fact that such person may not have been such officer on the date of such Bonds or that such person may have ceased to be such officer at the time when such Bonds shall be actually authenticated and delivered.

No Bond shall be valid or obligatory for any purpose or entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication substantially in the form set forth in Appendix A, duly executed by the Trustee and such certificate of the Trustee upon any Bond executed on behalf of the Department shall be conclusive evidence and the only evidence required that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Trust Agreement. The certificate of authentication may be executed by any authorized signatory of the Trustee.

## **Section 2.07. Registration and Exchange of Bonds.**

The Bonds shall be negotiable instruments for all purposes and shall be transferable by delivery, subject only to the provisions for registration and registration of transfer endorsed on the Bonds.

The Department shall cause books for registration and the registration of transfer of Bonds to be prepared. The registration books shall be kept by the Trustee.

If any Bond is surrendered to the Trustee at its Designated Office for transfer or exchange in accordance with the provisions of such Bond, the Department shall execute and the Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds of the same Series, in any Authorized Denomination, bearing interest at the same rate and having the same stated maturity date, in aggregate principal amount equal to the principal amount of the Bond so surrendered, upon reimbursement to the Department or the Trustee of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange.

Neither the Department nor the Trustee shall be required to register the transfer of any Bond or make any such exchange of any Bond (a) during the 15 days immediately preceding the date of mailing of any notice of redemption of such Bond or (b) after a notice of the redemption of such Bond or any portion thereof has been mailed, unless the transferee acknowledges in writing to the satisfaction of the Trustee the matters contained in such notice.

#### **Section 2.08. Bonds Mutilated, Destroyed, Lost or Stolen.**

If any temporary or definitive Bond shall become mutilated or be destroyed, lost or stolen, the Department in its discretion may execute, and upon its request the Trustee shall authenticate and deliver, a new Bond in exchange for the mutilated Bond, or in lieu of and substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Department and to the Trustee (i) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof and (ii) in the case of any destroyed, lost or stolen Bond, such security or indemnity as may be required by them to save each of them harmless from all risks, however remote. Upon the issuance of any Bond upon such exchange or substitution, the Department may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including (without limitation) counsel fees, of the Department or the Trustee.

If any Bond that has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, instead of issuing a Bond in exchange or substitution therefor, the Department may pay or authorize the payment of such Bond (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Department and the Trustee evidence to the satisfaction of the Department and the Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof and, in the case of any destroyed, lost or stolen Bond, such security or indemnity as they may require to save them harmless.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond that is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Department, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Trust Agreement. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.



## **Section 2.09. Cancellation and Disposition of Bonds.**

All mutilated Bonds, all Bonds surrendered for exchange or transfer, all Bonds that have been paid at maturity or upon prior redemption and all Bonds surrendered to the Trustee for cancellation or purchased by the Trustee with amounts on deposit in any Bond Fund or Redemption Fund shall be cancelled by the Trustee and disposed of in accordance with the procedures of the Trustee for the disposition of cancelled securities in effect as of the date of such disposition. The Trustee shall deliver to the Department a certificate of any such disposition of any Bond, identifying the Bond so cancelled and disposed of.

## **Section 2.10. Book-Entry System.**

The Bonds initially shall be maintained under a book-entry system.

The provisions of this Section shall apply to the Bonds so long as the Bonds shall be maintained under the book-entry system with a Securities Depository, any other provisions of this Trust Agreement to the contrary notwithstanding.

The principal or Redemption Price of and interest on, and the purchase price of, the Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Bonds, on each date on which the principal or Redemption Price of or interest on, or the purchase price of, the Bonds becomes due. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the Department and the Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds (“Beneficial Owners”), the Department and the Securities Depository may agree in writing to make payments in a manner different from that set out herein. In such event, the Department shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Bonds in the manner specified in such notice as if set forth herein. Neither the Department nor the Trustee shall have any obligation with respect to the transfer or crediting of the appropriate payments to any Participant or the Beneficial Owners of the Bonds or their nominees.

In the event that part but not all of any outstanding Bond is to be retired (by redemption, by acceleration or otherwise), the Securities Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Bond in accordance with Section 3.03 upon presentation and surrender of such Bond to the Trustee or (ii) shall make appropriate notation on the Bond certificate indicating the date and amount of each principal payment, *provided* that payment of the final principal amount of any Bond shall be made only upon presentation and surrender of such Bond to the Trustee.

So long as the Securities Depository or its nominee is the registered owner of the Bonds, the Department and the Trustee will recognize the Securities Depository or its nominee, respectively, as the holder of all of the Bonds for all purposes, including (without limitation) the payment of the principal or Redemption Price of and interest on, and the purchase price of, the Bonds, the giving of notices and any consent or direction required or permitted to be given to, or on behalf of, the holders of the Bonds under this Trust Agreement.

The Department, in its discretion, at any time may replace any Securities Depository as the depository for the Bonds with another qualified securities depository or discontinue the maintenance of

the Bonds under a book-entry system upon 30 days' notice to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository). A copy of any such notice shall be delivered promptly to the Trustee.

If the Department discontinues the maintenance of the Bonds under the book-entry system, the Department will issue Bonds directly to the Participants or, to the extent requested by any Participant, to the Beneficial Owners of Bonds as further described in this Section. The Department shall make provisions to notify Participants and the Beneficial Owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the Department in its discretion, that it will issue Bonds directly to the Participants or, to the extent requested by any Participant, to Beneficial Owners of Bonds as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that Bonds are to be issued to Participants or to Beneficial Owners of the Bonds, the Department shall promptly have prepared Bonds in certificated form registered in the names of the Participants as shown on the records of the Securities Depository provided to the Trustee or, to the extent requested by any Participant, in the names of the Beneficial Owners of Bonds shown on the records of such Participant provided to the Trustee, as of the date set forth in the notice delivered in accordance with this paragraph.

If the Department replaces any Securities Depository as the depository for the Bonds with another qualified Securities Depository, the Department will issue to the replacement Securities Depository Bonds registered in the name of such replacement Securities Depository.

Each Securities Depository and the Participants and the Beneficial Owners of the Bonds, by their acceptance of the Bonds, agree that the Department and the Trustee shall have no liability for the failure of any Securities Depository to perform its obligations to any Participant or any Beneficial Owner of any Bonds, nor shall the Department or the Trustee be liable for the failure of any Participant or other nominee of any Beneficial Owner of any Bonds to perform any obligation that such Participant or other nominee may incur to any Beneficial Owner of the Bonds.

### **ARTICLE III**

#### **REDEMPTION OF BONDS**

##### **Section 3.01. Selection of Bonds to Be Redeemed.**

If fewer than all of the Bonds shall be called for redemption, the Department shall select the Series and maturities of the Bonds and, if Bonds of the same Series and maturing on the same date bear interest at different rates, the interest rates borne by the Bonds to be redeemed.

If fewer than all of the Bonds of a Series of any one maturity shall be called for redemption, the Trustee shall select the particular Bonds or portions of Bonds to be redeemed from such maturity by lot or in such other manner as the Trustee in its discretion may deem proper, *provided* that (a) the portion of any Bond remaining outstanding after any such redemption shall be in a principal amount equal to an

Authorized Denomination for such Bond and (b) in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

### **Section 3.02. Notice of Redemption.**

The Department shall give written notice to the Trustee of its election to redeem Bonds at least five days prior to the date on which the Trustee is required to give notice of the redemption of such Bonds in accordance with the terms of such Bonds, or such fewer number of days as shall be acceptable to the Trustee. Upon receipt of such notice, the Trustee shall give notice in the name of the Department of the Department's election to redeem such Bonds. Any notice of redemption may state that such redemption is conditioned upon any circumstance set forth in such notice.

Each notice of redemption of Bonds shall be given by the Trustee at least 20 days before the redemption date to the registered owners of the Bonds to be redeemed and in accordance with the terms of the Bonds and any directions of the Department, and shall set forth (i) the maturities of the Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the CUSIP numbers of the Bonds to be redeemed, (iv) the Redemption Price to be paid, (v) that such Bonds will be redeemed at the Designated Office of the Trustee, (vi) if fewer than all of the Bonds of a Series of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of the Bonds to be redeemed, (vii) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (viii) that the redemption of Bonds described therein is conditioned upon receipt by the Trustee, on or before the date fixed for redemption, of sufficient funds to pay the Redemption Price of the Bonds to be redeemed and any other conditions to such redemption, (ix) the provisions of this Trust Agreement or such Bonds (as the case may be) pursuant to which such redemption is to be effected, and (x) that on the redemption date, if all the conditions to such redemption have been met there shall become due and payable upon all Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the date fixed for redemption, and that, from and after such date, interest thereon shall cease to accrue. If any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the date fixed for redemption, upon surrender of such Bond to the Trustee at its Designated Office, a new Bond or Bonds of the same Series and maturity, bearing interest at the same rate, and of any Authorized Denomination, will be issued in aggregate principal amount equal to the unredeemed portion of such Bond.

Each notice of redemption with respect to any Bond shall comply with any regulation or release of the Securities Exchange Commission, the Municipal Securities Rulemaking Board or other governmental authority or body from time to time applicable to such Bond. The CUSIP numbers in such notices are provided solely for the convenience of the holders of the Bonds, and the Trustee and the Trustee shall not be liable for any damage or loss arising from incorrect, incomplete or missing CUSIP numbers.

Notwithstanding the giving of any notice of redemption as provided in this Section, if on any date fixed for the redemption of any Bonds (other than any redemption from the Sinking Fund Installments) there shall not be on deposit with the Trustee or any Trustee sufficient funds for the payment of the Redemption Price of such Bonds, such redemption shall be cancelled and the notice thereof rescinded,

and the Trustee immediately shall give notice thereof to the holders of all of the Bonds so called for redemption.

### **Section 3.03. Redemption of Portion of Bond.**

In case part, but not all, of an Outstanding Bond shall be selected for redemption, upon the presentation and surrender of such Bond to the Trustee for payment of the principal amount thereof so called for redemption in accordance with such Bond, the Department shall execute and the Trustee shall authenticate and deliver to or upon the order of the Holder of such Bond or the Holder's attorney or legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same Series and maturity, bearing interest at the same rate and of any Authorized Denomination in aggregate principal amount equal to the unredeemed portion of such Bond.

### **Section 3.04. Series 2021A Bonds Not Subject to Redemption.**

The Series 2021A Bonds are not subject to redemption prior to maturity.

### **Section 3.05. Redemption of Additional Bonds.**

The provisions of this Article are subject in all respects to the provisions of any Supplemental Trust Agreement authorizing any Additional Bonds with respect to the Additional Bonds authorized thereby. Without limiting the generality of the foregoing, any Supplemental Trust Agreement authorizing any Additional Bonds may provide that money available for the redemption or purchase of Bonds at the option of the Department on any date shall be allocated among all Series of outstanding Bonds in proportion (as nearly as practicable) to the aggregate principal amount of Bonds of each Series subject to redemption on such date.

## **ARTICLE IV**

### **PLEDGED REVENUES AND FUNDS**

#### **Section 4.01. Creation of Funds.**

(a) The following funds are hereby created:

Pledged Revenue Fund

Construction Fund

Bond Fund

Debt Service Reserve Fund

Upon the direction of the Department Representative, there may also be created a Redemption Fund, a Rebate Fund and such other funds and accounts as the Department Representative shall specify. If any subordinate bonds are issued, the Trustee shall create one or more Subordinate Debt Funds in accordance with the Supplemental Trust Agreement authorizing the issuance thereof. All of such funds

shall be held by the Trustee hereunder, separate from all other money of the Department or the Trustee. Pending the application of amounts on deposit in the Pledged Revenue Fund, such amounts are hereby pledged to the payment of all Outstanding Bonds, except as otherwise provided in any Supplemental Trust Agreement authorizing the issuance of any Additional Bonds in accordance with Section 2.04 with respect to such Additional Bonds. Pending the application of amounts on deposit in the Bond Fund, any Redemption Fund and any other funds and accounts created for any Bonds in accordance with this Trust Agreement, such amounts are hereby pledged to the payment of all Outstanding Bonds secured thereby that do not constitute Tax-Exempt Bonds, except as otherwise provided in any Supplemental Trust Agreement authorizing the issuance of any Additional Bonds in accordance with Section 2.04 with respect to such Additional Bonds.

(b) As provided in Section 2.04, any Supplemental Trust Agreement authorizing the issuance of any Additional Bonds may, and to the extent required by Section 2.04 shall, provide for the creation of separate funds and accounts for such Bonds. When any provision of this Trust Agreement requires that any amount be deposited in a fund or account maintained for the Bonds of any Series, such amount shall be deposited in the fund or account established for such Series of Bonds. Notwithstanding any other provision of this Trust Agreement, amounts from time to time on deposit in the funds and accounts maintained for the Bonds of any Series shall secure only the Bonds of such Series.

(c) For the purposes of internal accounting, any fund or account created by this Trust Agreement may contain one or more accounts or sub-accounts, as shall be deemed appropriate by the Department.

#### **Section 4.02. Application of Proceeds of Bonds.**

The proceeds of each Series of Bonds shall be received by the Trustee on behalf of the Department.

Upon the receipt of the proceeds of the Series 2021A Bonds, including accrued interest, if any, thereon, the Trustee shall deposit \$21,988,000 of such proceeds in the 2021A Debt Service Reserve Fund and apply the balance of such proceeds in accordance with the Order of the Department directing the authentication and delivery of such Bonds in accordance with Section 2.03.

The proceeds of each Series of Additional Bonds shall be applied as provided in the Supplemental Trust Agreement authorizing such Series of Additional Bonds.

#### **Section 4.03. Deposit of Pledged Revenues.**

(a) The Department shall pay or cause to be paid to the Trustee the first Pledged Revenues received by or on behalf of the Department in each month until there shall have been deposited with the Trustee the total amount required to be transferred to the Bond Funds and any Debt Service Reserve Funds in such month in accordance with this section. The Pledged Revenues received by the Trustee shall be deposited upon receipt in the Pledged Revenue Fund.

(b) At such time as there shall have been deposited in the Pledged Revenue Fund the total amount required to be transferred to the Bond Funds in such month, amounts on deposit in the Pledged Revenue Fund shall be transferred *pro rata* among each of the accounts of the Bond Fund on the basis of

the amounts required to be deposited in the respective Bond Funds in such month. Except as otherwise provided in the Supplemental Resolution authorizing the issuance of Additional Bonds with respect to such Bonds, the Trustee shall transfer from the Pledged Revenue Fund to each Bond Fund in each month the sum of:

(i) the lesser of (A) one-sixth ( $1/6$ ) of the interest becoming due on the outstanding Bonds secured by such Bond Fund on the immediately succeeding Interest Payment Date, *provided*, however, that if there shall then be money on deposit in any fund or account created for the payment of interest on a Series of such Bonds during any specified period (a "Capitalized Interest Fund"), the monthly deposit to such Bond Fund shall be reduced by the amount on deposit in such Capitalized Interest Fund available for the payment of such Bonds on such Interest Payment Date and (B) such amount as shall be necessary to pay the interest due on such Bonds on the immediately succeeding Interest Payment Date, taking into account the amount to be transferred from such Capitalized Interest Fund on or before such Interest Payment Date;

(ii) the lesser of (A) one-twelfth ( $1/12$ ) of the amount of any principal of the Bonds Outstanding secured by such Bond Fund becoming due on the immediately succeeding August 1 and (B) such amount as shall be necessary to pay the principal of such Bonds on the immediately succeeding August 1;

(iii) the lesser of (A) one-twelfth ( $1/12$ ) of the amount of any Sinking Fund Installment for Outstanding Bonds secured by such Bond Fund becoming due on the immediately succeeding August 1 and (B) such amount as shall be necessary to pay the Sinking Fund Installment for such Bonds, if any, on the immediately succeeding August 1; and

(iv) any deficiency in the amount required to be deposited in such Bond Fund in any prior month in accordance with this subsection.

(c) After all of the transfers to the Bond Funds required by subsection (b) above, at such time as the amount on deposit in the Pledged Revenue Fund equals the total amount required to be transferred to the Debt Service Reserve Funds, if any, in such month, amounts on deposit in the Pledged Revenue Fund shall be transferred *pro rata* among each of the Debt Service Reserve Funds on the basis of the amounts required to be deposited in the respective Debt Service Reserve Funds in such month. Except as otherwise provided in the Supplemental Resolution authorizing the issuance of Additional Bonds with respect to such Bonds, the Trustee shall transfer from the Pledged Revenue Fund to each Debt Service Reserve Fund, if any, in each month, beginning on any date on which the Department receives notice of any deficiency in a Debt Service Reserve Fund, one-twelfth ( $1/12$ ) of the amount of such deficiency until the amount credited to such Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement for such Debt Service Reserve Fund.

(d) Any amount on deposit in the Pledged Revenue Fund in any month after the transfers required by subsections (b) and (c) above shall be paid by the Trustee to the Department for application to the Transportation Trust Fund.

#### **Section 4.04. Construction Funds.**

(a) The Department shall pay from the Construction Fund created for any Series of Bonds the Administrative Expenses relating to the issuance of such Series of Bonds and not otherwise paid.

(b) Money deposited in the Construction Fund for any Series of Bonds shall be used only to finance or refinance the Costs of or relating to any Additional Facilities for which such Series of Bonds was issued or, in the case of any Bonds issued for Extraordinary Maintenance Purposes, costs of the extraordinary maintenance of or repairs or improvements to any Facilities, which Costs may include (without limitation) reimbursements to the MAA and the Department for such Costs and expenses paid by the Department or the MAA, respectively, in connection therewith, as are approved by the Department; or to refinance, refund or advance refund Outstanding Indebtedness.

(c) Payments pursuant to paragraphs (a) and (b) of this Section shall be made from the Construction Funds pursuant to Requisitions of the Department.

(d) As soon as practicable after the Completion Date of any Additional Facilities or the improvements to be financed with proceeds of Bonds issued for Extraordinary Maintenance Purposes, as certified by the Department in a Certificate of the Department delivered to the Trustee, the Trustee shall pay any balance remaining in such Construction Fund, less any amounts to be retained in such Construction Fund to pay any unpaid Costs of such Additional Facilities or the improvements to be financed with proceeds of Bonds issued for Extraordinary Maintenance Purposes, respectively, as certified by the Department, as follows and in the following order of priority:

FIRST: to the Debt Service Reserve Fund, if any, for such Series of Bonds, such amount as shall be necessary to make the amount credited to such Debt Service Reserve Fund equal the Debt Service Reserve Fund Requirement for such Series of Bonds; and

SECOND: to the Redemption Fund for such Series of Bonds or the Bond Fund for such Series of Bonds, as shall be directed by Order of the Department.

#### **Section 4.05. Bond Funds.**

Except as provided in any Supplemental Trust Agreement authorizing any Series of Additional Bonds with respect to any Bond Fund maintained for the Bonds of such Series, amounts on deposit in the Bond Fund for each Series of Bonds shall be applied in accordance with this Section.

(a) Interest. On each Interest Payment Date, from the Bond Fund maintained for the Bonds of such Series of Bonds, the Trustee shall pay the amount required to pay the interest due on the outstanding Bonds of such Series of Bonds on such date, which amount shall be applied by the Trustee to the payment of the interest due on such Bonds in accordance with the terms of such Bonds.

(b) Principal. On each date on which the principal of the Outstanding Bonds of a Series becomes due, from the Bond Fund maintained for the Bonds of such Series, the Trustee shall pay the amount required to pay the principal due on such Bonds on such date, which amount shall be applied by the Trustee to the payment of such principal in accordance with the terms of such Bonds.

(c) Sinking Fund Installments. Money in the Bond Fund maintained for the Bonds of a Series for the payment of Sinking Fund Installments on such Bonds shall be applied to the purchase or redemption of such Bonds as follows:

(i) Subject to the provisions of paragraph (ii) below, prior to the due date for the payment of each Sinking Fund Installment for such Bonds, the Trustee shall call for redemption in accordance with Article III Outstanding Bonds of such Series subject to redemption from such Sinking Fund Installment in an aggregate principal amount equal to such Sinking Fund Installment, less the amount previously credited against such Sinking Fund Installment in accordance with paragraph (iii) below. On the date fixed for redemption of such Bonds, the Trustee shall pay from such Bond Fund an amount equal to the principal amount of such Bonds so called for redemption, which amount shall be applied by the Trustee to the payment of the Redemption Price of such Bonds in accordance with the terms of such Bonds.

(ii) Upon the direction of the Department, the Trustee shall endeavor to purchase Outstanding Bonds of such Series subject to redemption from the Sinking Fund Installment due on any date from amounts on deposit in such Bond Fund for the payment of such Sinking Fund Installment at the most advantageous price then obtainable with reasonable diligence. No such purchase shall be made by the Trustee (A) after the earlier of the date on which the Trustee gives notice of the redemption of Bonds of such Series from such Sinking Fund Installment and the date that is 45 days before the due date for the payment of such Sinking Fund Installment, or (B) at a price, including any brokerage and other charges, greater than the principal amount of such Bonds and accrued interest thereon.

(iii) If (A) the Trustee purchases Bonds from amounts on deposit in such Bond Fund for the payment of the Sinking Fund Installment for such Bonds in accordance with paragraph (ii) above, (B) the Department delivers to the Trustee for cancellation Bonds subject to redemption from such Sinking Fund Installment on or before the earlier of the date on which the Trustee gives notice of the redemption of Bonds from such Sinking Fund Installment and the date that is 45 days before the due date for the payment of such Sinking Fund Installment, or (C) Bonds subject to redemption from any Sinking Fund Installment are redeemed at the election of the Department, then an amount equal to 100% of the aggregate principal amount of such Bonds so purchased and delivered to the Trustee for cancellation or redeemed (as the case may be) shall be credited against such Sinking Fund Installment.

(iv) If the aggregate principal amount of Bonds of any Series purchased or redeemed in any Bond Year is in excess of the Sinking Fund Installment due on such Bonds in such period, the Trustee shall credit the amount of such excess against subsequent Sinking Fund Installments for such Bonds as directed by a Certificate of the Department.

#### **Section 4.06. Debt Service Reserve Funds.**

If on any Interest Payment Date the amount in the Bond Fund maintained for any Series of Bonds shall be less than the amount of interest then due on the Outstanding Bonds of such Series, or if on any date on which the principal amount of any Outstanding Bonds of such Series becomes due the amount in the Bond Fund maintained for such Series of Bonds shall be less than the amount of the principal and the Sinking Fund Installment (either or both, as the case may be) then due on the Outstanding Bonds of such



Series, the Trustee forthwith shall transfer money from the Debt Service Reserve Fund maintained for such Series of Bonds, if any, to the Bond Fund maintained for such Series of Bonds, to the extent necessary to make good any deficiency.

For the purposes of this Trust Agreement, in the case of any Debt Service Reserve Fund:

(a) a “deficiency” shall mean that the value of the assets of the Debt Service Reserve Fund, determined in accordance with Section 4.08, is less than the Debt Service Reserve Fund Requirement; and

(b) a “surplus” shall mean that the value of the assets of the Debt Service Reserve Fund, determined in accordance with Section 4.08, is in excess of the Debt Service Reserve Fund Requirement.

The Trustee shall determine the value of the assets of the Debt Service Reserve Fund in the manner provided by Section 4.08 as of the close of business (i) on June 30 in each year, (ii) on the date of any withdrawal from the Debt Service Reserve Fund and on the last Business Day of each month thereafter until such determination discloses that a deficiency no longer exists in such fund, (iii) on any date on which the Trustee obtains actual knowledge that any Debt Service Reserve Fund Credit Facility held to the credit of the Debt Service Reserve Fund is no longer entitled to be credited to the Debt Service Reserve Fund, (iv) on the date that is six months prior to the stated expiration date of any Debt Service Reserve Fund Credit Facility, and (v) on any other date directed by the Department.

As promptly as practicable after making such determination, the Trustee shall notify the Department of the result of such determination and of the amount of any deficiency or surplus determined to exist in the Debt Service Reserve Fund.

The Trustee shall transfer the amount of any surplus that exists in the Debt Service Reserve Fund from time to time to the Bond Funds, or the Redemption Funds upon the direction of the Department.

In determining the value of the assets of the Debt Service Reserve Fund on any date, there shall be credited to the Debt Service Reserve Fund the amount that can be realized by the Trustee under any Debt Service Reserve Fund Credit Facility if each of the following conditions is met: (i) on the date of delivery of such Debt Service Reserve Fund Credit Facility to the Trustee, the unsecured indebtedness or claims-paying ability of the issuer thereof is rated in one of the three highest rating categories of Moody’s or S&P; (ii) such Debt Service Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any surplus) from the Debt Service Reserve Fund in accordance with this Resolution; (iii) if amounts realized under such Debt Service Reserve Fund Credit Facility are, under any circumstances, payable from the Pledged Revenues, such amounts shall be payable in no fewer than 12 equal monthly installments; and (iv) the expiration date of such Debt Service Reserve Fund Credit Facility is at least six months after the date of valuation or is after the maturity date of the Bonds secured thereby.

If the Department shall determine to provide for the payment of any Bonds as provided in Section 9.01, then on the date on which such Bonds are deemed to be paid in accordance with such Section, the amount by which the amount then on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement for the Outstanding Bonds, taking into account the Bonds then deemed to be

paid in accordance with Section 9.01, shall be paid to the escrow deposit agent for such Bonds upon the Order of the Department.

#### **Section 4.07. Redemption Fund.**

(a) The Trustee shall deposit in the Redemption Fund any amounts paid to the Trustee for the redemption of Bonds (other than any redemption from the Sinking Fund Installments).

(b) On any date on which a determination of the value of the assets of any Debt Service Reserve Fund in the manner provided by Section 4.08 discloses a deficiency therein, the Trustee shall transfer to such Debt Service Reserve Fund from the Redemption Fund any available amounts on deposit in the Redemption Fund to the extent of such deficiency, except as otherwise provided in the Supplemental Resolution authorizing the issuance of Additional Bonds with respect to any Debt Service Reserve Fund securing such Bonds. The Trustee shall notify the Department of such transfer and the amount thereof.

(c) Subject to the provisions of paragraphs (b) and (d) of this Section, available money in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds of such Series and maturities as the Department shall direct in writing. At the written direction of the Department, the Trustee shall endeavor to purchase such Bonds at the most advantageous price obtainable with reasonable diligence.

(d) The Department may set aside any available amount on deposit in the Redemption Fund for the redemption of particular Bonds by the delivery of irrevocable written instructions to the Trustee directing the Trustee to set aside such amount for such purpose, in which event all of the provisions of Sections 9.01 and 10.04 shall be applicable to such Bonds and the amounts set aside for the payment of such Bonds. Amounts set aside for the redemption of Bonds and investment earnings on such amounts shall be applied to the payment of the interest due on such Bonds on or prior to the redemption date of such Bonds to the extent provided in such instructions.

(e) Money set aside to pay the Redemption Price of any Bonds theretofore called or the redemption or the purchase price of Bonds theretofore contracted to be purchased shall not be deemed to be available for application as provided in this Section.

#### **Section 4.08. Investments.**

Money in any of the funds and accounts established by this Trust Agreement may be invested, but only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide money to meet the payments from such funds and accounts. The Trustee shall invest amounts on deposit in the funds and accounts held by the Trustee in accordance with this Section as directed by a Department Representative.

Subject to the further provisions of this Section, interest earned, profits realized and losses suffered by reason of any investment of any amounts held by the Trustee under this Trust Agreement shall be credited or charged, as the case may be, to the fund or account for which such investment shall

have been made, except as otherwise provided in any Supplemental Trust Agreement authorizing any Additional Bonds with respect to any funds and accounts maintained for such Additional Bonds.

The Trustee may sell or redeem any obligations in which money shall have been invested to the extent necessary to provide cash in the respective funds or accounts to make any payments required to be made therefrom or to facilitate the transfers of money between various funds and accounts as may be required or permitted from time to time pursuant to the provisions of this Trust Agreement. The proceeds from the sale of any investment shall be paid into the fund or account for which the sale thereof was made.

In determining the value of the assets of the funds and accounts created by this Trust Agreement (i) investments and accrued interest thereon shall be deemed a part thereof, and (ii) investments shall be valued at the current market value thereof.

In addition, in determining the value of the assets of the Debt Service Reserve Fund on any date, there shall be credited to the Debt Service Reserve Fund the amount that can be realized by the Trustee under any Debt Service Reserve Fund Credit Facility if each of the following conditions is met: (i) on the date of delivery of such Debt Service Reserve Fund Credit Facility to the Trustee, the unsecured indebtedness or claims-paying ability of the issuer thereof is rated in one of the three highest Rating Categories of a Rating Agency; (ii) such Debt Service Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any surplus) from the Debt Service Reserve Fund in accordance with this Trust Agreement; (iii) if amounts realized under such Debt Service Reserve Fund Credit Facility are, under any circumstances, payable from the Pledged Revenues, such amounts shall be payable in no fewer than 12 equal monthly installments; and (iv) the expiration date of such Debt Service Reserve Fund Credit Facility is at least six months after the date of valuation or is after the maturity date of the Bonds secured thereby or such Debt Service Reserve Fund Credit Facility permits the Trustee to draw thereunder for deposit to the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement prior to its expiration.

Neither the Department nor the Trustee shall be liable for any depreciation in the value of any obligations in which money of the funds or accounts created by this Trust Agreement shall be invested in accordance with this Section, or for any loss arising from any investment permitted herein. The investments authorized by this Section shall at all times be subject to the provisions of Applicable Law.

#### **Section 4.09. Application of Money in Certain Funds for Retirement of Bonds.**

Notwithstanding any other provision of this Trust Agreement, if at any time the Department shall determine to provide for the payment of all Outstanding Bonds of a Series in accordance with Article IX, upon the Order of the Department, the Trustee shall apply any money on deposit in the Bond Fund or the Debt Service Reserve Fund securing such Bonds available for the payment of the principal or Redemption Price of and interest on such Bonds, to the payment or redemption of such Bonds in the manner provided by Article IX, except as otherwise provided in any Supplemental Trust Agreement.

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## ARTICLE V

### PARTICULAR COVENANTS

#### Section 5.01. Payment of Bonds.

The Department shall pay or cause to be paid the principal or Redemption Price of and interest on, and the purchase price of, every Bond on the date and at the place and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof, *provided* that the Bonds shall be limited obligations of the Department payable solely from the Pledged Revenues.

Neither the State, nor the Department, nor the MAA, nor any political subdivision of the State nor the Department shall be obligated to pay the Bonds or the interest thereon except from the Pledged Revenues and from other sources as provided herein, and neither the faith and credit nor the taxing power of the State, the Department, the MAA, any political subdivision of the State or the Department is pledged to the payment of the Bonds or the interest thereon. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State, the Department, the MAA or any political subdivision of the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Department and the MAA have no taxing powers.

#### Section 5.02. Representations of the Department.

The Department represents and covenants that: (a) it is duly authorized under the Constitution and laws of the State, particularly the Enabling Legislation, to issue the Series 2021A Bonds, to enter into this Trust Agreement and to pledge the Trust Estate in the manner and to the extent set forth in this Trust Agreement, (b) all action on its part for the issuance of the Series 2021A Bonds has been duly and effectively taken, and (c) the Series 2021A Bonds when issued in accordance with this Trust Agreement will be valid and binding limited obligations of the Department.

#### Section 5.03. Rate Covenant.

The Department covenants that it shall cause the MAA to fix, charge and collect Operating Revenues in each Bond Year as will be sufficient to produce Net Pledged Revenues in such Bond Year in an amount not less than the sum of (a) 125% of the Debt Service Requirements of all outstanding Bonds for such Bond Year and (b) 100% of the Debt Service Requirements of all outstanding Other Obligations for such Bond Year. For the purpose of determining the Debt Service Requirements of Bonds or Other Obligations for any Bond Year, any portion of the Debt Service Requirements of such Bond or Other Obligations that is paid from amounts that the Department is legally entitled to receive from the United States government or any instrumentality or agency thereof, such as Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, that are properly allocated to BWI Marshall Airport or Martin State Airport shall be excluded. The covenant set forth in this paragraph is referred to herein as the “Rate Covenant.”

If in any Bond Year the amount of Operating Revenues imposed and collected by the MAA is such as to produce Net Pledged Revenues less than the amount required under this Section, as soon as practicable after the last day of such Bond Year (but in no event more than 120 days after the last day of

such Bond Year), the Department shall employ an Airport Consultant to prepare a Report including recommendations with respect to the operation of the Facilities and Operating Revenues and Operating Expenses. The Department shall require the Airport Consultant to file its Report with the Department, the MAA and the Trustee within 30 days after the date of its employment by the Department pursuant to this Section, *provided* that the Department may extend the time for the filing by the Airport Consultant of its Report to the extent reasonably necessary to enable the Airport Consultant to complete such Report if the Airport Consultant files a Request for such an extension with the Department and the Trustee containing an estimated completion date for such Report and stating that the Airport Consultant is proceeding diligently to complete its Report and that its Report cannot reasonably be completed within the time allowed by this paragraph.

The Airport Consultant may recommend with respect to the Operating Revenues imposed and collected in connection with operation of the Facilities and the Operating Expenses, either that the MAA (i) make no change, or (ii) make some change, even though such recommendation is not calculated to result in compliance with this Section, if the Airport Consultant includes in its Report a statement to the effect that compliance with such recommendations should result in the generation of the maximum feasible amount of Net Pledged Revenues.

The Department shall cause the MAA to revise or cause to be revised the Operating Revenues and Operating Expenses, in conformity with any practicable recommendation of the Airport Consultant and shall otherwise follow any practicable recommendation of the Airport Consultant. If the MAA complies with the reasonable recommendations of such Airport Consultant, then the failure of the Department to meet the requirements of this Section for such Bond Year shall not constitute an Event of Default.

The provisions of this Section are in all respects subject to Applicable Law.

#### **Section 5.04. Rates and Charges.**

The Department shall at all times maintain or cause the MAA to maintain adequate accounting and management procedures to provide for the periodic review of the Pledged Revenues imposed and collected in order to determine the need for any change therein or modification thereof and to permit such change or modification to be implemented within the period required to enable the Department to comply with this Trust Agreement.

#### **Section 5.05. Accounts and Audits.**

The Department shall keep or cause the MAA to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions with respect to the Pledged Revenues. Such books and accounts shall be subject to the inspection of the Trustee (at reasonable hours and subject to the reasonable rules and regulations of the Department).

#### **Section 5.06. Budget.**

The Department hereby covenants that, to the extent permitted by law, it will cause the MAA to take or cause to be taken all actions necessary so that Net Pledged Revenues at least equal to the amount required by the Rate Covenant for each Bond Year are collected when due (or as soon thereafter as possible in accordance with Applicable Law) or are otherwise made available in a timely manner.

#### **Section 5.07. Additional Appropriations.**

The Department covenants that if additional appropriations for expenditures for the BWI Marshall Airport or Martin State Airport are approved to be made from Operating Revenues of the MAA received or expected to be received in any Bond Year by the MAA in excess of those relied upon in determining the State Budget for such Bond Year, the Department will take or cause to be taken in timely fashion all actions necessary to comply with the Rate Covenant.

#### **Section 5.08. Liens and Encumbrances.**

The Department hereby covenants and agrees as follows:

(a) Except as provided in the Enabling Legislation and this Trust Agreement, the Department shall not issue any Indebtedness secured by a pledge of or other lien on the Pledged Revenues and shall not otherwise create or cause to be created any lien or charge on the Pledged Revenues.

(b) Nothing herein shall be construed to prohibit the Department from issuing or assuming any Indebtedness other than Bonds or entering into any leases, financing leases, sale-leasebacks and similar transactions ("Leases") for any valid public purpose related to BWI Marshall Airport or Martin State Airport, which Indebtedness or Leases, if so determined by the Department and permitted by Applicable Law, may be secured by a pledge of the Pledged Revenues, *provided* that such pledge shall in all respects be junior and subordinate to the pledge of the Pledged Revenues to secure the payment of the principal or Redemption Price of and interest on, and the purchase price of, outstanding Bonds and the reimbursement of the provider of any Credit Facility securing the Bonds (such Indebtedness or Leases being referred to herein collectively as "Subordinate Obligations"). So long as no Event of Default under this Trust Agreement shall have occurred and be continuing, the Department may pay or prepay, or authorize the payment or prepayment of, the principal of and interest on any Subordinate Obligation or any rent or other amount payable under any Lease and no recourse shall be had by the holder of any Bonds against the person to whom any such payment shall have been made unless such person shall have had, at the time of receipt of such payment, actual knowledge that an Event of Default has occurred under this Trust Agreement. During the continuance of any Event of Default under this Trust Agreement, no payments shall be made by the Department with respect to the principal of or interest on any Subordinate Obligation or Lease.

(c) The Facilities may not be sold, mortgaged, leased or otherwise disposed of or encumbered unless there shall be delivered to the Trustee a Certificate of the Department Representative to the effect that such sale, mortgage, lease, encumbrance or other disposition will not adversely affect the operating efficiency of the Facilities or the ability of the Department to meet the Rate Covenant.

## **Section 5.09. Operation and Maintenance of the Facilities.**

The Department shall cause the MAA (i) to operate, or cause to be operated, the Facilities properly and in a sound, efficient and economical manner and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept in good repair, working order and condition, (ii) to make, or cause to be made, all necessary and proper repairs, replacements and renewals so that the operation of the Facilities may be properly and advantageously conducted and, (iii) if any useful portion of the Facilities is damaged or destroyed or taken through the exercise of eminent domain, to commence and diligently prosecute the repair, replacement or reconstruction of such damaged, destroyed, or taken portion of the Facilities, in each case to the extent that Pledged Revenues are available for the payment of the cost thereof; *provided*, however, that nothing in this Trust Agreement shall require the MAA to operate, maintain, preserve, repair, replace, renew or reconstruct any portion of the Facilities if abandonment of operation of such portion of the Facilities is economically justified, is not materially prejudicial to the interests of the holders of Outstanding Bonds and will not impair the ability of the Department to satisfy the Rate Covenant.

## **Section 5.10. Insurance and Condemnation.**

(a) The Department shall at all times (i) keep all Facilities of an insurable nature and of the character usually insured by airport facilities similar to the Facilities insured, insofar as practicable, against loss or damage by fire and from other causes customarily insured against and (ii) maintain insurance, insofar as practicable, against loss or damage from such hazards and risks to the persons and property of others as are usually insured against by airport facilities similar to the Facilities. In determining the amounts and types of insurance to be maintained under this Section, the Department may rely upon the advice of an Engineer or an insurance consultant.

(b) All insurance prescribed by this Section shall be procured from financially sound and reputable insurers qualified to transact an insurance business in the State of Maryland. All policies and certificates of insurance shall be open to inspection by the Trustee at all reasonable times. Within 120 days after the end of each Bond Year, the Department shall deliver to the Trustee a list prepared as of the last day of each Bond Year describing such policies and certificates. The Trustee shall have no responsibility with respect to any such insurance except to receive such certificates and hold the same for inspection by any Holder of Outstanding Bonds.

(c) All proceeds of insurance insuring the Facilities against loss or damage shall be applied to the restoration, replacement or reconstruction of the property lost or damaged, unless the MAA determines not to restore, replace or reconstruct such Facilities and such restoration, replacement or reconstruction is not necessary for the Department to meet the Rate Covenant.

(d) The Department may elect to insure itself against the risks to be covered by such insurance.

(e) If any portion of the Facilities shall be taken through the exercise of the power of eminent domain, the Department shall apply the proceeds of any award received on account of such taking to the replacement of the property so taken, unless the MAA determines in accordance with paragraph (c) not to replace such property.

### **Section 5.11. Disposal of All or Substantially All of the Facilities.**

Prior to any transfer of all or substantially all of the Facilities to another Person (including, without limitation, any body politic and corporate, there shall be delivered to the Trustee (a) evidence that such Person has assumed all of the duties, privileges, powers, liabilities, disabilities, immunities and rights of the Department with respect to the Facilities, or such portion thereof and (b) if any Tax-Exempt Bonds are then outstanding, an Opinion of Bond Counsel to the effect that such action will not adversely affect the excludability from gross income of interest paid on any Tax-Exempt Bond for federal income tax purposes.

### **Section 5.12. Tax Matters.**

The Department shall not take any or omit to take, or permit to be taken on its behalf, any actions which, if taken or omitted, would adversely affect the excludability from the gross income of the Bondholders of interest paid on any Tax-Exempt Bonds for federal income tax purposes.

The Secretary of Transportation, the Deputy Secretary of Transportation and the Chief Financial Officer of the Department shall be officials of the Department responsible for issuing the Tax-Exempt Bonds (the “Section 148 Certifying Officials”) for the purpose of Section 148 of the Code (“Section 148”). The Section 148 Certifying Officials shall execute and deliver (on the date of each issuance of Tax-Exempt Bonds) a Certificate of the Department (as it may be amended and supplemented from time to time in accordance with this Section, being referred to herein as a “Section 148 Certificate”) that complies with the requirements of Section 148 of the Code or any successor to such Section in effect on the date of issuance of such Tax-Exempt Bonds.

The Department shall set forth in such Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of such Tax-Exempt Bonds, or of any money, securities or other obligations that may be deemed to be proceeds of such Tax-Exempt Bonds within the meaning of Section 148 (collectively, “Bond Proceeds”).

The Department covenants that (i) the facts, estimates and circumstances set forth in each Section 148 Certificate will be based on the Department’s reasonable expectations on the date of delivery of such Certificate and will be, to the best of the Section 148 Certifying Officials’ knowledge, true, correct and complete as of that date, and (ii) the Section 148 Certifying Officials will make reasonable inquiries to ensure such truth, correctness and completeness.

The Department further covenants that it will not make any use of the Bond Proceeds that would cause any Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148.

The Department further covenants that it will comply with those provisions of Section 148 that are applicable to any Tax-Exempt Bonds on the date of issuance of such Bonds and with those provisions of Section 148 that may subsequently be lawfully made applicable to such Bonds. To the extent that provisions of Section 148 apply only to a portion of the Tax-Exempt Bonds, it is intended that the covenants of the Department contained in this Section be construed so as to require the Department to comply with Section 148 only to the extent of such applicability.



The Department shall (i) hold and invest Bond Proceeds within its control (if such proceeds are invested) and (ii) direct the Trustee to transfer amounts on deposit in any fund or account created by this Trust Agreement to the Rebate Fund for the payment of rebates or payments in lieu thereof to the United States of America, all in accordance with the expectations of the Department set forth in the Section 148 Certificate.

The Department shall make timely payment, but only from the Pledged Revenues, of any rebate amount or payment in lieu thereof (or installment of either) required to be paid to the United States of America in order to preserve the excludability from gross income, for federal income tax purposes, of interest paid on the Tax-Exempt Bonds and shall include with any such payment such other documents, certificates or statements as shall be required to be included therewith under then-applicable law and regulations.

Upon the Order of the Department, the Trustee shall transfer amounts on deposit in any fund or account created by this Trust Agreement to the Rebate Fund, any other provision of this Trust Agreement to the contrary notwithstanding. Amounts on deposit in the Rebate Fund from time to time required to be paid to the United States of America pursuant to Section 148 as a rebate or payment in lieu thereof shall be made available by the Trustee to the Department for such payments upon the Order of the Department. Upon the Order of the Department, the Trustee shall transfer amounts on deposit in the Rebate Fund to any fund or account created by this Trust Agreement.

The Section 148 Certifying Officials may execute an amendment or supplement to the Section 148 Certificate upon delivery to the Department of an Opinion of Bond Counsel to the effect that such action will not adversely affect the excludability from gross income of interest paid on any Tax-Exempt Bond for federal income tax purposes.

Neither the Department nor the Trustee shall incur any liability in connection with any action as contemplated herein so long as the Department and the Trustee act in good faith.

### **Section 5.13. Financing Statements**

The Department covenants that, in order further to evidence the grant to the Trustee of the interest of the Trustee in the Trust Estate made hereby to the extent possible by such filing, appropriate financing statements (the “Financing Statements”), naming the Trustee as assignee of the Trust Estate, will be filed in the appropriate offices as required by the Maryland Uniform Commercial Code, as from time to time in effect (the “UCC”). Upon the request of the Trustee the Department shall execute such necessary continuation statements (“Continuation Statements”) from time to time as may be required pursuant to the UCC to protect the interests of the Trustee and the Holders in the Trust Estate.

### **Section 5.14. Transportation Trust Fund.**

The Bonds shall not be secured by the Transportation Trust Fund. Operating Expenses are paid from the Transportation Trust Fund upon the appropriation of such funds for such purpose by the Maryland General Assembly.

## **ARTICLE VI**

### **CONCERNING THE TRUSTEE**

#### **Section 6.01. Registrar; Paying Agent.**

Except as otherwise provided in any Supplemental Trust Agreement, the Trustee shall also be the registrar and the paying agent for the Bonds.

#### **Section 6.02. Trustee Entitled to Indemnity.**

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Trust Agreement, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, advances, outlays and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or default. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity.

#### **Section 6.03. Responsibilities of the Trustee.**

The recitals, statements and representations contained in this Trust Agreement and in the Bonds shall be taken as the statements of the Department and not of the Trustee, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Trust Agreement or with respect to the security afforded by this Trust Agreement or the due execution hereof by the Department, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Trust Agreement, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any money paid to the Department or others in accordance with this Trust Agreement except as to the application of any money paid to it in its capacity as Trustee.

The duties and obligations of the Trustee shall be determined by the express provisions of this Trust Agreement and no implied covenant or obligation shall be read into this Trust Agreement against the Trustee, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Trust Agreement.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Trust Agreement except for its own negligence or willful misconduct.

The Trustee is not liable with respect to any action it takes or omits to be taken by it in good faith in accordance with the direction of the Bondholders under any provision of this Trust Agreement relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Trustee is under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Bondholders unless such holders have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with respect to the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be mandatory for any remedy taken upon direction of the holders of a majority in aggregate principal amount of the Bonds.

The Trustee is not required to take notice or deemed to have notice of any default or Event of Default hereunder, except Events of Default under Section 7.01(a) and (b), unless a responsible officer of the Trustee has actual knowledge thereof or has received notice in writing of such default or Event of Default from the Department or the holders of at least 25% of the Bonds, and in the absence of any such notice, the Trustee may conclusively assume that no such default or Event of Default exists.

The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Trust Agreement shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Trust Agreement and final payment of the Bonds.

The permissive right of the Trustee to take the actions permitted by this Trust Agreement shall not be construed as an obligation or duty to do so.

In case an Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it hereby and use the same degree of care and skill in their exercise as a prudent person would exercise under the circumstances in the conduct of his or her own affairs.

#### **Section 6.04. Property Held in Trust.**

All money and securities held by the Trustee at any time pursuant to the terms of this Trust Agreement shall be held by it in trust for the purposes and under the terms and conditions of this Trust Agreement.

#### **Section 6.05. Trustee Protected in Relying on Certain Documents.**

The Trustee may rely upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other document provided to the Trustee in accordance with the terms of this Trust Agreement that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant or accountant believed by the Trustee to be

qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel or counsel to the Department, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Trust Agreement, such matter may be deemed to be conclusively proved and established by a Certificate of the Department, unless other evidence in respect thereof be hereby specifically prescribed. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Department to the Trustee shall be sufficiently executed if executed in the name of the Department by a Department Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Trust Agreement, or otherwise to the giving to any person of notice of the provisions hereof, except as provided in Section 6.13.

#### **Section 6.06. Compensation and Expenses of the Trustee.**

The Department covenants and agrees:

(a) to pay the Trustee from the Pledged Revenues from time to time reasonable compensation for all services rendered by it hereunder and under the other agreements relating to the Bonds to which the Trustee is a party subject to the terms agreed to from time to time by the Department and the Trustee;

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Trust Agreement, any other agreement relating to the Bonds to which it is a party or in complying with any request by the Department or any Rating Agency with respect to the Bonds, including the reasonable compensation, expenses and disbursements of its agents and counsel, except any such expense, disbursement or advance attributable to the Trustee's negligence or bad faith; and

(c) to indemnify, defend and hold the Trustee harmless from and against any loss, liability or expense incurred without negligence, gross negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the office of Trustee under this Trust Agreement, including the costs of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder or thereunder.

In the event the Trustee incurs expenses or renders services in any proceedings under any bankruptcy law relating to the Department, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under any bankruptcy law.

The obligations of the Department to make the payments described in this Section shall survive discharge of this Trust Agreement, the resignation or removal of the Trustee and payment in full of the Bonds.

#### **Section 6.07. Permitted Acts.**

The Trustee and its directors, officers, employees or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Holder of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the Department or any committee formed to protect the rights of the Holders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Trust Agreement.

#### **Section 6.08. Resignation of the Trustee.**

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 90 days' written notice, specifying the date when such resignation shall take effect, to the Department and each Holder. Such resignation shall take effect upon the appointment of a successor Trustee and the acceptance of such appointment by such successor.

#### **Section 6.09. Replacement of Trustee.**

The Trustee may be replaced by the Department so long as no Event of Default shall have occurred and be continuing or, if any Event of Default shall have occurred and be continuing, by a majority of the Holders by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the Department. Facsimile copies of each such instrument shall be delivered by the Department to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Department or of not less than 10% of the Holders.

#### **Section 6.10. Successor Trustee.**

If the Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee shall be appointed (i) by the Department, so long as no Event of Default shall have occurred and be continuing, or (ii) if an Event of Default shall have occurred and be continuing, by a majority of the Holders, by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the Department.

Copies of any instrument of the Department providing for any such appointment shall be delivered by the Department to the Trustee so appointed and the predecessor Trustee. The successor Trustee shall mail notice of any such appointment to each Holder within 90 days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made within 60 days after the giving by any Trustee of any written notice of resignation in accordance with Section 6.08 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Holder may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor.

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association having a capital and surplus aggregating at least \$100,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and authorized by law to perform all the duties of the Trustee required by this Trust Agreement.

#### **Section 6.11. Transfer of Rights and Property to Successor Trustee.**

Any successor Trustee appointed under the provisions of Section 6.10 shall execute, acknowledge and deliver to its predecessor and the Department an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all money, estates, properties, rights, immunities, powers, duties, obligations and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the Department or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers and trusts of such Trustee and all the right, title and interest of such Trustee in and to the Trust Estate, and shall pay over, assign and deliver to such successor any money or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Department be required by such successor for more fully and certainly vesting in and confirming to it any such money, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Department.

#### **Section 6.12. Merger, Conversion or Consolidation of Trustee.**

Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such company shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 6.10.

*[Remainder of Page Intentionally Left Blank]*

### **Section 6.13. Trustee to File Continuation Statements.**

At the expense of the Department, the Trustee shall file such Continuation Statements as may be required by the UCC, in order to continue perfection of the security interest of the Trustee in such property as may have been granted to the Trustee pursuant to this Trust Agreement in the time, place and manner required by the UCC, so long as a legible copy of each original filed UCC financing statement, showing the date, file number, and office of filing, is provided to Trustee not less than six months prior to the expiration date of such original filings.

## **ARTICLE VII**

### **EVENTS OF DEFAULT AND REMEDIES**

#### **Section 7.01. Events of Default.**

Each of the following events is hereby declared to constitute an event of default hereunder (an “Event of Default”):

(a) the principal of any Bond shall not have been paid when the same shall have become due and payable, either at maturity or by proceedings for redemption or otherwise;

(b) the interest on any Bond shall not have been paid when the same shall have become due and payable; or

(c) the Department shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in any Bond or in this Trust Agreement on the part of the Department to be performed (other than as described in clause (a) or (b) above), which default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Department by the Trustee, *provided* that, if the Department shall proceed to take any curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 30 days, then such period shall be increased to such extent as shall be necessary to enable the Department to complete such curative action through the exercise of due diligence.

A default under this Trust Agreement with respect to the Bonds shall not be or constitute a default under any other trust agreement entered into by the Department or with respect to any other Indebtedness or other obligations of the Department, and no default under any other trust agreement entered into by the Department or with respect to any other Indebtedness of the Department shall be or constitute a default under this Trust Agreement.

#### **Section 7.02. Enforcement.**

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of not less than 25% of the Holders shall proceed, to protect and enforce its rights and the rights of the Holders under the laws of the State and under this Trust Agreement and any Credit Facility by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained herein or therein, or in aid or execution of any

power herein or therein granted, or for an accounting against the Department as if the Department were the trustee of an express trust or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy upon the occurrence of an Event of Default under this Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Department, for principal of or interest on the Bonds, or otherwise under any of the provisions of this Trust Agreement or of any Bonds, with interest on overdue payments of principal at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders, and to recover and enforce judgment or decree against the Department, but solely as provided herein and in the Bonds and from the sources and money provided herein and in the Bonds, for any portion of such amounts remaining unpaid and to collect in any manner provided by law the money adjudged or decreed to be payable.

The principal of the Bonds shall not be subject to acceleration by the Trustee or the Bondholders upon the occurrence of any Event of Default notwithstanding any other provision of this Trust Agreement.

### **Section 7.03. Priority of Payments Following Default.**

If at any time there shall have occurred and be continuing an Event of Default, after payment of all amounts owing to the Trustee under this Trust Agreement, amounts held by the Trustee hereunder, together with any money thereafter becoming available for such purpose, whether through exercise of the remedies provided in this Article or otherwise, shall be applied as follows:

(a) unless the principal of all Outstanding Bonds shall have become due and payable, all such money shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds Outstanding, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment of such installment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Bonds that shall have become due and payable, in the order of their due dates, with interest upon the principal amount of such Bonds from the respective dates upon which they shall have become due and payable and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal, ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds;



THIRD: to the payment of the interest on and the principal of the Bonds outstanding as the same become due and payable; and

FOURTH: to the payment to any Credit Facility Provider of amounts payable to such Credit Facility Provider under this Trust Agreement in respect of amounts paid by such Credit Facility Provider on any Bonds under any other Credit Facility, to the extent that such amount exceeds the amount that would be payable to such Credit Facility Provider; and

(b) if the principal of all Outstanding Bonds shall have become due by their terms, all such money shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

Whenever money are to be applied by the Trustee pursuant to the provisions of this Section, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee may determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. The setting aside of such money in trust for the benefit of all Holders shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Department, to any Holder or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date for the Bonds unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal of the Bonds to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The provisions of this paragraph shall be subject in all respects to the provisions of the Bonds with respect to the payment of defaulted interest on the Bonds. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

#### **Section 7.04. Discontinuance of Proceedings.**

In case any proceedings taken by the Trustee or the Holders on account of any default with respect to the Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Holders, then and in every such case the Department, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

#### **Section 7.05. Majority of the Holders May Control Proceedings.**

Anything in this Trust Agreement to the contrary notwithstanding, a majority of the Holders shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Trust Agreement,

*provided* that such direction shall not be otherwise than in accordance with law and the provisions of this Trust Agreement, that such Holders shall provide indemnity reasonably satisfactory to the Trustee, and that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Holders not parties to such direction.

#### **Section 7.06. Restrictions Upon Action by Individual Holders.**

No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law on any Bond for the execution of any trust hereunder or for any other remedy hereunder unless (i) such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (ii) not less than 25% of Holders shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Trust Agreement or to institute such action, suit or proceeding in its or their name, and (iii) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, 25% or more of the Holders may institute any such suit, action or proceeding in their own names for the benefit of all Holders.

It is understood and intended that, except as otherwise provided above, no one or more Holders shall have any right in any manner whatever to affect, disturb or prejudice the security of this Trust Agreement or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the benefit of all Holders and that any individual right of action or other right given by law to one or more of such Holders is restricted by this Trust Agreement to the rights and remedies herein provided.

#### **Section 7.07. Actions by Trustee.**

All rights of action under this Trust Agreement or under any Bond may be enforced by the Trustee without the possession of any Bond or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all Holders, all subject to the provisions of this Trust Agreement.

#### **Section 7.08. No Remedy Exclusive.**

No remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

### **Section 7.09. No Delay or Omission Construed as a Waiver; Waiver of Default.**

No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any default shall impair any such right or power, nor shall any such delay or omission be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by this Article to the Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of not less than 25% of the Holders shall, waive any default with respect to Bonds which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any other remedy under this Trust Agreement; but no such waiver shall extend to or affect any other existing or any subsequent default or impair any rights or remedies consequent thereon.

### **Section 7.10. Notice of Default.**

The Trustee shall mail to all Holders written notice of the occurrence of any Event of Default of which the Trustee shall have knowledge within 30 days after such Event of Default shall have occurred and be known to it. The Trustee shall not be subject to any liability to any Holder by reason of its failure to mail any notice required by this Section.

## **ARTICLE VIII**

### **MODIFICATION OR AMENDMENT OF TRUST AGREEMENT**

#### **Section 8.01. Modification or Amendment of Trust Agreement Without Consent.**

Without notice to, or the consent of, the Holders, the Department and the Trustee may enter into a Supplemental Trust Agreement supplementing, modifying or amending this Trust Agreement or any Supplemental Trust Agreement at any time or from time to time for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of the Holders;

(b) to add to the covenants and agreements of the Department contained in this Trust Agreement, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of the Facilities, or the application, custody, use or disposition of the proceeds of Bonds;

(c) to surrender to the Trustee any right, power or privilege reserved to or conferred upon the Department by this Trust Agreement;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by this Trust Agreement), the Trust Estate;

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in this Trust Agreement or to make such provisions in regard to matters or questions arising under this Trust Agreement as may be necessary or desirable and not contrary to or inconsistent with this Trust Agreement;

(f) to provide for the issuance of Additional Bonds, including (without limitation) any modifications or amendments required to grant to or otherwise secure for the Holders of such Additional Bonds a parity interest in the security granted to the holders of the Series 2021A Bonds and any other then-Outstanding Bonds in accordance with Section 2.04;

(g) to permit the qualification of this Trust Agreement or any Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to this Trust Agreement or any Supplemental Trust Agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law;

(h) to obtain or to maintain any ratings on the Bonds of any Series from any Rating Agency;

(i) to provide for the issuance of any Bonds in coupon form or in book entry form, to change any Securities Depository or to discontinue any book-entry system;

(j) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued; or

(k) to make any other change in this Trust Agreement that, in the opinion of the Trustee, shall not prejudice in any material respect the rights of the Holders of the Bonds Outstanding at the date as of which such change shall become effective.

## **Section 8.02. Supplemental Trust Agreements Requiring Consent of Holders.**

In addition to Supplemental Trust Agreements permitted by Section 8.01, with the prior written consent of a the Holders of majority of the Bonds affected thereby, the Department and the Trustee may enter into at any time and from time to time Supplemental Trust Agreements amending or supplementing this Trust Agreement, any Supplemental Trust Agreement or any Bond to modify any of the provisions thereof or to release the Department from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, *provided* that nothing contained herein shall permit (i) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal, Redemption Price or purchase price of or interest rate on any Bond without the consent of the Holder of such Bond, or (ii) the creation of a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien and pledge created by this Trust Agreement as security for the Series 2021A Bonds and any Additional Bonds issued within the limitations of this Trust Agreement, a preference or priority of any Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of this Trust Agreement without the unanimous consent of the Holders.

### **Section 8.03. Restriction on Amendment; Execution of Supplemental Trust Agreements.**

Neither this Trust Agreement, any Supplemental Trust Agreement, nor any Bond shall be supplemented or amended in any respect except as provided in this Article. Any Supplemental Trust Agreement authorized by Section 8.01 or 8.02 may be entered into by the Department and the Trustee without notice to or the consent of the Holders but shall become effective only on the conditions, to the extent and at the time provided herein and in such Section.

The Trustee shall not be obligated to enter into any supplemental trust agreement or amendment which adversely affects the Trustee's rights, duties or immunities under this Trust Agreement.

### **Section 8.04. Notation on Bonds.**

Bonds authenticated and delivered after the effective date of any Supplemental Trust Agreement entered into by the Department may, and if the Trustee or the Department so determines, shall, bear a notation by endorsement or otherwise in form approved by the Department and the Trustee of such action. If the Department or the Trustee shall so determine, new Bonds modified as necessary, in the opinion of the Trustee and the Department, to conform to such Supplemental Trust Agreement shall be prepared, authenticated and delivered and, upon demand of the holder of any Outstanding Bonds and surrender of such Bonds to the Trustee, such Bonds shall be exchanged, without cost to such holder, for a new Bond so modified.

## **ARTICLE IX**

### **DEFEASANCE**

#### **Section 9.01. Defeasance.**

(a) If the Department shall pay or cause to be paid the principal or Redemption Price of and interest on all Bonds at the times and in the manner stipulated therein, in this Trust Agreement and in any Supplemental Trust Agreement authorizing the issuance of any Additional Bonds, then the pledge of the Trust Estate to the Trustee for the benefit of the Holders and all other rights granted hereby to the Trustee or the Holders shall be discharged and satisfied. In such event, upon the request of the Department, the Trustee shall execute and deliver to the Department all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay or deliver to the Department, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to this Trust Agreement (other than any money and securities required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption).

(b) A Series 2021A Bond and any Additional Bond, except as otherwise provided in any Supplemental Trust Agreement authorizing the issuance thereof, shall be deemed to have been paid within the meaning of, and with the effect expressed in, this Section if (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the Department of money for such payment or redemption or otherwise, regardless of the source of such money), whether at or prior to the maturity or the redemption date of such Bond, or (ii) if the maturity or redemption date of such Bond shall not

have arrived, provision shall have been made by the Department for the payment of the principal or Redemption Price of and interest on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of Government Obligations, the principal of and the interest on which when due will provide for such payment, *provided* that, if such Bond is to be redeemed prior to the maturity thereof, the Department shall have taken all action necessary to redeem such Bond and notice of such redemption shall have been duly and irrevocably given or provisions satisfactory to the Trustee shall have been made for the giving of such notice.

(c) If the Department shall determine to provide for the payment of all of the Bonds of any Series in accordance with this Section, upon the direction of the Department, the Trustee shall set aside any amounts on deposit in any funds and accounts maintained for the Bonds of such Series (other than amounts theretofore set aside for the payment of particular Bonds of such Series in accordance with Section 10.04) for the payment of the principal or Redemption Price of and interest on, and the purchase price of, such Bonds on the due dates for such payments in accordance with this Section. If all of the Bonds of any Series shall have been paid in accordance with this Trust Agreement, amounts on deposit in any funds and accounts maintained for such Bonds (other than amounts set aside for the payment of particular Bonds of such Series in accordance with Section 10.04) shall be paid to the Department. The provisions of this paragraph shall be subject in all respects to the provisions of any Supplemental Trust Agreement authorizing any Additional Bonds.

(d) Anything in this Trust Agreement to the contrary notwithstanding, at the written request of the Department, any money held by the Trustee in trust for the payment of any of the Bonds that remain unclaimed for four years after the later of the date at which such Bonds became due and payable and the date of deposit of such money shall be repaid by the Trustee to the Department, or to such officer, board or body as may then be entitled by law to receive such money, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto.

## **ARTICLE X**

### **MISCELLANEOUS**

#### **Section 10.01. Further Assurances.**

So far as it may be authorized by law, the Department shall pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights and other property hereby pledged or assigned, or intended so to be, or which the Department may hereafter become bound to pledge or assign.

#### **Section 10.02. Consent of Holders; Evidence of Signatures of Holders and Ownership of Bonds.**

Any request, direction, consent or other instrument which this Trust Agreement may require or permit to be signed and executed by the Holders may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders in person, by their legal representatives or by their attorneys

duly appointed in writing. Except as otherwise expressly provided herein, proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any person of such Bond shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee, and the Department, with regard to any action taken by any of them under such instrument if made in the following manner:

(a) the fact and date of the execution by any Holder or Holder's attorney or legal representative of such instrument may be proved by the certificate (which need not be acknowledged or verified) of an officer of a bank or trust company satisfactory to the Trustee of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which such officer purports to act, that the person signing such instrument acknowledged to such officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; and the authority of any person executing any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary, its cashier or an assistant cashier; and

(b) the ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the registration books established with respect to such Bonds.

Notwithstanding the foregoing, the Trustee may in its discretion require further or other proof in any case in which it deems such further or other proof desirable.

Notwithstanding the foregoing provisions of this Section, the Supplemental Trust Agreement authorizing the issuance of any Additional Bond secured by a Credit Facility may provide that the issuer of such Credit Facility shall be deemed the holder of such Bond for the purposes of making any request or giving or withholding any consent, vote or direction permitted or required to be made or given by any holder of such Bond under this Trust Agreement or such Supplemental Trust Agreement.

Any request, direction, consent or vote of the Holder of any Bond given in accordance with this Trust Agreement or any Supplemental Trust Agreement shall bind all future Holders of such Bond with respect to anything done or suffered to be done or omitted to be done by the Department or the Trustee in accordance therewith.

### **Section 10.03. Preservation by Trustee and Inspection of Documents.**

All documents received by the Trustee from the Department, the Holders or otherwise under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Department, any Holder and their agents and representatives, any of whom may make copies thereof.

### **Section 10.04. Money and Funds Held for Particular Bonds.**

Amounts held by the Trustee for the payment of the principal or Redemption Price of, and interest on, Bonds due on any date shall, pending such payment, be set aside and held in trust by it for the Holders

of such Bonds and, for the purposes of this Trust Agreement, such principal or Redemption Price of and interest on such Bonds, due after such date, shall no longer be considered to be unpaid, except to receive payment from such amounts set aside or held for such payment.

#### **Section 10.05. No Recourse Against Members and Officers.**

No recourse shall be had for the payment of the principal or Redemption Price of and interest on the Bonds or for any claims based thereon or on this Trust Agreement against any member or officer, employee, or agent of the Department, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of such Bonds.

#### **Section 10.06. Severability of Invalid Provision.**

If any covenant or agreement in this Trust Agreement is determined to be contrary to law, then such covenant or agreement shall be null and void and shall in no way affect the validity of the other provisions of this Trust Agreement or of the Bonds.

#### **Section 10.07. Notices.**

(a) Any notice or other instrument authorized or required to be given pursuant to this Trust Agreement shall be deemed given when delivered or mailed by first-class mail postage prepaid, or delivered by hand addressed as follows (or to such other address as may be designated by written notice given hereunder):

In the case of the Department:

Maryland Department of Transportation  
7201 Corporate Center Drive  
Hanover, MD 21076  
Attention: Chief Financial Officer  
Telephone: (410) 865-1035

In the case of the Trustee:

Zions Bancorporation, National Association  
401 Liberty Avenue, Suite 1729  
Pittsburgh, Pennsylvania 15222  
Attention : Corporate Trust  
Telephone: (412) 865-1035

(b) Except as otherwise expressly provided herein or in any Supplemental Trust Agreement pursuant to which any Additional bonds are issued, when any notice is required to be given to the holder of any Bond, such notice shall be mailed to the registered owner of such Bond at such owner's address as it appears on the registration books maintained by the Trustee. Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not actually received by the addressee.



(c) Any notice required to be given hereunder to any holder of Bonds shall also be given to the beneficial owner of any Bonds who shall have filed a Request therefor with the Department and the Trustee.

#### **Section 10.08. Other Trust Agreements.**

The Department expressly reserves the right to enter into one or more other trust agreements and to issue bonds, notes and other obligations thereunder without compliance with the provisions hereof, *provided* that nothing contained in this Section 10.08 shall permit the Department to create a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien and pledge created by this Trust Agreement as security for the Series 2021A Bonds and any Additional Bonds issued within the limitations of this Trust Agreement.

#### **Section 10.09. Business Days.**

Except as otherwise expressly provided herein or in any Supplemental Trust Agreement, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date.

#### **Section 10.10. Interested Parties.**

Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Department, the Trustee and the Holders any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the Department shall be for the sole and exclusive benefit of the Department, the Trustee and the Holders.

#### **Section 10.11. Execution in Several Counterparts.**

This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

#### **Section 10.12. Governing Law.**

This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

#### **Section 10.13 Security Agreement.**

This Trust Agreement constitutes a security agreement under the Uniform Commercial Code as in effect in the State of Maryland.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed, sealed and delivered, all as of the day and year first above written.

[SEAL] **MARYLAND DEPARTMENT OF TRANSPORTATION**

ATTEST: By: \_\_\_\_\_

\_\_\_\_\_

[SEAL] **ZIONS BANCORPORATION, NATIONAL ASSOCIATION**

ATTEST: By: \_\_\_\_\_

\_\_\_\_\_

Approved for Form and Legal Sufficiency

\_\_\_\_\_  
Assistant Attorney General  
Maryland Department of Transportation

[Signature page of Trust Agreement]

**FORM OF BOND****EXHIBIT A**

REGISTERED

UNITED STATES OF AMERICA  
STATE OF MARYLAND

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

MARYLAND DEPARTMENT OF TRANSPORTATION  
SPECIAL TRANSPORTATION PROJECT REFUNDING REVENUE BONDS  
SERIES 2021A (FEDERALLY TAXABLE)

<u>Date</u>	<u>Interest Rate</u> <u>(Per annum)</u>	<u>Maturity Date</u>	<u>CUSIP</u>
	%		

Registered Owner: Cede &amp; Co.

Principal Amount:

Dollars

The Department of Transportation of Maryland (the “Department”), an agency of the State of Maryland (the “State”), for value received, hereby promises to pay but solely from the Pledged Revenues hereinafter described and other amounts pledged to such payment under the Trust Agreement (defined herein) to the Registered Owner identified above, or the registered assigns or legal representative as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the date of this bond or from the most recent interest payment date to which interest has been paid at the rate of interest per annum set forth above commencing on August 1, 2021 and each February 1 and August 1 thereafter, until such principal sum is paid.

**Neither the State nor the Department is obligated to pay the principal of or the interest on the Bonds (as defined herein) except from the Pledged Revenues and other amounts pledged therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State or of the Department is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds does not directly or indirectly or contingently obligate, morally or otherwise, the State or the Department to levy or pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Bonds are limited obligations of the Department payable solely from the Trust Estate (as defined in the Trust Agreement).**

**THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OF MARYLAND OR OF THE DEPARTMENT.**

The principal of and premium, if any, on this bond are payable upon presentation and surrender hereof, at the Designated Office (as defined in the Trust Agreement) of the Trustee. So long as the Bonds are maintained in a book-entry only system, interest will be paid by electronic funds transfer to the Registered Owner at the address as it appears on the registration books for the Bonds maintained by the Trustee as of the close of business on the fifteenth day of the month

immediately preceding the applicable interest payment date. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America or by check payable in such money.

Any bond may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee by the person in whose name it is registered or by his, her or its duly authorized attorney, or personal representative, upon surrender of such registered bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee, unless such bond has been called for redemption. Neither the Department nor the Trustee shall be obligated to make any such exchange or transfer of the Bonds during the fifteen days immediately preceding any interest payment date or after a notice of the redemption of such Bond or any portion thereof has been mailed, unless the transferee acknowledges in writing to the satisfaction of the Trustee the matters contained in such notice.

Trust Agreement. The Bonds are issued pursuant to and in full conformity with the provisions of Sections 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as amended and supplemented, (the “Act”), the resolution of the Secretary of Transportation of Maryland dated as of February 2, 2021 (the “Resolution”) and by virtue of a Trust Agreement to be entered into by and between Zions Bancorporation, National Association, as trustee (the “Trustee”) and the Department, dated as of February 1, 2021 (the “Trust Agreement”). The terms of the Bonds will include those stated in the Trust Agreement, and the Bonds will be subject to all such terms. Reference is made hereby to the Trust Agreement for a description of the funds, revenues and charges pledged thereunder, the nature and extent of the security created or to be created, and the rights, limitations of rights, obligations, duties and immunities of the Department, the Trustee and the holders of the Bonds. By the acceptance of this bond, the holder hereof assents to all of the provisions of the Trust Agreement.

Revenues. The Bonds constitute limited obligations of the Department payable solely from the Pledged Revenues and other amounts pledged therefor under the Trust Agreement, and to the extent provided in the Trust Agreement, the proceeds of the Bonds. “Pledged Revenues” shall have the meaning ascribed to such term in the Trust Agreement.

The Bonds. This bond is one of a duly authorized series of bonds dated \_\_\_\_\_, \_\_\_\_\_ known as Maryland Department of Transportation Special Transportation Project Refunding Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021A (Federally Taxable) (the “Bonds”), aggregating \$ \_\_\_\_\_ in principal amount, which are of the denomination of \$5,000 each or any integral multiple thereof, and which mature and are payable in installments on August 1 in the following years and amounts:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------	-------------	-------------------------

The Bonds are all of like tenor except as to numbers, maturities, denominations, payees and interest rates and are issued pursuant to and in full conformity with the provisions of Act, and by virtue of the Resolution.

Redemption. The Bonds are not subject to redemption prior to maturity.

Governing Law. This bond shall be governed by and construed in accordance with the laws of the State of Maryland.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State, the Resolution and the Trust Agreement to exist, to have happened and to have been performed precedent to the issuance of this bond, do exist, have happened and have been performed, and that the issue of the Bonds of which this is one has been made in full compliance with such Constitution and laws and with the limitation on indebtedness contained in such laws, and with the Resolution and the Trust Agreement.

No person signing this bond on behalf of the Department, manually or by facsimile, shall be liable personally on this bond or be subject to any personal liability whatever by the issuance thereof, such liability, if any, being expressly waived by the acceptance by the owner of the delivery of this bond.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until the Certificate of Authentication hereon has been manually signed by an authorized officer of the Trustee.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this bond has been executed by the facsimile signature of the Secretary of Transportation of Maryland; and the official seal of the Department has been imprinted hereon, all as of \_\_\_\_\_, \_\_\_\_.

[SEAL]

DEPARTMENT OF TRANSPORTATION OF  
MARYLAND

---

Gregory Slater  
Secretary of Transportation of Maryland

**CERTIFICATE OF AUTHENTICATION**

This bond is issued under the provisions of the within mentioned Trust Agreement.

Zions Bancorporation, National Association, as Trustee

\_\_\_\_\_  
Authorized Signatory

Date of Authentication:

\_\_\_\_\_, 20\_\_\_\_

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

---

(Please print or typewrite name and address including zip code of transferee)

Please Insert Social Security or  
Other Identifying Number of Transferee

---

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

---

Attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

---

(Bank, Trust Company or Firm)

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in Securities Transfer Medallion (STAMP) or similar program. enlargement

---

Signature of Registered Owner

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or or any change whatever.



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**SECOND SUPPLEMENTAL TRUST AGREEMENT**

**by and between**

**MARYLAND DEPARTMENT OF TRANSPORTATION**

**and**

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,**

**as Trustee**

**Dated as of November 1, 2024**

\$219,755,000  
Maryland Department of Transportation  
Special Transportation Project Revenue Bonds  
(Baltimore/Washington International Thurgood Marshall Airport)  
Series 2024A  
(Qualified Airport Bonds-AMT)

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## SECOND SUPPLEMENTAL TRUST AGREEMENT

**THIS SECOND SUPPLEMENTAL TRUST AGREEMENT**, dated as of November 1, 2024 (this “**Second Supplemental Agreement**”), and effective from the time of execution and delivery hereof, is by and between the **MARYLAND DEPARTMENT OF TRANSPORTATION** (the “**Department**”) and **ZIONS BANCORPORATION, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “**Trustee**”).

### RECITALS

**WHEREAS**, the Department is authorized pursuant to Section 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as supplemented (the “**Enabling Legislation**” or the “**Act**”), to issue special transportation project revenue bonds for the purpose of financing all or any part of the costs of transportation facilities (as defined in Section 3-101 of the Transportation Article of the Annotated Code of Maryland, as amended) and to secure such revenue bonds by a trust agreement, which may pledge and assign all or any part of the revenues of any transportation facilities to secure such revenue bonds;

**WHEREAS**, pursuant to the Enabling Legislation and Section 2.04 of the Trust Agreement dated as of February 1, 2021 between the Department and the Trustee, as amended by the First Supplemental Agreement (as defined herein) (as amended and supplemented, the “**Trust Agreement**”), the Department has determined to issue its revenue bonds to be designated “Maryland Department of Transportation Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport) Series 2024A (Qualified Airport Bonds-AMT)” (the “**Series 2024A Bonds**”) for the purpose of financing the costs of certain transportation facilities (the “**2024A Project**”);

**WHEREAS**, the Series 2024A Bonds shall be secured equally and ratably with the Bonds (as defined in the Trust Agreement) outstanding under the Trust Agreement by the pledge of the Trust Estate (as defined in the Trust Agreement), including the Pledged Revenues (as defined in the Trust Agreement);

**WHEREAS**, by a resolution of the Secretary of Transportation dated November 7, 2024 (the “**Secretary’s Resolution**”), the Department has authorized the issuance and sale of the Series 2024A Bonds for the purpose of, among other things, financing the costs of the 2024A Project, and by a resolution adopted by the Maryland Board of Public Works (the “**Board**”) on October 2, 2024, the Board has approved the issuance and sale of the Series 2024A Bonds;

**WHEREAS**, the Series 2024A Bonds shall be limited obligations of the Department payable solely from the Pledged Revenues (defined in the Trust Agreement). None of the State of Maryland (the “**State**”), the Department, the Maryland Aviation Administration (the “**MAA**”) or any political subdivision of the State shall be obligated to pay the Series 2024A Bonds or the interest thereon except from the Pledged Revenues, and neither the faith and credit nor the taxing

power of the State or any political subdivision of the State is pledged to the payment of the Series 2024A Bonds or the interest thereon. The issuance of the Series 2024A Bonds shall not directly or indirectly or contingently obligate the State, the Department, the MAA or any political subdivision of the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment; and

**WHEREAS**, all things necessary to make the Series 2024A Bonds, when authenticated by the Trustee and issued in accordance with the Trust Agreement, the legal, valid and binding obligations of the Department according to the import thereof, have been done and performed, and the creation, execution and delivery of this Second Supplemental Agreement, and the creation, execution and issuance of the Series 2024A Bonds, subject to the terms hereof, have in all respects been duly authorized.

**NOW, THEREFORE, WITNESSETH** that in consideration of the foregoing, of the purchase and acceptance of the Series 2024A Bonds by the owners thereof and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the Department and the Trustee do hereby agree and covenant as follows:

## **ARTICLE I**

### **DEFINITIONS AND RULES OF CONSTRUCTION**

#### **Section 1.01. Definitions.**

Terms used in this Second Supplemental Agreement and not defined herein shall have the respective meanings given such terms in the Trust Agreement. In addition to the terms defined elsewhere herein, as used in the Trust Agreement and this Second Supplemental Agreement, unless a different meaning is clearly intended from the context, the following terms shall have the meanings indicated below:

- (1) **“Authorized Denomination”** shall mean \$5,000 and any integral multiple thereof.
- (2) **“Completion Date”** shall mean, with respect to the 2024A Project, the date that the 2024A Project is ready to be used for its intended purposes, as determined by the Department.
- (3) **“Debt Service Reserve Requirement”** shall mean when used with respect to (a) the Series 2024A Bonds and any other Series of Bonds that constitute Tax-Exempt Bonds secured by the 2024A Debt Service Reserve Fund or such other Debt Service Reserve Fund, as of any particular date of computation, an amount equal to the least of (i) 10% of the proceeds of the Bonds secured thereby, (ii) Maximum Annual Debt Service on all outstanding Bonds secured thereby, or (iii) 125% of the average annual debt service requirements of all Bonds secured thereby and (b) when used with respect to any other Series of Bonds or the Debt Service Reserve Fund, if any, maintained for such Bonds, such amount as shall be established in the Supplemental Trust Agreement authorizing the issuance of such Bonds.

(4) “**Department**” shall mean the Maryland Department of Transportation, an agency of the State of Maryland, and its successors and assigns.

(5) “**Enabling Legislation**” shall mean Sections 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as amended, and any other provision of law authorizing the issuance of bonds, notes or other evidences of obligation of the Department to finance Airport Facilities, and all future acts supplemental to or amendatory of any of the foregoing.

(6) “**First Supplemental Agreement**” shall mean the First Supplemental Trust Agreement dated as of July 1, 2021 between the Department and the Trustee, as amended and supplemented from time to time.

(7) “**Interest Payment Date**” shall mean, with respect to the Series 2024A Bonds, February 1 or August 1.

(8) “**Second Supplemental Agreement**” shall mean this Second Supplemental Trust Agreement, as amended and supplemented from time to time.

(9) “**Series 2021A Bonds**” shall mean the Department’s Special Transportation Project Revenue Refunding Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021A (Federally Taxable).

(10) “**Series 2021B Bonds**” shall mean the Department’s Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021B (Qualified Airport Bonds-AMT).

(11) “**Series 2024A Bonds**” shall mean the Department’s Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2024A (Qualified Airport Bonds-AMT).

(12) “**Sinking Fund Installment**” shall mean the amount of money provided in Section 3.01(b) of this Second Supplemental Agreement to redeem the Series 2024A Bonds at the times and in the amounts provided in this Second Supplemental Agreement.

(13) “**State**” shall mean the State of Maryland.

(14) “**Trust Agreement**” shall mean the Trust Agreement dated as of February 1, 2021 between the Department and Zions Bancorporation, National Association, the Trustee, as amended and supplemented by the First Supplemental Agreement and this Second Supplemental Agreement, as the same may be further amended and supplemented from time to time.

(15) “**2024A Debt Service Reserve Fund**” shall mean the 2024A Debt Service Reserve Fund created under Section 4.01(a) of this Second Supplemental Agreement and maintained for the Series 2024A Bonds and, pursuant to the terms of a Supplemental Trust Agreement, any other Series of Additional Bonds that constitute Tax-Exempt Bonds.

(16) **“2024A Insurance Default”** means any of the following events: (a) the 2024A Insurer shall fail to honor a demand for payment under the 2024A Insurance Policy in accordance with its terms, or (b) the 2024A Insurer shall contest the valid and binding nature of the 2024A Insurance Policy or shall deny any further liability or obligation under the 2024A Insurance Policy, or (c) the 2024A Insurer shall become insolvent or the subject of any insolvency proceeding or shall file a petition or other pleading seeking an “order for relief” within the meaning of the United States Bankruptcy Code or shall file any petition or other pleading seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the 2024A Insurer, or of substantially all of the assets of the 2024A Insurer, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or (d) a petition or other pleading shall be filed against the 2024A Insurer seeking an “order for relief” within the meaning of the United States Bankruptcy Code or any reorganization, composition, readjustment, liquidation or similar relief under any present or future law or regulation and shall remain undismissed or unstayed for an aggregate period of 90 days (whether or not consecutive), or (e) if, by an order or decree of a court of competent jurisdiction, the 2024A Insurer shall become the subject of an “order for relief” within the meaning of the United States Bankruptcy Code or relief shall be granted under or pursuant to any such petition or other pleading, and such order or decree continues unvacated or unstayed, on appeal or otherwise, and in effect for a period of 90 days, or (f) if, by order or decree of such court, there shall be appointed, without the consent or acquiescence of the 2024A Insurer, a trustee in bankruptcy or reorganization or a receiver or liquidator of the 2024A Insurer or of all or any substantial part of its property and such order or decree continues unvacated or unstayed, on appeal or otherwise, and in effect for a period of 90 days.

(17) **“2024A Insurance Period”** means any period during which any 2024A Insured Bonds remain outstanding and no 2024A Insurance Default with respect to such 2024A Insured Bonds shall have occurred and be continuing, or any amounts are due and payable by the Department to the 2024A Insurer.

(18) **“2024A Insurance Policy”** means the insurance policy issued by the 2024A Insurer guaranteeing the scheduled payment of principal of and interest on the 2024A Insured Bonds when due.

(19) **“2024A Insured Bonds”** means the Series 2024A Bonds.

(20) **“2024A Insurer”** means Assured Guaranty Inc., a Maryland corporation, or any successor thereto or assignee thereof.

(21) **“2024A Project”** shall mean the continuation of the project described in Appendix B to the First Supplemental Agreement as further described in Appendix B hereto.

## **Section 1.02. Rules of Construction.**

Unless the context clearly indicates to the contrary, the following rules apply to the construction of this Second Supplemental Agreement:

(a) Words importing the singular number include the plural number and words importing the plural number include the singular number.

(b) Words of the masculine gender include correlative words of the feminine and neuter genders.

(c) The table of contents and the headings or captions used in this Second Supplemental Agreement are for convenience of reference and do not constitute a part of this Second Supplemental Agreement, nor affect its meaning, construction or effect.

(d) Words importing persons include any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(e) Any reference to a particular percentage or proportion of the holders of the Series 2024A Bonds shall mean the holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Series 2024A Bonds then Outstanding under the Trust Agreement.

(f) The word “Holder,” “holder,” “Bondholder,” “owner” or any similar term, when used with respect to any Bond or Other Obligations, shall mean the registered owner of any Bond or Other Obligations, respectively.

(g) Any reference to the Pledged Revenue Fund shall be to the fund so designated under Section 4.01 of the Trust Agreement.

(h) Any reference in this Second Supplemental Agreement to a particular “Article,” “Section,” “Appendix” or other subdivision shall be to such Article, Section, Appendix or subdivision of this Second Supplemental Agreement unless the context shall otherwise require.

(i) Each reference in this Second Supplemental Agreement to an agreement or contract shall include all amendments, modifications and supplements to such agreement or contract unless the context shall otherwise require.

## **ARTICLE II**

### **ADDITIONAL FACILITIES AUTHORIZED; AUTHORIZATION AND DETAILS OF SERIES 2024A BONDS**

#### **Section 2.01. Additional Facilities Authorized.**

The financing of the 2024A Project is hereby authorized. The 2024A Project shall constitute Additional Facilities for all purposes of the Trust Agreement.

## **Section 2.02. Series 2024A Bonds Authorized.**

There is hereby authorized the issuance under this Second Supplemental Agreement of a Series of Bonds in the aggregate principal amount of \$219,755,000 which shall be designated “Maryland Department of Transportation Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport) Series 2024A (Qualified Airport Bonds-AMT),” for purposes of (i) financing a portion of the Costs of the 2024A Project, (ii) funding capitalized interest on the Series 2024A Bonds through December 31, 2025, (iii) funding the 2024A Debt Service Reserve Fund securing the Series 2024A Bonds, and (iv) paying certain costs related to the issuance and sale of the Series 2024A Bonds. The Series 2024A Bonds are issued pursuant to Section 2.04 of the Trust Agreement and constitute Additional Bonds and Tax-Exempt Bonds under the Trust Agreement, entitled to the full benefit and security of the Trust Agreement and secured equally and ratably and on parity with the outstanding Bonds issued under the Trust Agreement, except as otherwise provided in Article IV of this Second Supplemental Agreement.

## **Section 2.03. Details of Series 2024A Bonds.**

The Series 2024A Bonds shall be issued as fully registered bonds in Authorized Denominations without coupons. The Series 2024A Bonds shall bear interest at the rate or rates of interest per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) set forth below, payable on February 1, 2025 and each Interest Payment Date thereafter. The Series 2024A Bonds shall mature on August 1 in each of the years and in amounts as follows:

### **Serial Bonds:**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027	\$3,715,000	5.000%	2036	\$5,760,000	5.000%
2028	3,900,000	5.000	2037	6,050,000	5.000
2029	4,095,000	5.000	2038	6,350,000	5.000
2030	4,300,000	5.000	2039	6,670,000	5.000
2031	4,515,000	5.000	2040	7,000,000	5.250
2032	4,740,000	5.000	2041	7,370,000	5.250
2033	4,975,000	5.000	2042	7,755,000	5.250
2034	5,225,000	5.000	2043	8,165,000	5.250
2035	5,485,000	5.000	2044	8,590,000	5.250

### **Term Bonds:**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2049	\$50,225,000	5.250%
2054	64,870,000	5.250



The Series 2024A Bonds shall be substantially in the form set forth in Appendix A, with such insertions, omissions and variations as may be deemed necessary or appropriate by the officers of the Department executing the same and as shall be permitted by the Enabling Legislation. The Department hereby adopts the form of Series 2024A Bonds set forth in Appendix A and all of the covenants and conditions set forth therein, as and for the form of obligation to be incurred by the Department as the Series 2024A Bonds. The covenants and conditions set forth in the form of Series 2024A Bond are incorporated into this Second Supplemental Agreement by reference and shall be binding upon the Department as though set forth in full herein.

The Series 2024A Bonds shall be subject to redemption prior to maturity in accordance with Section 3.01 of this Second Supplemental Agreement, and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in the form of Series 2024A Bonds included in Appendix A. The printing of CUSIP numbers on Series 2024A Bonds shall have no legal effect and shall not affect the enforceability of any Series 2024A Bond.

#### **Section 2.04. Conditions Precedent to Delivery of Series 2024A Bonds.**

The Series 2024A Bonds shall be executed by the Department and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2024A Bonds and, upon payment of the purchase price of such Series 2024A Bonds, shall deliver the Series 2024A Bonds upon the order of the Department, but only upon delivery to the Trustee of each of the following items:

(a) a copy of an executed counterpart of this Second Supplemental Agreement, duly executed by the Department and the Trustee;

(b) an Order of the Department directing the authentication and delivery of the Series 2024A Bonds, describing such Series 2024A Bonds, designating the purchaser of such Series 2024A Bonds, stating the purchase price of such Series 2024A Bonds and stating that all items required by this Section 2.04 and Section 2.04 of the Trust Agreement have been delivered to the Trustee in form and substance satisfactory to the Department;

(c) an Opinion of Bond Counsel to the effect that (A) this Second Supplemental Trust Agreement has been duly authorized, executed and delivered by the Department and constitutes the valid and binding obligation of the Department; (B) the Department is duly authorized and entitled to issue the Series 2024A Bonds and the Series 2024A Bonds executed, authenticated and delivered as provided in the Trust Agreement have been duly and validly issued and constitute valid and binding limited obligations of the Department; and (C) if applicable, the issuance of such Series 2024A Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds previously issued;

(d) (A) a Report of an Airport Consultant to the effect that the amount of the estimated Net Pledged Revenues for each of the three full Bond Years following the date on which the proceeds of the Series 2024A Bonds are expected to have been fully applied is projected to be not less than the Debt Service Requirements of all Outstanding Bonds and Other Obligations as of the last day of each such Bond Year and (B) a Report of an Engineer to the effect that the proceeds of

the Series 2024A Bonds do not exceed the amount necessary to accomplish the intended Completion Purpose;

(e) a Certificate of the Department to the effect that upon the authentication and delivery of the Series 2024A Bonds, no Event of Default shall exist under the Trust Agreement; and

(f) the amount required to make the amount on deposit in the 2024A Debt Service Reserve Fund securing the Series 2024A Bonds equal the Debt Service Reserve Fund Requirement upon the issuance of the Series 2024A Bonds.

#### **Section 2.05. Provisions Relating to Bond Insurance.**

Notwithstanding anything to the contrary set forth in this Second Supplemental Agreement, the following provisions shall apply with respect to the 2024A Insured Bonds during the 2024A Insurance Period:

(a) The prior written consent of the 2024A Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the 2024A Debt Service Reserve Fund. Notwithstanding anything to the contrary set forth in this Second Supplemental Agreement, amounts on deposit in the 2024A Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Series 2024A Bonds and any Additional Bonds secured by the 2024A Debt Service Reserve Fund, except with respect to earnings thereon payable into the Construction Fund hereunder.

(b) The 2024A Insurer shall be deemed to be the sole owner of the 2024A Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the owners of the 2024A Insured Bonds are entitled to take pursuant to the Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Trust Agreement and each 2024A Insured Bond, each holder of the 2024A Insured Bonds appoints the 2024A Insurer as its agent and attorney-in-fact with respect to the 2024A Insured Bonds and agrees that the 2024A Insurer may at any time during the continuation of any proceeding by or against the Department under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each holder of the 2024A Insured Bonds delegates and assigns to the 2024A Insurer, to the fullest extent permitted by law, the rights of each holder of the 2024A Insured Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each holder of the 2024A Insured Bonds for the 2024A Insurer's benefit, and agrees to cooperate with the 2024A Insurer in taking any action reasonably necessary

or appropriate in connection with such appointment, delegation and assignment. Remedies granted to such holders shall expressly include mandamus.

(c) The maturity of 2024A Insured Bonds shall not be accelerated without the consent of the 2024A Insurer and in the event the maturity of the 2024A Insured Bonds is accelerated, the 2024A Insurer may elect, in its sole discretion, to pay accelerated principal, and interest accrued on such principal, to the date of acceleration (to the extent unpaid by the Department) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the 2024A Insurer's obligations under the 2024A Insurance Policy with respect to such 2024A Insured Bonds shall be fully discharged.

(d) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the 2024A Insurer. No grace period shall be permitted for payment defaults.

(e) The 2024A Insurer is a third party beneficiary of the Trust Agreement.

(f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, if any, the selection of 2024A Insured Bonds to be redeemed shall be subject to the approval of the 2024A Insurer. The exercise of any provision of this Second Supplemental Agreement which permits the purchase of 2024A Insured Bonds in lieu of redemption shall require the prior written approval of the 2024A Insurer if any 2024A Insured Bond so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, this Second Supplemental Agreement or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of holders of the 2024A Insured Bonds or adversely affects the rights and interests of the 2024A Insurer shall be subject to the prior written consent of the 2024A Insurer.

(h) Unless the 2024A Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund with respect to the 2024A Insured Bonds shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the 2024A Insured Bonds.

(i) The rights granted to the 2024A Insurer under this Second Supplemental Agreement or any other Related Document to request, consent to or direct any action are rights granted to the 2024A Insurer in consideration of its issuance of the 2024A Insurance Policy. Any exercise by the 2024A Insurer of such rights is merely an exercise of the 2024A Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of 2024A Insured Bonds and such action does not evidence any position of the 2024A Insurer, affirmative or negative, as to whether the consent of the holders of 2024A Insured Bonds or any other person is required in addition to the consent of the 2024A Insurer.

(j) Only (1) cash, (2) non-callable direct obligations of the United States of America (“Treasures”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the 2024A Insurer, pre-refunded municipal obligations rated in the then highest rating category by S&P and Moody’s for such obligations, or (5) subject to the prior written consent of the 2024A Insurer, any other type of security or obligation which S&P and Moody’s have determined to be permitted defeasance securities, shall be used to effect defeasance of the 2024A Insured Bonds unless the 2024A Insurer otherwise approves.

(k) To accomplish defeasance of the 2024A Insured Bonds, the Department shall cause to be delivered to the 2024A Insurer (i) other than with respect to a current refunding that is gross funded, a report of either a nationally-recognized verification agent or a firm of independent, nationally-recognized certified public accountants as shall be acceptable to the 2024A Insurer verifying the sufficiency of the escrow established to pay the 2024A Insured Bonds in full on the maturity or redemption date (“Verification”), (ii) an escrow deposit agreement or other irrevocable written instructions (which shall be acceptable in form and substance to the 2024A Insurer), (iii) an opinion of nationally-recognized bond counsel to the effect that the 2024A Insured Bonds are no longer “Outstanding” under the Trust Agreement and (iv) a certificate of discharge of the Trustee with respect to the 2024A Insured Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Department, the Trustee and the 2024A Insurer. The 2024A Insurer shall be provided with final drafts of the above-referenced documentation not less than five (5) Business Days prior to the funding of the escrow. 2024A Insured Bonds shall be deemed “Outstanding” under the Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

(l) Amounts paid by the 2024A Insurer under the 2024A Insurance Policy shall not be deemed paid for purposes of the Trust Agreement and the 2024A Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Department, solely from the Trust Estate, in accordance with the Trust Agreement. The Trust Agreement shall not be discharged unless all amounts due or to become due to the 2024A Insurer have been paid in full or duly provided for.

(m) Each of the Department and the Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(n) Claims Upon the 2024A Insurance Policy and Payments by and to the 2024A Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Trust Agreement, moneys sufficient to pay the principal

of and interest on the 2024A Insured Bonds due on such Payment Date, the Trustee shall give notice to the 2024A Insurer and to its designated agent (if any) (the “2024A Insurer’s Fiscal Agent”) by telephone of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2024A Insured Bonds due on such Payment Date, the Trustee shall make a claim under the 2024A Insurance Policy and give notice to the 2024A Insurer and the 2024A Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2024A Insured Bonds and the amount required to pay principal of the 2024A Insured Bonds, confirmed in writing to the 2024A Insurer and the 2024A Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2024A Insurance Policy.

The Trustee shall designate any portion of payment of principal on 2024A Insured Bonds paid by the 2024A Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2024A Insured Bonds registered to the then current holder of the 2024A Insured Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement 2024A Insured Bond to the 2024A Insurer, registered in the name of Assured Guaranty Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement 2024A Insured Bond shall have no effect on the amount of principal or interest payable by the Department (solely from the Trust Estate) on any 2024A Insured Bond or the subrogation rights of the 2024A Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the 2024A Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2024A Insured Bond. The 2024A Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the 2024A Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of the 2024A Insured Bonds referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2024A Insurance Policy in trust on behalf of holders of the 2024A Insured Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of the 2024A Insured Bonds in the same manner as principal and interest payments are to be made with respect to the 2024A Insured Bonds under the sections of the Trust Agreement regarding payment of 2024A Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Trust Agreement to the contrary, the Department agrees to pay to the 2024A Insurer, solely from the Trust Estate (i) a sum equal to the total of all amounts paid by the 2024A Insurer under the 2024A Insurance Policy (the “2024A Insurer Advances”); and (ii) interest on such 2024A Insurer Advances from the date paid by the 2024A Insurer until payment thereof in full, payable

to the 2024A Insurer at the Late Payment Rate per annum (collectively, the “2024A Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2024A Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Department hereby covenants and agrees that the 2024A Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the 2024A Insured Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. The Trustee shall notify the 2024A Insurer of any funds remaining in the Policy Payments Account after the Trustee has made the payments for which a claim was made to the holders of the 2024A Insured Bonds and shall, at the written direction of the 2024A Insurer, promptly remit such funds remaining to the 2024A Insurer.

(o) The 2024A Insurer shall, to the extent it makes any payment of principal of or interest on the 2024A Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2024A Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Department to the 2024A Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(p) The Department shall pay or reimburse the 2024A Insurer, solely from the Trust Estate, any and all charges, fees, costs and expenses that the 2024A Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Trust Agreement or any other Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to, the Trust Agreement or any other Related Document whether or not executed or completed; or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with the Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the 2024A Insurer to honor its obligations under the 2024A Insurance Policy. The 2024A Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Trust Agreement or any other Related Document. Amounts payable by the Department hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the 2024A Insurer until the date the 2024A Insurer is paid in full, payable solely from the Trust Estate. The obligation to reimburse the 2024A Insurer shall survive discharge or termination of the Related Documents.

(q) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Department or rebate only after

the payment of past due and current debt service on the 2024A Insured Bonds and amounts required to restore the 2024A Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(r) The 2024A Insurer shall be entitled to pay principal or interest on the 2024A Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Department (as such terms are defined in the 2024A Insurance Policy) and any amounts due on the 2024A Insured Bonds as a result of acceleration of the maturity thereof, whether or not the 2024A Insurer has received a Notice of Nonpayment (as such terms are defined in the 2024A Insurance Policy) or a claim upon the 2024A Insurance Policy.

(s) Notices to the 2024A Insurer shall be sent to the following address (or such other address as the 2024A Insurer may designate in writing):

Assured Guaranty Inc.  
1633 Broadway  
New York, NY 10019  
Attention: Managing Director – Municipal Surveillance  
Re: Policy No. 223783-N  
Telephone: (212) 974-0100  
Email: [munidisclosure@agltd.com](mailto:munidisclosure@agltd.com)

In each case in which the notice or other communication refers to a claim on the 2024A Insurance Policy or an Event of Default, such notice or other communication shall be marked “URGENT MATERIAL ENCLOSED” and a copy shall also be sent to the attention of the General Counsel at the above address and at [generalcounsel@agltd.com](mailto:generalcounsel@agltd.com).

(t) The 2024A Insurer shall be provided with the following information by the Department or the Trustee, as the case may be:

1. To the extent not otherwise filed with the Municipal Securities Rulemaking Board’s EMMA system, annual audited financial statements within the filing deadline specified in the Department’s continuing disclosure agreement, covenant or undertaking with respect to the 2024A Insured Bonds (together with a certification of the Department that it is not aware of any default or Event of Default under the Trust Agreement), and, upon request, the Department’s annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the 2024A Insurer shall reasonably request from time to time;
2. Notice of any draw upon the 2024A Debt Service Reserve Fund within two (2) Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of 2024A Insured Bonds and any Additional Bonds secured by the 2024A Debt Service Reserve Fund;

3. Notice of any default or Event of Default under the Trust Agreement known to the Trustee or the Department within five (5) Business Days after knowledge thereof;
4. Prior notice of the advance refunding or redemption of any of the 2024A Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof;
5. Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
6. Notice of the commencement of any Insolvency Proceeding (as defined in subsection (b) above);
7. Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2024A Insured Bonds;
8. A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents;
9. All reports, notices and correspondence to be delivered to holders of 2024A Insured Bonds under the terms of the Related Documents; and
10. To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, all information required to be furnished pursuant to a continuing disclosure agreement, covenant or undertaking with respect to the 2024A Insured Bonds.

(u) The 2024A Insurer shall have the right to receive such additional information as it may reasonably request.

(v) The Department will permit the 2024A Insurer to discuss the affairs, finances and accounts of the Department or any information the 2024A Insurer may reasonably request regarding the security for the 2024A Insured Bonds with appropriate officers of the Department and will use commercially reasonable efforts to enable the 2024A Insurer to have access to the facilities, books and records of the Department on any Business Day upon reasonable prior notice.

(w) The Trustee shall notify the 2024A Insurer of any known failure of the Department to provide notices, certificates and other information under the Related Documents that are required to be delivered to the holders of the 2024A Insured Bonds.

(x) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Trust Agreement, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the 2024A Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including



the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the 2024A Insurer.

(y) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Trust Agreement would adversely affect the security for the 2024A Insured Bonds or the rights of the holders of 2024A Insured Bonds, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no 2024A Insurance Policy.

(z) No contract shall be entered into or any action taken by which the rights of the 2024A Insurer or security for or sources of payment of the 2024A Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2024A Insurer.

### **ARTICLE III**

#### **REDEMPTION OF SERIES 2024A BONDS**

##### **Section 3.01. Series 2024A Bonds Subject to Redemption.**

###### **(a) Optional Redemption of Series 2024A Bonds.**

The Outstanding Series 2024A Bonds maturing on or after August 1, 2035 are subject to redemption prior to maturity, beginning on August 1, 2034 at the option of the Department, as a whole or in part at any time, at a redemption price equal to the par amount thereof together with interest accrued thereon to the date fixed for redemption.

In lieu of redeeming any Series 2024A Bonds called for redemption, at its option, the Department will have the right to purchase such Series 2024A Bonds or cause such Series 2024A Bonds to be purchased on the date named for redemption at a redemption price equal to the principal amount of such Series 2024A Bonds, plus accrued interest thereon to the date set for redemption and by their acceptance of the Series 2024A Bonds, the holders thereof will be deemed to have agreed to sell the Series 2024A Bonds to or upon the order of the Department on such date. If there shall have been deposited with the Trustee the purchase price of such Series 2024A Bonds on such date, then such Series 2024A Bonds shall be deemed to have been purchased and not redeemed on such date whether or not the holders thereof surrender such Series 2024A Bonds for purchase and such holders shall not be entitled to interest accruing on such Series 2024A Bonds subsequent to such date and shall have no claims with respect thereto except to receive the purchase price of such Series 2024A Bonds so held by the Trustee.

*[Remainder of Page Intentionally Left Blank]*

(b) **Mandatory Sinking Fund Redemption.**

The Series 2024A Bonds maturing on August 1, 2049 and August 1, 20254 are subject to redemption prior to maturity, at the principal amount thereof plus accrued interest thereon to the redemption date, from mandatory Sinking Fund Installments becoming due on August 1 of the following years in the following amounts:

**\$50,225,000 Term Bonds Due August 1, 2049**

<u>Year</u>	<u>Sinking Fund Installment</u>
2045	\$9,045,000
2046	9,520,000
2047	10,020,000
2048	10,545,000
2049*	11,095,000

\*Final maturity

**\$64,870,000 Term Bonds Due August 1, 2054**

<u>Year</u>	<u>Sinking Fund Installment</u>
2050	\$11,680,000
2051	12,295,000
2052	12,940,000
2053	13,620,000
2054*	14,335,000

\*Final maturity

**Section 3.02. Selection of Series 2024A Bonds to be Redeemed.**

The Series 2024A Bonds shall be redeemed only in the minimum Authorized Denomination authorized by this Second Supplemental Agreement or in whole multiples of such minimum Authorized Denomination. If less than all of the Series 2024A Bonds shall be called for redemption, the particular maturities of the Series 2024A Bonds to be redeemed shall be selected by the Department.

If fewer than all of the Series 2024A Bonds of any one maturity shall be called for redemption, the Trustee shall select the particular Series 2024A Bonds or portions of Series 2024A Bonds to be redeemed from such maturity by lot or in such other manner as the Trustee in its discretion may deem proper, provided that (a) the portion of any Series 2024A Bond remaining outstanding after any such redemption shall be in a principal amount equal to an Authorized

Denomination and (b) in selecting Series 2024A Bonds for redemption, the Trustee shall treat each Series 2024A Bond as representing that number of Series 2024A Bonds that is obtained by dividing the principal amount of such Series 2024A Bond by the minimum Authorized Denomination.

### **Section 3.03. Notice of Redemption of Series 2024A Bonds.**

The Department shall give written notice to the Trustee of its election to redeem the Series 2024A Bonds at least five days prior to the date on which the Trustee is required to give notice of the redemption of such Bonds in accordance with the terms of such bonds, or such fewer number of days as shall be acceptable to the Trustee. Upon receipt of such notice, the Trustee shall give notice in the name of the Department of the Department's election to redeem such Series 2024A Bonds. Any notice of redemption may state that such redemption is conditioned upon any circumstance set forth in such notice.

Each notice of redemption of Series 2024A Bonds shall be given by the Trustee at least 20 days before the redemption date to the registered owners of the Bonds to be redeemed and in accordance with the terms of the Bonds and any directions of the Department, and shall set forth (i) the maturities to be redeemed, (ii) the date fixed for redemption, (iii) the CUSIP numbers of the bonds to be redeemed, (iv) the Redemption Price to be paid, (v) that such bonds will be redeemed at the Designated Office of the Trustee, (vi) if fewer than all of the Series 2024A Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of the Series 2024A Bonds to be redeemed, (vii) in the case of Series 2024A Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (viii) that the redemption of Series 2024A Bonds described therein is conditioned upon receipt by the Trustee, on or before the date fixed for redemption, of sufficient funds to pay the Redemption Price of the Series 2024A Bonds to be redeemed and any other conditions to such redemption, (ix) the provisions of the Trust Agreement or such Series 2024A Bonds (as the case may be) pursuant to which such redemption is to be effected, and (x) that on the redemption date, if all the conditions to such redemption have been met there shall become due and payable upon all Series 2024A Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the date fixed for redemption, and that, from and after such date, interest thereon shall cease to accrue. If any Series 2024A Bond is to be redeemed in part only, the notice of redemption that relates to such Series 2024A Bond shall also state that on or after the date fixed for redemption, upon surrender of such Series 2024A Bond to the Trustee at its Designated Office, a new bond or bonds of the same maturity, bearing interest at the same rate, and of any Authorized Denomination, will be issued in aggregate principal amount equal to the unredeemed portion of such bond.

Notwithstanding the giving of any notice of redemption as provided in this Section and Section 3.02 of the Trust Agreement, if on any date fixed for the redemption of any Series 2024A Bonds (other than any redemption from the Sinking Fund Installments) there shall not be on deposit with the Trustee sufficient funds for the payment of the Redemption Price of such Series 2024A Bonds, such redemption shall be cancelled and the notice thereof rescinded, and the Trustee immediately shall give notice thereof to the holders of all of the Series 2024A Bonds so called for redemption.

## ARTICLE IV

### FUNDS AND ACCOUNTS

#### Section 4.01. Creation of Funds and Accounts.

(a) In accordance with Article IV of the Trust Agreement, the following funds and separate accounts within funds are hereby created for the benefit of the holders of the Series 2024A Bonds:

Construction Fund:

Costs of Issuance Account

Capitalized Interest Account

Bond Fund:

2024A Interest Account

2024A Principal Account

2024A Debt Service Reserve Fund

(b) Upon the direction of the Department Representative, there may also be created a Redemption Fund, a Rebate Fund and such other funds and accounts for the Series 2024A Bonds as the Department Representative shall specify.

(c) The Construction Fund, the Bond Fund and 2024A Debt Service Reserve Fund shall be held by the Trustee. Any Redemption Fund or Rebate Fund established in accordance with the Trust Agreement shall be held by the Trustee. For the purposes of internal accounting, the funds and accounts created pursuant to this Section may contain one or more accounts and sub-accounts, as the Department Representative shall direct.

(d) Pending the application of amounts on deposit in the Construction Fund, the Bond Fund, 2024A Debt Service Reserve Fund and each of the accounts therein as provided in this Second Supplemental Agreement, such amounts are hereby pledged to the payment of the principal of and interest on all Outstanding Series 2024A Bonds. The Costs of Issuance Account and the Rebate Fund are not pledged to the payment of the Series 2024A Bonds or any other Bonds.

(e) On or before each Interest Payment Date for the Series 2024A Bonds, the Trustee shall transfer from the Capitalized Interest Account to the 2024A Interest Account of the Bond Fund for the Series 2024A Bonds amounts available therein for the payment of interest on the Series 2024A Bonds as such amounts become due through December 31, 2025. Unless otherwise directed by the Department upon the advice of Bond Counsel, any earnings on the funds in the Capitalized Interest Account shall be credited to the Capitalized Interest Account. Upon the direction of the Department Representative, the Trustee shall transfer any remaining funds in such Capitalized Interest Account after final payment of all capitalized interest on the Series 2024A Bonds to the Construction Fund for the Series 2024A Bonds and the Capitalized Interest Account shall be closed.

(f) Notwithstanding any other provision of the Trust Agreement, in no event shall any amount on deposit in any fund or account securing the Series 2024A Bonds be applied to the payment of any Bonds that are not Tax-Exempt Bonds or transferred to any fund or account securing any Bonds that are not Tax-Exempt Bonds.

(g) There is hereby established an account within the Pledged Revenue Fund to be maintained by the Trustee for the benefit of the holders of the Series 2024A Bonds. The Trustee shall transfer funds from such account of the Pledged Revenue Fund for deposit in the Bond Fund for the Series 2024A Bonds and in the 2024A Debt Service Reserve Fund in accordance with the provisions of Section 4.03 of the Trust Agreement.

#### **Section 4.02. Application of Proceeds of Series 2024A Bonds.**

The proceeds of the Series 2024A Bonds shall be received by the Trustee on behalf of the Department. Upon the receipt of the proceeds of the Series 2024A Bonds, the Trustee shall deposit \$15,087,825 of such proceeds in the 2024A Debt Service Reserve Fund to satisfy the Debt Service Reserve Fund Requirement with respect to the Bonds secured thereby and the Trustee shall apply the balance of such proceeds in accordance with the Order of the Department directing the authentication and delivery of the Series 2024A Bonds, as required under Section 2.04(b) of this Second Supplemental Agreement.

#### **Section 4.03. Construction Fund.**

(a) As soon as practicable after the delivery of the Series 2024A Bonds, the Department shall direct the Trustee to pay from the Costs of Issuance Account to the persons entitled thereto the Administrative Expenses relating to the issuance of the Series 2024A Bonds and not otherwise paid or caused to be paid or provided for by the Department.

(b) Money deposited in the Construction Fund shall be used only to finance or refinance the Costs of or relating to the 2024A Project, including (without limitation) reimbursements to the Department for such Costs and expenses paid by the Department in connection with the 2024A Project. Unless otherwise directed by the Department upon the advice of Bond Counsel, any earnings on the funds in the Construction Fund shall be credited to the Construction Fund.

(c) Payments pursuant to this Section shall be made in accordance with Requisitions executed by the Department Representative. Each such Requisition shall state the name of the payee, the purpose of each payment in terms sufficient for identification and the amount of such payment. The Trustee shall be fully protected in making the requested disbursements contained in any Requisition provided to the Trustee that is executed by the Department Representative, and the Trustee shall have no duty or obligation to review the supporting materials or to confirm that the requested disbursement is for permitted purposes.

(d) The Trustee shall transfer, six months post-closing, any amounts on deposit in the Costs of Issuance Account not required for the purposes for which such amounts were deposited to the Construction Fund, as directed by Order of the Department and the Cost of Issuance Account shall be closed.

(e) As soon as practicable after the Completion Date of the 2024A Project, as certified by the Department in a Certificate of the Department delivered to the Trustee, the Trustee shall pay the balance of money then remaining in the Construction Fund, less any amount required to be retained in the Construction Fund to pay any unpaid Costs of the 2024A Project, as follows and in the following order of priority:

FIRST: to the 2024A Debt Service Reserve Fund, such amount as shall be necessary to make the amount credited to the 2024A Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement; and

SECOND: to the Redemption Fund, if any, or the Bond Fund for the Series 2024A Bonds, as shall be directed by Order of the Department, or, upon the advice of Bond Counsel, in such other manner as shall be directed by Order of the Department.

#### **Section 4.04. Bond Fund.**

**The Bond Fund for the Series 2024A Bonds shall be maintained, and amounts on deposit therein shall be applied, in accordance with Section 4.05 of the Trust Agreement.**

#### **Section 4.05. 2024A Debt Service Reserve Fund.**

(a) In accordance with Section 2.04 of the Trust Agreement, the Series 2024A Bonds are secured by the 2024A Debt Service Reserve Fund. If on any Interest Payment Date the amount in the 2024A Interest Account of the Bond Fund for the Series 2024A Bonds shall be less than the amount of interest then due on the Series 2024A Bonds, or if on the due date for the payment of the principal of or the Sinking Fund Installment for any Series 2024A Bonds, the amount credited to the 2024A Principal Account of the Bond Fund for the Series 2024A Bonds shall be less than the amount of the principal and the Sinking Fund Installment (either or both, as the case may be) then due on such Series 2024A Bonds, then the Trustee forthwith shall transfer money from the 2024A Debt Service Reserve Fund to the Bond Fund to the extent necessary to make good any deficiency.

(b) Until the earlier of (i) the Completion Date and (ii) December 31, 2025, unless otherwise directed by the Department upon the advice of Bond Counsel, any earnings on funds in the 2024A Debt Service Reserve Fund shall be transferred to the Construction Fund, at least bi-annually on each February 1 and August 1 (commencing February 1, 2025) and as otherwise directed by the Department. After the earlier of (i) the Completion Date and (ii) December 31, 2025, unless otherwise directed by the Department upon the advice of Bond Counsel, earnings on funds in the 2024A Debt Service Reserve Fund shall be transferred to the Bond Fund at least bi-annually on each February 1 and August 1 and as otherwise directed by the Department. Notwithstanding the foregoing, to the extent of any deficiency in the 2024A Debt Service Reserve Fund, any investment earnings on funds in the 2024A Debt Service Reserve Fund shall be credited to the 2024A Debt Service Reserve Fund until there is no longer a deficiency therein.

(c) In all other respects, the 2024A Debt Service Reserve Fund shall be maintained, and amounts on deposit therein shall be applied, in accordance with Section 4.06 of the Trust Agreement.

## **ARTICLE V**

### **PARTICULAR COVENANTS**

#### **Section 5.01. Representations of the Department.**

**The Department represents and covenants that: (a) it is duly authorized under the Constitution and laws of the State, particularly the Enabling Legislation, to issue the Series 2024A Bonds, to enter into this Second Supplemental Agreement and to pledge the Trust Estate in the manner and to the extent set forth in the Trust Agreement, (b) all action on its part for the issuance of the Series 2024A Bonds has been duly and effectively taken, and (c) the Series 2024A Bonds when issued in accordance with this Second Supplemental Agreement will be valid and binding limited obligations of the Department.**

#### **Section 5.02 2024A Project Constitutes Additional Facilities.**

The Department represents and covenants that (a) the 2024A Project shall constitute Additional Facilities within the meaning of the Trust Agreement, and (b) that the 2024A Project has been authorized pursuant to the Secretary's Resolution, a resolution of the Board and the Trust Agreement.

## **ARTICLE VI**

### **MISCELLANEOUS**

#### **Section 6.01. Parties and Holders and Owners of Series 2024A Bonds Alone Have Rights.**

With the exception of rights expressly conferred in the Trust Agreement, nothing expressed or mentioned in or to be implied from this Second Supplemental Agreement or the Series 2024A Bonds is intended or shall be construed to give to any person other than the parties to this Second Supplemental Agreement any legal or equitable right, remedy or claim under or with respect to this Second Supplemental Agreement or any covenants, conditions and provisions contained in the Trust Agreement; this Second Supplemental Agreement or any covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties to this Second Supplemental Agreement and the holders of the Series 2024A Bonds as herein provided.

#### **Section 6.02. Execution in Several Counterparts.**

This Second Supplemental Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

**Section 6.03. Governing Law.**

This Second Supplemental Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

**Section 6.04. Effect of Partial Invalidity; Severability.**

If any clause, provision or section of this Second Supplemental Agreement or of the Series 2024A Bonds is held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Second Supplemental Agreement or the Series 2024A Bonds, as applicable, shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement or obligation contained in this Second Supplemental Agreement or the Series 2024A Bonds is held to be in violation of law, such agreement or obligation shall nevertheless be determined to be the agreement or obligation of the Department or the Trustee, as the case may be, to the full extent permitted by law.

**Section 6.05. Application of Provisions of Trust Agreement.**

The provisions of this Second Supplemental Agreement are intended to supplement those of the Trust Agreement as in effect immediately prior to the execution and delivery hereof. The Trust Agreement shall remain in full force and effect and the provisions of the Trust Agreement shall apply with like force and effect to the Series 2024A Bonds except to the extent that the provisions of the Trust Agreement are expressly modified or their application expressly limited by the terms of this Second Supplemental Agreement.

*[Remainder of page intentionally left blank]*



**IN WITNESS WHEREOF**, the Maryland Department of Transportation has caused this Second Supplemental Trust Agreement to be executed by the Secretary of Transportation, under the official seal of the Department, and Zions Bancorporation, National Association, the Trustee hereunder, has caused this Second Supplemental Trust Agreement to be executed in its name and on its behalf by its authorized officer, and duly attested, all as of the day and year first above written.

[SEAL]

**MARYLAND DEPARTMENT OF TRANSPORTATION**

ATTEST:

By: \_\_\_\_\_  
Paul J. Wiedefeld  
Secretary of Transportation of Maryland

\_\_\_\_\_  
Approved for Form and Legal Sufficiency

\_\_\_\_\_  
Assistant Attorney General  
Maryland Department of Transportation

[SEAL]

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,**  
as Trustee

ATTEST:

By: \_\_\_\_\_  
Vice President

\_\_\_\_\_  
Authorized Officer

**FORM OF SERIES 2024A BOND**

REGISTERED

UNITED STATES OF AMERICA  
STATE OF MARYLAND

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

MARYLAND DEPARTMENT OF TRANSPORTATION  
SPECIAL TRANSPORTATION PROJECT REVENUE BONDS  
(BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT)  
SERIES 2024A  
(QUALIFIED AIRPORT BONDS-AMT)

<u>Date</u>	<u>Interest Rate</u> <u>(Per annum)</u>	<u>Maturity Date</u>	<u>CUSIP</u>
	%		

Registered Owner: Cede & Co.

Principal Amount:

Dollars

The Maryland Department of Transportation (the “Department”), an agency of the State of Maryland (the “State”), for value received, hereby promises to pay but solely from the Pledged Revenues hereinafter described and other amounts pledged to such payment under the Trust Agreement (defined herein) to the Registered Owner identified above, or the registered assigns or legal representative as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the date of this bond or from the most recent interest payment date to which interest has been paid at the rate of interest per annum set forth above commencing on \_\_\_\_\_, 202\_\_ and each \_\_\_\_\_ and \_\_\_\_\_ thereafter, until such principal sum is paid.

**Neither the State nor the Department is obligated to pay the principal of or the interest on the Bonds (as defined herein) except from the Pledged Revenues and other amounts pledged therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State or of the Department is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds does not directly or indirectly or contingently obligate, morally or otherwise, the State or the Department to levy or pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Bonds are limited obligations of the Department payable solely from the Trust Estate (as defined in the Trust Agreement).**

**THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A PLEDGE**

**OF THE FULL FAITH AND CREDIT OF THE STATE OF MARYLAND OR OF THE DEPARTMENT.**

The principal of and premium, if any, on this bond are payable upon presentation and surrender hereof, at the Designated Office (as defined in the Trust Agreement) of the Trustee. So long as the Bonds are maintained in a book-entry only system, interest will be paid by electronic funds transfer to the Registered Owner at the address as it appears on the registration books for the Bonds maintained by the Trustee as of the close of business on the fifteenth day of the month immediately preceding the applicable interest payment date. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America or by check payable in such money.

Any bond may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee by the person in whose name it is registered or by his, her or its duly authorized attorney, or personal representative, upon surrender of such registered bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee, unless such bond has been called for redemption. Neither the Department nor the Trustee shall be obligated to make any such exchange or transfer of the Bonds during the fifteen days immediately preceding any interest payment date or after a notice of the redemption of such Bond or any portion thereof has been mailed, unless the transferee acknowledges in writing to the satisfaction of the Trustee the matters contained in such notice.

Trust Agreement. The Bonds are issued pursuant to and in full conformity with the provisions of Sections 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as amended and supplemented, (the “Act”), the resolution of the Secretary of Transportation of Maryland dated as of \_\_\_\_\_, 202\_\_ (the “Resolution”), by virtue of a Trust Agreement dated as of February 1, 2021 by and between Zions Bancorporation, National Association, as trustee (the “Trustee”) and the Department, as amended and supplemented (the “Trust Agreement”). The terms of the Bonds will include those stated in the Trust Agreement, and the Bonds will be subject to all such terms. Reference is made hereby to the Trust Agreement for a description of the funds, revenues and charges pledged thereunder, the nature and extent of the security created or to be created, and the rights, limitations of rights, obligations, duties and immunities of the Department, the Trustee and the holders of the Bonds. By the acceptance of this bond, the holder hereof assents to all of the provisions of the Trust Agreement.

Revenues. The Bonds constitute limited obligations of the Department payable solely from the Pledged Revenues and other amounts pledged therefor under the Trust Agreement, and to the extent provided in the Trust Agreement, the proceeds of the Bonds. “Pledged Revenues” shall have the meaning ascribed to such term in the Trust Agreement.

The Bonds. This bond is one of a duly authorized series of bonds dated November \_\_, 2024 known as Maryland Department of Transportation Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2024A (Qualified Airport Bonds-AMT) (the “Bonds”), aggregating \$\_\_\_\_\_ in principal amount, which are of the denomination of \$5,000 each or any integral multiple thereof, and which mature and are payable in installments on August 1 in the following years and amounts:

Year                      Principal Amount                      Year                      Principal Amount

The Bonds are all of like tenor except as to numbers, maturities, denominations, payees and interest rates and are issued pursuant to and in full conformity with the provisions of Act, and by virtue of the Resolution.

Redemption. The Bonds are subject to optional redemption prior to maturity as provided in the Trust Agreement.

Governing Law. This bond shall be governed by and construed in accordance with the laws of the State of Maryland.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State, the Resolution and the Trust Agreement to exist, to have happened and to have been performed precedent to the issuance of this bond, do exist, have happened and have been performed, and that the issue of the Bonds of which this is one has been made in full compliance with such Constitution and laws and with the limitation on indebtedness contained in such laws, and with the Resolution and the Trust Agreement.

No person signing this bond on behalf of the Department, manually or by facsimile, shall be liable personally on this bond or be subject to any personal liability whatever by the issuance thereof, such liability, if any, being expressly waived by the acceptance by the owner of the delivery of this bond.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until the Certificate of Authentication hereon has been manually signed by an authorized officer of the Trustee.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

Bond Insurance. Assured Guaranty Inc. (“AG”), has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to the Trustee, or its successor, as paying agent for the Bonds. Said Policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from AG or the Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AG as more fully set forth in the Policy.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this bond has been executed by the facsimile signature of the Secretary of Transportation of Maryland; and the official seal of the Department has been imprinted hereon, all as of \_\_\_\_\_, 20\_\_.

[SEAL]

MARYLAND DEPARTMENT OF  
TRANSPORTATION

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Paul J. Wiedefeld  
Secretary of Transportation of Maryland

**CERTIFICATE OF AUTHENTICATION**

This bond is issued under the provisions of the within mentioned Trust Agreement.

Zions Bancorporation, National Association,  
as Trustee

\_\_\_\_\_  
Authorized Signatory

Date of Authentication:

\_\_\_\_\_, 20\_\_\_\_

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

---

---

(Please print or typewrite name and address including zip code of transferee)

Please Insert Social Security or  
Other Identifying Number of Transferee

---

---

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
(Bank, Trust Company or Firm)

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in Securities Transfer Medallion (STAMP) or similar program.

\_\_\_\_\_  
Signature of Registered Owner

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond without alteration or enlargement or any change whatsoever.

**2024A Project**

The Project consists primarily of the continued construction of the Concourse A/B Connector and Baggage Handling System Project, involving the addition of approximately 142,000 square feet and the renovation of approximately 78,000 square feet of terminal building space between Concourses A and B, including (without limitation) the following:

(i) expansion of the departures level between Concourses A and B by approximately 79,000 square feet, expanding the holdrooms to accommodate the use of 175-seat B-737-800 and B-737 MAX8 Aircraft, creating a direct connection between existing Concourses A and B, and adding 12,070 square feet of concession space;

(ii) replacement of five (5) passenger boarding bridges;

(iii) expansion of the apron level by approximately 63,000 square feet to accommodate a new in-line checked baggage screening and inspection system providing up to 8 Explosive Detection System machines meeting the latest security standards (such enlarged apron to accommodate new outbound baggage make-up facilities and airline operations area and such improved system to increase throughput capacity from 2,100 to 4,044 bags per hour);

(iv) new restroom facilities;

(v) enabling projects consisting of an upgrade to the central utility plant, updates to mechanical, electrical, plumbing, information technology, security, and fire protection systems to meet the demand;

(vi) relocating existing utilities under the building footprint within the existing apron; and

(vii) reconstruction of the aircraft parking apron at the 5 gates, including miscellaneous renovations, acquisitions, equipment and other improvements.



**PROPOSED FORM OF OPINION OF BOND COUNSEL**

(Closing Date)

Maryland Department of Transportation  
Hanover, Maryland

Ladies and Gentlemen:

As bond counsel to the Maryland Department of Transportation (the “Department”) in connection with the issuance of its \$219,755,000 Maryland Department of Transportation Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2024A (Qualified Airport Bonds-AMT) (the “Series 2024A Bonds”), we have examined:

- (i) Sections 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as amended;
- (ii) the Trust Agreement dated as of February 1, 2021, by and between the Department and Zions Bancorporation, National Association (the “Trustee”), as amended by the First Supplemental Trust Agreement dated as of July 1, 2021, by and between the Department and the Trustee and the Second Supplemental Trust Agreement dated as of November 1, 2024 (the “Second Supplement”), by and between the Department and the Trustee (collectively, the “Trust Agreement”);
- (iii) the form of Series 2024A Bond;
- (iv) a resolution of the Secretary of Transportation dated November 7, 2024;
- (v) a resolution of the Board of Public Works of the State of Maryland adopted on October 2, 2024;
- (vi) relevant provisions of the Constitution and laws of the State of Maryland (the “State”);
- (vii) relevant provisions of the Internal Revenue Code of 1986, as amended (the “Code”); and
- (viii) other proofs submitted to us relative to the issuance of the Series 2024A Bonds.

The terms of the Series 2024A Bonds are contained in the Second Supplement, the Trust Agreement and the Series 2024A Bonds.

We have made no investigation of, and are rendering no opinion regarding the title to, liens on or security interests in, real or personal property.

In rendering this opinion, we have relied without independent investigation on the representations of certain officials and representatives of the Department made on behalf of the Department with respect to certain material facts within the knowledge of the Department relevant to the tax-exempt status of interest on the Series 2024A Bonds, and certain related representations of certain officials and representatives of the Maryland Aviation Administration (the “MAA”) made on behalf of the MAA.

Based upon the foregoing, it is our opinion that, under existing statutes, regulations and decisions:

(a) The Trust Agreement has been duly authorized, executed and delivered by the Department and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes a valid and binding obligation of the Department.

(b) The Department is duly authorized and entitled to issue the Series 2024A Bonds. Series 2024A Bonds executed and authenticated as provided in the Trust Agreement have been duly and validly issued and constitute valid and binding limited obligations of the Department payable, together with any Additional Bonds (as defined in the Trust Agreement) outstanding from time to time under the Trust Agreement, solely from Pledged Revenues (as defined in the Trust Agreement) and other amounts pledged to such payment under the Trust Agreement.

(c) The Trust Agreement and the Series 2024A Bonds are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors’ rights and to general principles of equity.

(d) The Series 2024A Bonds, together with the interest and premium, if any, thereon, are limited obligations of the Department payable solely from, and secured by, the Pledged Revenues. The Series 2024A Bonds are not general obligations of the State and do not constitute a debt or a pledge of the faith and credit of the State, the Department or the MAA, and neither the faith and credit nor the taxing power of the State, the Department or the MAA is pledged to the payment of the principal or redemption price of or interest on the Series 2024A Bonds.

(e) The Series 2024A Bonds, their transfer, the interest payable on them and any income derived from them, including profits realized in their sale and exchange, shall be exempt from taxation by the State or any of its political subdivisions, municipal corporations or public agencies. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Series 2024A Bonds, their transfer or the income therefrom.

(f) Assuming compliance with the covenants referred to herein, interest on the Series 2024A Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions, except, with respect to any Series 2024A Bond, during the period that such Series 2024A Bond is owned by a “substantial user” of the financed facilities or a “related person” (as such terms are used in Section 147(a) of the Code). Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Series 2024A Bonds, including restrictions that must be complied with throughout the term of the Series 2024A Bonds in order for interest on the Series 2024A Bonds to remain excludable from gross income for federal income tax purposes. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Series 2024A Bonds be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the Series 2024A Bonds; and (iii) other requirements applicable to the use of the proceeds of the Series 2024A Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Series 2024A Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Department and the MAA have made certain covenants regarding actions required to maintain the excludability of interest on the Series 2024A Bonds for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Series 2024A Bonds, will remain excludable from gross income for federal income tax purposes under the provisions of the Code, except, with respect to any Series 2024A Bond, during the period that such Series 2024A Bond is owned by a “substantial user” of the financed facilities or a “related person” (as such terms are used in Section 147(a) of the Code).

(g) Interest on the Series 2024A Bonds (i) is a specific preference item for purposes of the federal alternative minimum tax of individuals and certain other taxpayers and (ii) will be part of the adjusted financial statement income in computing the alternative minimum tax on applicable corporations. For this purpose, in general, applicable corporations are corporations with more than \$1.0 billion in average annual adjusted financial statement income determined over a 3-year period. Interest income on the Series 2024A Bonds will be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

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**PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT**

This **CONTINUING DISCLOSURE AGREEMENT** (this “Disclosure Agreement”), effective as of the date of its execution and delivery by the Maryland Department of Transportation (the “Department”), is executed and delivered in connection with the issuance by the Department of its \$219,755,000 Maryland Department of Transportation Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2024A (Qualified Airport Bonds-AMT) (the “Bonds”). The Bonds are being issued pursuant to (i) the provisions of Sections 3-601 through 3-607 of the Transportation Article of the Annotated Code of Maryland, as amended; (ii) a Trust Agreement dated as of February 1, 2021, by and between the Department and Zions Bancorporation, National Association, as trustee (the “Trustee”), as amended by a First Supplemental Trust Agreement dated as of July 1, 2021, and a Second Supplemental Trust Agreement dated as of November 1, 2024, each by and between the Department and the Trustee; (iii) a resolution issued by the Board of Public Works of Maryland dated as of October 2, 2024; and (iv) a resolution of the Secretary of Transportation dated November 7, 2024. The Department, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby covenant and agree as follows:

**Section 1. Purpose of the Disclosure Agreement.**

This Disclosure Agreement is being executed and delivered by the Department for the benefit of the owners and Beneficial Owners (as defined herein) of the Bonds and in order to assist the Participating Underwriters (as defined herein) in complying with the Rule (as defined herein).

**Section 2. Definitions.**

In addition to terms defined elsewhere herein, terms used in this Disclosure Agreement shall have the following meanings, unless a different meaning clearly appears from the context. Terms used but not defined herein shall have the meanings given such terms in the Official Statement.

“**ACFR**” shall mean the Annual Comprehensive Financial Report of the Department containing annual audited financial statements described in and consistent with Section 3 of this Disclosure Agreement.

“**Beneficial Owner**” shall mean any person that (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Continuing Disclosure Service**” shall mean the continuing disclosure service established by the MSRB known as the Electronic Municipal Market Access (“EMMA”) system or such other format as shall be prescribed by the MSRB.

**“Dissemination Agent”** shall mean the Department, acting as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Department.

**“Financial Obligation”** means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**“Listed Event”** shall mean any of the events listed in Section 4 of this Disclosure Agreement.

**“MSRB”** shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

**“Official Statement”** shall mean the Official Statement with respect to the Bonds dated November 13, 2024.

**“Participating Underwriter”** shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

**“Rule”** shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**“SEC”** shall mean the United States Securities and Exchange Commission.

### **Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.**

(a) The Department shall provide, or shall cause the Dissemination Agent to provide, to the Continuing Disclosure Service in electronic format as prescribed by the MSRB, the annual financial information and operating data set forth in Schedule A to this Disclosure Agreement as of and for the last day of the preceding fiscal year and made available within 275 days after the end of the fiscal year of the Department, commencing with the fiscal year ending June 30, 2024, to the extent that such information is not included in the ACFR or other document in which the annual audited financial statements required by subsection 3(b) below are provided.

(b) The Department shall provide, or shall cause the Dissemination Agent to provide, to the Continuing Disclosure Service annual audited financial statements for the Department in electronic format as prescribed by the MSRB, such information to be made available within 275 days after the end of the fiscal year for the Department, commencing with the fiscal year ending June 30, 2024, unless the audited financial statements are not available on or before such date, in which event such financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the fiscal year of the Department, the Department will provide unaudited financial statements within such time period.

(c) The Department's annual financial information referred to in paragraphs (a) and (b) above shall be made in accordance with the same accounting principles as utilized in connection with the presentation of comparable financial information included in the ACFR for the fiscal year ended June 30, 2023, *provided* that the Department may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Agreement pursuant to the provisions of Section 6 hereof. Changes in accounting principles generally accepted in the United States, where applicable to financial information to be provided by the Department, shall not require the Department to amend this Disclosure Agreement.

(d) Any or all of the items listed in subsection (a) or (b) above may be included by specific reference to other documents, including offering documents of debt issues with respect to which the Department is an "obligated person" (as defined by the Rule), which have been filed with the Continuing Disclosure Service or with the SEC. If the document included by reference is a final offering document, it must be available from the MSRB. The Department shall clearly identify each such other document so included by reference.

(e) If the Department is unable to provide the annual financial information within the applicable time period specified in (a) and (b) above, the Department shall send in a timely manner a notice of such failure to the Continuing Disclosure Service.

#### **Section 4. Reporting of Significant Events.**

(a) Pursuant to provisions of this Section 4, the Department shall give or cause to be given notice of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements, if any, reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, if any, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;

- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of any of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Department;
- (xiii) the consummation of a merger, consolidation or acquisition involving the Department or the sale of all or substantially all of the assets of the Department, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the Department, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Department, any of which affect Bondholders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Department, any of which reflect financial difficulties.

(b) The Department agrees to provide, or cause the Dissemination Agent to provide, in a timely manner, not in excess of 10 business days after the occurrence of a Listed Event, notice of such occurrence with the Continuing Disclosure Service in electronic format as prescribed by the MSRB.

#### **Section 5. Termination of Reporting Obligation.**

The Department's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the Department may terminate its obligations under this Disclosure Agreement if and when it no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

#### **Section 6. Amendment.**

The Department may provide further or additional assurances that will become part of the Department's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the Department in its discretion *provided* that (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements,



change in law, or change in the identity, nature or status of the Department as the obligated person with respect to the Bonds, or in the type of business conducted; (ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined by counsel selected by the Department that is expert in federal securities law matters. The reasons for the Department agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing additional or amended operating data or financial information.

#### **Section 7. Additional Information.**

Nothing in this Disclosure Agreement shall be deemed to prevent the Department from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 3 hereof or notice of occurrence of an event in addition to the Listed Events. If the Department chooses to include any information in any disclosure made pursuant to Section 3 hereof or notice of occurrence of an event in addition to the Listed events, the Department shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 3 or 4 hereof.

#### **Section 8. Law of Maryland.**

This Disclosure Agreement, and any claim made with respect to the performance by the Department of its obligations hereunder, shall be governed by, be subject to and be construed according to the laws of the State of Maryland (without regard to provisions on conflicts of laws) or federal law.

#### **Section 9. Limitation of Forum.**

Any suit or other proceeding seeking redress with regard to any claimed failure by the Department to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Anne Arundel County, Maryland.

#### **Section 10. Dissemination Agent.**

The Department may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Department pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Department shall be the Dissemination Agent.

## **Section 11. Limitation On Remedies.**

The Department shall be given written notice at the address set forth below of any claimed failure by the Department to perform its obligations under this Disclosure Agreement, and the Department shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the Department shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the Department shall be given to the Secretary of Transportation, 7201 Corporate Center Drive, Hanover, MD 21076, with a copy to the Chief Financial Officer, Office of Finance, Maryland Department of Transportation, 7201 Corporate Center Drive, Hanover, MD 21076, or at such alternate address as shall be specified by the Department with disclosures made pursuant to Section 3 hereof or a notice of occurrence of a Listed Event.

## **Section 12. Duty to Update EMMA/MSRB.**

Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA and shall be accompanied by identifying information as prescribed by the MSRB. The Department agrees that it shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

## **Section 13. Recordkeeping.**

The Department agrees that it shall maintain records of all disclosures of annual financial and operating information pursuant to Section 3 above and disclosures of the occurrence of Listed Events pursuant to Section 4 above, including the content of such disclosures, the names of the entities with whom such disclosures were filed and the dates of filings such disclosures.

## **Section 14. Relationship to Bonds.**

This Disclosure Agreement constitutes an undertaking by the Department that is independent of the Department's obligations with respect to the Bonds. Any breach or default by the Department under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

## **Section 15. Beneficiaries.**

This Disclosure Agreement shall inure solely to the benefit of the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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**IN WITNESS WHEREOF** this Disclosure Agreement is being executed by the Secretary of Transportation on behalf of the Department as of this 26<sup>th</sup> day of November 2024.

**MARYLAND DEPARTMENT OF  
TRANSPORTATION**

By: \_\_\_\_\_  
Paul J. Wiedefeld  
Secretary of Transportation

## **SCHEDULE A**

### **ANNUAL FINANCIAL INFORMATION AND OPERATING DATA**

The following information with respect to BWI Marshall Airport shall be provided for within 275 days after the last day of the Department's fiscal years, commencing with the fiscal year ending June 30, 2024, to the extent that it is not otherwise included in the ACFR or other document in which the annual audited financial statements are filed with the Continuing Disclosure Service or with the SEC. References to tables and other information are to such charts or other information included in the Official Statement.

1. Number of destinations to which nonstop service is provided as of the last day of such fiscal year
2. Passenger airlines serving the airport as of the last day of such fiscal year
3. Information regarding enplanements of the type shown in the table entitled "Historical Enplaned Passengers" for such fiscal year
4. MAA financial information of the type shown in the table entitled "Historical Operating Revenues and Expenses" for such fiscal year
5. Information regarding sources of revenue of the type shown in the table entitled "Historical Airline Revenue and Non-Airline Revenue" for such fiscal year
6. Cost per enplaned passenger for such fiscal year
7. Airlines that have entered into the Airline Agreement and percentage of total enplaned passengers accounted for in such fiscal year represented by each such airline
8. Costs of capital expenditures paid for by the MAA and the Transportation Trust Fund during such fiscal year

## **APPENDIX D**

### **REPORT OF THE AIRPORT CONSULTANT**

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## Appendix D

### REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

MARYLAND DEPARTMENT OF TRANSPORTATION

SPECIAL TRANSPORTATION PROJECT REVENUE BONDS  
(Baltimore/Washington International Thurgood Marshall Airport)  
Series 2024A

Prepared for

Maryland Department of Transportation  
Maryland Aviation Administration

Prepared by

LeighFisher  
San Francisco, California

November 6, 2024

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November 6, 2024

Mr. Paul J. Wiedefeld  
Secretary  
Maryland Department of Transportation  
7201 Corporate Center Drive  
Hanover, Maryland 21076

Mr. Ricky D. Smith, Sr.  
Executive Director  
Maryland Aviation Administration  
Baltimore/Washington International Thurgood Marshall Airport  
P.O. Box 8766  
BWI Airport, Maryland 21240-0766

Re: **Report of the Airport Consultant**  
**Maryland Department of Transportation**  
**Special Transportation Project Revenue Bonds**  
**(Baltimore/Washington International Thurgood Marshall Airport)**  
**Series 2024A**

Dear Mr. Wiedefeld and Mr. Smith:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance by the Maryland Department of Transportation (MDOT) of its Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2024A (2024A Bonds).

The 2024A Bonds are to be issued on behalf of the Maryland Aviation Administration (MAA), a unit of MDOT and operator of Baltimore/Washington International Thurgood Marshall Airport (Airport or BWI), a large-hub commercial service airport, and Martin State Airport, a public civilian-military joint use and federally designated reliever airport for BWI. The Airport and Martin State Airport comprise the Airport System. This letter and the accompanying attachment and financial exhibits constitute our report.

The proposed 2024A Bonds are to be issued to fund approximately \$210 million of the costs of completing the construction of an expansion of the Airport passenger terminal to accommodate a passenger connector between Concourses A and B, an expanded and improved baggage handling system (BHS), and other terminal development (collectively, Concourse A/B Connector and BHS project or the Project). Initial phases of the Project costing approximately \$200 million were

Mr. Paul J. Wiedefeld  
Mr. Ricky D. Smith, Sr.  
November 6, 2024

funded from the proceeds of Special Transportation Project Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021B (2021B Bonds) issued by MDOT in July 2021.

Bonds secured by certain Airport revenues have been issued in the past to finance the costs of Airport capital improvements by other agencies of the State of Maryland (State), in particular the Maryland Transportation Authority (MDTA) and the Maryland Economic Development Corporation (MEDCO). Bonds were issued by MDTA in 2012 (2012AB MDTA Parking Revenue Bonds) to refund bonds issued in 2002 to finance certain of the costs of a parking garage and other projects. Bonds were issued by MEDCO in 2012 (2012 MEDCO Lease Revenue Bonds) to refund bonds issued in 2003 to finance certain of the costs of improvements to the passenger terminal. All such MDTA and MEDCO bonds were refunded by Special Transportation Project Refunding Revenue Bonds (Baltimore/Washington International Thurgood Marshall Airport), Series 2021A issued by MDOT in February 2021 (2021A Refunding Bonds).

### **Trust Agreement**

The proposed 2024A Bonds are to be issued as Revenue Bonds (Bonds) pursuant to the provisions of a Trust Agreement dated as of February 1, 2021, between MDOT and Zions Bancorporation, National Association (Trustee) as supplemented by the First Supplemental Trust Agreement dated as of July 1, 2021 and further supplemented by the Second Supplemental Trust Agreement providing for the issuance of the proposed 2024A Bonds dated as of November 1, 2024 (collectively, Trust Agreement). Except as otherwise defined in this report, capitalized terms used herein are as defined in the Trust Agreement.

The 2021A Refunding Bonds, 2021B Bonds, proposed 2024A Bonds, and any future Additional Bonds are to be secured and payable from the Pledged Revenues of the Airport System. Pledged Revenues are defined as Operating Revenues plus Investment Income.

### **Rate Covenant**

In Section 5.03 of the Trust Agreement, MDOT covenants that it will cause MAA to establish and collect rentals, fees and charges for the use and occupancy of the Airport System and collect Operating Revenues so as to ensure that Net Pledged Revenues (Pledged Revenues less Operating Expenses) in each Bond Year will be at least 125% of the Debt Service Requirements of outstanding Bonds and 100% of the

Mr. Paul J. Wiedefeld  
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Debt Service Requirements of all outstanding Other Obligations. Such provision is referred to as the Rate Covenant. The Bond Year under the Trust Agreement ends August 1 and, for purposes of budgeting and rate-setting, in effect coincides with MAA's Fiscal Year (FY), which ends June 30.

### **Airline Agreement**

Effective July 1, 2019, MAA and the airlines accounting for substantially all the passengers and landed weight at the Airport (Airlines) entered into a new use and lease agreement (Airline Agreement) whose term extends to June 30, 2026. The Airline Agreement provides for the calculation of landing fees under a residual rate-making methodology and most terminal rentals under a commercial-compensatory rate-making methodology to ensure that MAA recovers all costs attributable to Airline use and occupancy of the Airport. The Project is part of the pre-approved capital improvement program agreed to in the Airline Agreement, ensuring that the allocable Debt Service Requirements of the 2021B Bonds and proposed 2024A Bonds are included in the calculation of terminal rentals and use charges. No further Airline approvals are required for the issuance of the proposed 2024A Bonds.

The Airline Agreement contains an Extraordinary Coverage Payments provision under which MAA may increase Airline rentals, fees, and charges as necessary to ensure that the debt service coverage requirement of the Rate Covenant is met.

For the purposes of this report, it was assumed that the provisions of the Airline Agreement governing the calculation of Airline rentals, fees, and charges will remain in effect through the forecast period covered by the report.

### **Rental Car Customer Facility Charge Bonds**

MAA imposes a customer facility charge (CFC) on the customers of rental car companies operating at the Airport's consolidated rental car facility. The CFC is currently assessed at \$5.75 per rental car transaction-day. In 2002, MDTA issued CFC-backed bonds on behalf of MAA to finance certain of the costs of the rental car facility. The bonds, approximately \$60 million principal amount of which is outstanding, are secured and payable solely from CFC revenues. CFC revenues are excluded from Pledged Revenues under the Trust Agreement, will not secure the 2021A Refunding Bonds, 2021B Bonds, proposed 2024A Bonds, or any future parity Additional Bonds, and are not considered further in this report.

Mr. Paul J. Wiedefeld  
Mr. Ricky D. Smith, Sr.  
November 6, 2024

### **Passenger Facility Charge Revenue Bonds**

MAA imposes a passenger facility charge (PFC) on eligible passengers enplaning at the Airport. The PFC is currently assessed at \$4.50 per passenger. Since 2012, MDTA has issued several series of PFC-backed bonds on behalf of MAA, which are outstanding in the aggregate principal amount of approximately \$166 million. Proceeds of the PFC-backed bonds have financed various Airport capital improvements, including an expansion of Concourse A at the passenger terminal. The PFC-backed bonds are secured and payable solely from PFC revenues. PFC revenues are excluded from Pledged Revenues under the Trust Agreement, will not secure the 2021A Refunding Bonds, 2021B Bonds, proposed 2024A Bonds, or any future parity Additional Bonds, and are not considered further in this report.

### **SCOPE OF REPORT**

This report was prepared to evaluate the ability of MAA to generate sufficient Net Pledged Revenues from the Airport System to pay the Debt Service Requirements of the 2021A Refunding Bonds, 2021B Bonds and proposed 2024A Bonds and meet the debt service coverage requirement of the Rate Covenant. The report covers a forecast period through FY 2028, after the scheduled completion of the Project.

In preparing the report, we analyzed:

- Future airline traffic at the Airport, giving consideration to the demographic and economic characteristics of the region served, historical trends in traffic, the outlook for airline service, and other factors that will affect future traffic
- Estimated sources and uses of Bond funds for the Project and associated annual Bond Debt Service Requirements of the 2021B Bonds and proposed 2024A Bonds
- Historical relationships among revenues, expenses, and airline traffic at the Airport
- The facilities to be provided by the Project
- Other operational considerations affecting Airport revenues and expenses
- MAA's policies and contractual agreements relating to the use and occupancy of airfield, terminal, and other airline facilities, including the calculation of rentals, fees, and charges under the Airline Agreement

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Mr. Ricky D. Smith, Sr.  
November 6, 2024

- MAA's policies and contractual agreements relating to the operation of other Airport services and concessions, including public parking, rental car concessions, and terminal concessions

We also identified key factors upon which the future financial results of the Airport System may depend, formulated assumptions about those factors, and on the basis of those assumptions, assembled the financial forecasts presented in the exhibits at the end of the report. Historical financial data and estimates of project costs, project financing, and annual debt service requirements were provided by the sources noted in the report.

#### **Forecast Debt Service Coverage**

As shown in Exhibit F, Net Pledged Revenues after Other Obligations are forecast to be sufficient to meet the funding requirements of the Trust Agreement, including the Debt Service Requirements of the proposed 2024A Bonds. The debt service coverage ratio for Bonds is forecast to exceed the 125% requirement of the Rate Covenant in each year of the forecast period.

Mr. Paul J. Wiedefeld  
Mr. Ricky D. Smith, Sr.  
November 6, 2024

**Reasonableness of Assumptions**

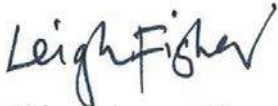
The forecast presented in this report are based on information and assumptions that were provided by or reviewed with and agreed to by MAA Airport management. The forecasts reflect Airport management's expected course of action during the forecast period, and, in Airport management's judgment, present fairly the expected financial results of the Airport System. Those key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. Neither LeighFisher nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in this report. We have no responsibility to update the report to reflect events and circumstances occurring after the date of the report.

\* \* \* \* \*

We appreciate the opportunity to serve as Airport Consultant to MDOT and MAA.

Respectfully submitted

  
LEIGH FISHER

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE  
FOR THE FINANCIAL FORECASTS

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

MARYLAND DEPARTMENT OF TRANSPORTATION

SPECIAL TRANSPORTATION PROJECT REVENUE BONDS  
(Baltimore/Washington International Thurgood Marshall Airport)  
Series 2024A

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## **AIRPORT FACILITIES AND CAPITAL IMPROVEMENTS**

### **AIRPORT FACILITIES**

The Airport occupies a 3,596-acre site in Anne Arundel County, Maryland, approximately 9 miles by road south of central Baltimore, Maryland, and 32 miles northeast of central Washington, D.C. Access to the Airport is provided by, among other roads, Interstate 95, which provides access to the Airport site from the north via Interstate 195. Light rail service is provided by the Maryland Transit Administration (MTA) from a station at the Airport passenger terminal north to central Baltimore and Hunt Valley (approximately 22 miles north of central Baltimore), and south to Glen Burnie (approximately 5 miles south of the Airport). Amtrak and MTA Maryland Area Regional Commuter (MARC) trains provide service from the BWI Marshall Rail Station north to Penn Station in Baltimore south to Union Station in Washington, D.C. MARC extends service north from Penn Station to Perryville Maryland. MAA provides free shuttle service between the Amtrak/MARC station and the Airport passenger terminal. MTA and local transit operators also provide local bus service from the Airport.

### **Airfield**

The Airport has three runways and an associated system of taxiways. The runways used for airline operations are east-west Runway 10-28, 10,502 feet long, and northwest-southeast Runway 15R-33L, 9,500 feet long. Parallel northwest-southeast Runway 15L-33R, 5,000 feet long, is used for general aviation operations.

### **Passenger Terminal**

The passenger terminal provides approximately 2.4 million square feet of space and 72 active loading-bridge-equipped aircraft gates at five concourses. Table 1 shows the distribution and use of gates by airline as scheduled for July 2024. All gates are preferentially leased or common use.

Concourse A provides 16 gates (11 of which are active and 5 of which are out of use during construction of the Project) and Concourse B provides 14 gates, all used by Southwest Airlines. Concourse C provides 14 gates, 12 of which are used by American Airlines and Southwest and two of which are common use. Concourse D provides 22 gates of which 16 are used by Alaska Airlines, Delta Air Lines, Frontier Airlines, Spirit Airlines, and United Airlines and 6 of which are common use. Common use gates at Concourse C and Concourse D are used by Allegiant Airlines, Avelo Airlines, Contour Airlines and Sun Country Airlines. Three of the 22 Concourse D gates are connected by a sterile corridor to the international arrivals hall and may be used for domestic or international flight arrivals. Concourse E provides 11 international-capable gates, five of which can accommodate widebody aircraft. Concourse E gates are used for all international flight arrivals and for

departures by military charter flights of Air Mobility Command, other charter airlines, and foreign flag airlines. Two of the 11 Concourse E gates do not have holdrooms and are used only for arriving flights (mainly by domestic airlines that operate their flight departures from gates at other concourses). In July 2024, there were 0.8 daily international arrivals per gate on the 17 common use gates at Concourses D and E (versus 0.9 daily international departures).

Table 1  
**DISTRIBUTION OF GATES AND USE BY AIRLINE**  
Baltimore/Washington International Thurgood Marshall Airport  
As scheduled for July 2024

	Number of gates (a)						Average daily Departures		Average daily departing seats	
	Concourse					Total	Number	Per gate	Number	Per gate
	A	B	C	D	E (b)					
Preferentially leased										
Southwest Airlines (c)	11	14	7	--	--	32	223	7.0	35,956	1,123.6
Spirit Airlines (c)	--	--	--	5	--	5	24	4.8	4,591	918.3
Delta Air Lines	--	--	--	5	--	5	20	3.9	3,123	624.5
American Airlines	--	--	5	--	--	5	13	2.5	1,978	395.6
United Airlines	--	--	--	3	--	3	13	4.2	1,950	650.0
Frontier Airlines (d)	--	--	--	2	--	2	9	4.4	1,762	881.2
Alaska Airlines	--	--	--	<u>1</u>	--	<u>1</u>	<u>2</u>	2.0	<u>355</u>	355.4
Subtotal	11	14	12	16	--	53	303	5.7	49,716	938.0
Common use										
International (e)	--	--	--	3	11	14	4	0.3	839	59.9
Domestic (f)	--	--	<u>2</u>	<u>3</u>	--	<u>5</u>	<u>4</u>	0.7	<u>401</u>	80.2
Subtotal	--	--	<u>2</u>	<u>6</u>	<u>11</u>	<u>19</u>	<u>8</u>	0.4	<u>1,240</u>	65.3
Airport total	11	14	14	22	11	72	311	4.3	50,956	707.7

Note: Columns may not add to totals shown because of rounding.

(a) Active loading-bridge-equipped aircraft parking positions.

(b) Two gates at Concourse E do not have holdrooms and are used for arriving (but not departing) international flights.

(c) Includes departures and departing seats to both domestic and international destinations.

(d) Includes one gate which was leased by Frontier effective October 1, 2024.

(e) Gates used for departures by Air Mobility Command, foreign flag airlines, and international arrivals by all airlines (other than precleared).

(f) The three gates at Concourse D are "swing gates," available for domestic and international departures and arrivals.

Sources: Average daily departures and seats: Airline Data Inc., online database, accessed August 2024.

Number of gates by airline and concourse: Maryland Aviation Administration records.



## **Passenger Terminal Development 2012-2018**

The passenger terminal has been developed and modernized in phases in accordance with a 2011 update to the Airport master plan.

**Concourse B-C Connector.** B-C Connector projects were approved by the Federal Aviation Administration (FAA) under PFC Application 9 and funded in part with the proceeds of the MDTA 2012A PFC Bonds. An expanded passenger security screening checkpoint was constructed to serve Concourses B and C and a connector was constructed post-security screening to allow passengers to move between Concourses A, B, and C without having to be rescreened. Also as part of the B-C Connector projects, Concourse C was upgraded and widened to provide larger holdrooms at three gates. The B-C Connector projects were completed in 2014.

**Concourse D-E Connector.** D-E Connector projects were approved under PFC Application 11 and funded in part with the proceeds of the MDTA 2014 PFC Bonds and PFC revenues pay-as-you-go. The D-E Connector projects included construction of a consolidated passenger security screening checkpoint to serve Concourses D and E, a post-security screening corridor between Concourse D and E, and a sterile corridor from three Concourse D gates to the international arrivals hall allowing the gates to be used for international or domestic flights. Also, a 90-foot extension to Concourse E was constructed as the first phase of a project to provide additional international gates (as described in the following paragraph). The D-E Connector projects were completed in 2017.

**International Concourse.** Among International Concourse projects approved under PFC Application 12 and funded in part with PFC revenues pay-as-you-go, Concourse E was extended by another 150 feet and six additional international-capable gates were constructed. Projects also included the construction of the aircraft parking apron, acquisition of passenger loading bridges for the additional gates, upgrades to increase the capacity of the federal inspection services (FIS) facility, and modifications to the baggage handling system to allow the in-line inspection of checked baggage. The International Concourse projects were completed in 2018.

## **The 2019 PFC Terminal Project**

A program of improvement to the passenger terminal, collectively referred to as Concourse A Improvements (Phase II) or the 2019 PFC Project, was mostly completed through 2023. These projects were approved under PFC Application 13 and were funded largely with the proceeds of the MDTA 2019 PFC Bonds.

**Concourse A Extension.** Concourse A was extended by approximately 230 feet to provide 55,000 square feet of additional space on two levels. The extension provided five gates with holdrooms sized to accommodate 175-seat B-737-800 and B-737 MAX 8 aircraft. Additional restrooms, concession facilities, and

supporting electrical and mechanical facilities were provided. MAA is leasing the gates to Southwest on a preferential-use basis. The additional five gates were brought into use in March 2021, allowing the five Southwest gates being reconstructed as part of the Project to be taken out of service with no net loss of gates during construction.

**Restroom Improvement Program.** Under a multi-year program of improvements, 64 public restrooms were renovated and nursing stations installed in the passenger terminal. All elements of the program were completed in April 2024.

**Concourse A/B Modifications for B-737-800.** Holdrooms serving six gates at Concourses A and B were enlarged to address capacity deficiencies resulting from Southwest's introduction into service of 175-seat B-737-800 and B-737 MAX 8 aircraft to replace earlier-generation B-737 aircraft, typically with 137 seats. A new egress stair was also constructed to comply with life safety codes. All elements of the project were completed in December 2019.

**Concourse D HVAC Replacement.** Heating, ventilation, air-conditioning, and cooling (HVAC) systems and equipment serving portions of Concourse D were replaced and upgraded. The project was completed in May 2024.

### **Public Parking Facilities**

Public parking facilities at the Airport provide approximately 24,780 spaces at an hourly garage, a daily garage, an express parking lot, and remote long-term lots. The hourly parking garage is connected directly to the terminal by three enclosed walkways and a pedestrian tunnel. The daily garage, express parking lot, and long-term lots are served by free shuttle buses. Public parking facilities are further described in the later section "Parking and Ground Transportation Revenues."

### **Rental Car Facility**

Rental car services at the Airport are provided from a consolidated rental car facility that opened in 2003. The facility accommodates the operations of all the national rental car companies and is managed and operated by a consortium of the companies. It provides approximately 6,000 rental car ready-return spaces, as well as maintenance and storage facilities, and is accessible by a ten-minute free shuttle bus ride from the passenger terminal.

### **Cargo Facilities**

Eleven air cargo buildings at the Airport together provide approximately 750,000 square feet of cargo space. Cargo Building H, providing 200,000 square feet of space for Amazon Air, opened in October 2019. All-cargo airlines with major operations at the Airport include Federal Express, UPS Cargo, and airlines operating for Amazon Air (ABX Air, Air Transport International (ATI), and Atlas Air).

## **General Aviation Facilities**

General and business aviation facilities are located on 22 acres at the northeast side of the Airport adjacent to Runway 15L-33R. Fixed base operator services are provided by Signature Flight Support. Approximately 50 general aviation aircraft are based at the Airport and approximately 10,400 general aviation operations (landings and takeoffs) occurred in FY 2024.

## **MARTIN STATE AIRPORT**

Martin State Airport is a public civilian-military joint use airport and designated reliever airport for BWI. Martin State occupies a 750-acre site approximately nine miles east of central Baltimore and was formerly the site of the Glenn Martin Company (later Martin-Marietta and Lockheed Martin), which produced military aircraft there until the 1960s. The airport was purchased by the State in 1975.

Martin State Airport has a 7,000-foot long Runway 15-33 and handled approximately 96,500 aircraft operations (landings and takeoffs) in FY 2024, 98% of them by general aviation aircraft. Approximately 260 general aviation aircraft are based at the airport, which has two flight training schools. The airport is the base for a wing of the Maryland Air National Guard and hosts helicopter operations by the Maryland State Police, Baltimore County Aviation and Marine Police, and Baltimore City Police.

## **SIX-YEAR CAPITAL PROGRAM**

MAA maintains a six-year capital program for the Airport System. Primary construction projects in the capital program through FY 2030 have estimated costs totaling \$710.6 million, including \$502.5 million for the Project. Funding for the capital program is to be provided from the State Transportation Trust Fund (TTF), the proceeds of the MDTA PFC-backed bonds issued in 2019, PFC revenues expended pay-as-you-go, federal grants, MDTA loans, and the proceeds of the 2021B Bonds and proposed 2024A Bonds. Such sources are discussed in the later sections "Sources of Capital Funds" and "Sources and Uses of Bond Funds for the Project."

## THE PROJECT

The \$502.5 million costs of the Project account for approximately 71% of the costs of MAA's six-year primary construction program. Planned funding sources for the Project are:

Proceeds of 2021B Bonds	\$200.0 million
Proceeds of proposed 2024A Bonds	209.6
Federal grants	38.1
PFC pay-as-you-go funds	27.3
State TTF funds	27.5
Total	\$502.5 million

The Project involves the addition of 142,000 square feet and the renovation of 78,000 square feet of terminal building space between Concourses A and B. The addition is being constructed at two levels, apron and departures.

The apron level is being enlarged by 63,000 square feet to accommodate a new in-line baggage screening and handling system providing up to eight explosive detection system machines meeting the latest security standards. The improved system will increase throughput capacity from approximately 2,100 to 4,040 bags per hour. The enlarged apron level space will also accommodate new outbound baggage make-up facilities and airline operations areas. Mechanical, electrical, communications, and fire-life-safety systems are being upgraded.

The departures level is being enlarged by 79,000 square feet to allow the relocation and expansion of the holdrooms at five gates to accommodate the passenger loads expected with the use of 175-seat B-737-800 and B-737 MAX 8 aircraft, provide a direct passenger connector between Concourses A and B, and provide an additional 12,070 square feet of concession space. Two new restroom cores are being constructed.

Sitework and enabling projects include an upgrade to the central utility plant to provide the additional HVAC capacity required for the enlarged terminal building. The aircraft parking apron pavement at the five gates is being reconstructed.

The Project is scheduled to be substantially complete by December 2025, the middle of FY 2026.

## **ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND**

### **AIRPORT SERVICE REGION**

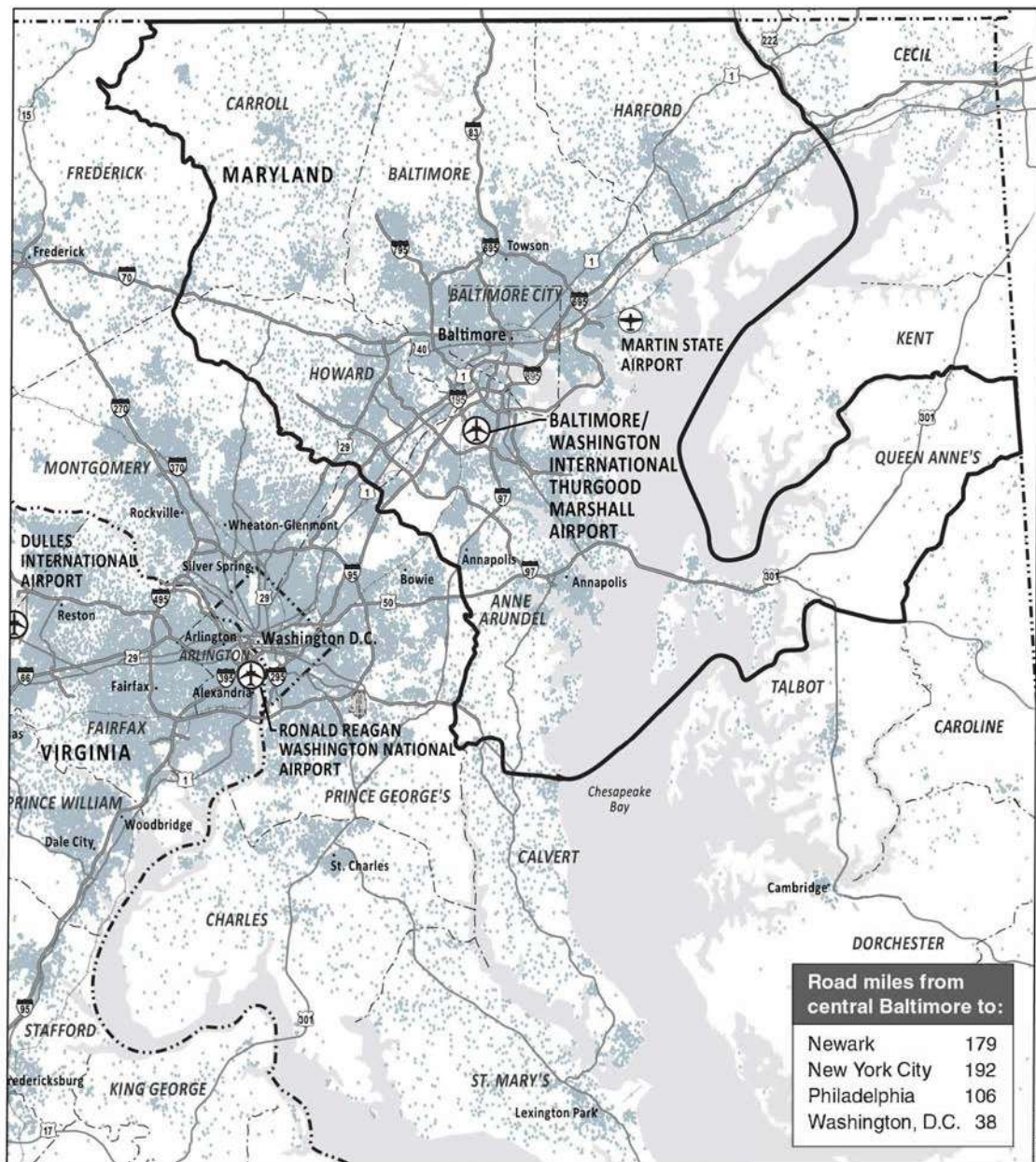
As shown on Figure 1, the primary region served by the Airport consists of the Maryland counties of Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's as well as Baltimore City (Baltimore-Columbia-Towson Metropolitan Statistical Area or Baltimore MSA). According to the U.S. Department of Commerce, Bureau of the Census, the population of the Baltimore MSA in 2023 was 2.8 million, accounting for approximately 46% of Maryland's population of 6.2 million. In 2023, the Baltimore MSA was the 20<sup>th</sup> largest MSA in the nation.

The secondary region served by the Airport consists of the District of Columbia and 18 counties and 6 cities in the states of Maryland, Virginia, and West Virginia (Washington-Arlington-Alexandria, DC-VA-MD-WV MSA or Washington, D.C., MSA) as well as parts of southern Pennsylvania and Delaware. In 2023, the population of the Washington, D.C., MSA was 6.3 million.

According to U.S. DOT, *Air Passenger Origin-Destination Survey* data for FY 2023, approximately 57% of passengers originating their air journeys at the Airport were residents of the Baltimore-Washington region and 43% were visitors. According to a passenger survey conducted for MAA in 2019, among residents, approximately 45% were from the Baltimore MSA, 30% were from the Washington, D.C., MSA, and 25% were from other parts of the Airport service region.

The Airport's secondary service region is also served by Reagan National Airport (DCA or Reagan) and Washington Dulles International Airport (IAD or Dulles), 40 and 57 road miles, respectively, from central Baltimore. Air service and airfares at the three regional airports are discussed in the later section, "Airport Role." Other factors influencing the use of BWI by passengers from the secondary service region are the relative ease of access to and cost of parking at the three airports.

The availability of generally lower airfares at BWI contributes to its use predominantly by leisure travelers. According to a passenger survey conducted for MAA in 2024, approximately 81% of passengers at BWI were traveling for vacation, pleasure, and other non-business purposes and 19% were traveling for business purposes.



- Major commercial service airport
- General aviation airport
- Primary service region
- Population density: 1 dot equals 100
- Major highways
- State boundary
- County boundary

people Source: U.S. Census Bureau.

**Figure 1**  
**AIRPORT SERVICE REGION**  
Baltimore/Washington International  
Thurgood Marshall Airport

## **HISTORICAL SOCIOECONOMIC INDICATORS**

In general, the population and economy of an airport's service region are the primary determinants of originating passenger numbers at the airport. Connecting passenger numbers are primarily determined by airline decisions to provide connecting service at the airport. As discussed in the later section "Historical Airline Traffic," approximately 70% of the Airport's enplaned passengers are originating and 30% are connecting between flights.

Although economic activity within both the Baltimore and Washington, D.C., MSAs determines passenger demand at the Airport, the emphasis in the following sections is on demographic and economic data for the Baltimore MSA.

Table 2 shows historical data on population, nonagricultural employment, per capita income, and per capita gross domestic product (GDP) for the Baltimore MSA and the nation. The following subsections provide a discussion of the economic basis for passenger traffic at the Airport in terms of historical socioeconomic data and the employment profile of the Baltimore MSA by industry sector.

### **Population**

As shown in Table 2, the population of the Baltimore MSA was 2.834 million in 2023, up from 2.668 million in 2007 (an increase of 6.2%). The increase in population was less than for the nation over the same period (11.2%).

### **Nonagricultural Employment**

As shown in Table 2, from 2007 to 2023, nonagricultural employment in the Baltimore MSA increased 7.0%, an increase less than that for the nation (13.1%). Employment in the MSA increased 5.4% between 2000 and 2007 (compared with a 4.5% increase for the nation) and was less affected by the 2008-2009 recession, decreasing 3.3% between 2007 and 2010 (compared with a 5.5% decrease for the nation). Between 2010 and 2019 employment growth slowed in the MSA, increasing an average of 1.3% per year (compared with an average of 1.6% per year for the nation).

Employment was reduced for both the MSA and the nation during the COVID-19 pandemic, but the MSA has been slower to recover. In 2023, the number of jobs in the MSA was approximately 99% of the 2019 number, while national employment recovered to the 2019 number in 2022.

Employment by industry sector is discussed in the later section "Economic Profile by Industry Sector."

### **Unemployment Rates**

As shown on Figure 2, the unemployment rate for the Baltimore MSA has historically been lower than that for the United States. Between 2014 and the first quarter of 2024, the unemployment rate in the Baltimore MSA closely followed the national trend. In June 2024, the rates for the nation and for the MSA were 3.2% and 4.3%, respectively.

### **Per Capita Income**

As shown in Table 2, in 2007, per capita personal income in the Baltimore MSA (in 2023 dollars) was \$68,001, 16.9% higher than for the nation (\$58,177). From 2007 to 2022 (the most recent year for which data are available), per capita income in the Baltimore MSA increased 9.4% compared with an increase of 17.2% for the nation. In 2022, per capita personal income in the Baltimore MSA was \$74,360, 9.1% higher than for per capita income the nation (\$68,168).

### **Gross Domestic Product**

Between 2007 and 2022, per capita GDP for the Baltimore MSA increased 12.3% compared with an increase of 13.9% for the nation. In 2022, per capita GDP for the Baltimore MSA was \$88,661, 10.2% greater than the nation (\$80,426).



Table 2  
**HISTORICAL SOCIOECONOMIC DATA**

	Population (thousands)		Nonagricultural employment (thousands)		Per capita personal income (2023 dollars)		Per capita gross domestic product (2023 dollars)	
	Baltimore MSA	United States	Baltimore MSA	United States	Baltimore MSA	United States	Baltimore MSA	United States
2000	2,558	282,162	1,250	132,011	\$61,100	\$54,059	n.a.	\$64,285
2005	2,644	295,517	1,286	134,033	65,281	55,650	77,161	68,840
2006	2,658	298,380	1,308	136,435	66,817	57,197	79,036	69,982
2007	2,668	301,231	1,320	137,981	68,001	58,177	78,926	70,613
2008	2,680	304,094	1,316	137,224	67,779	57,818	77,304	68,738
2009	2,696	306,772	1,276	131,296	66,975	55,827	78,670	67,030
2010	2,716	309,322	1,277	130,345	67,357	56,673	79,976	67,984
2011	2,734	311,557	1,299	131,914	68,025	57,772	79,699	67,825
2012	2,755	313,831	1,319	134,157	67,817	58,708	79,782	68,735
2013	2,768	315,994	1,337	136,363	66,770	58,075	80,345	69,718
2014	2,780	318,301	1,347	138,939	67,741	59,576	81,766	70,969
2015	2,790	320,635	1,370	141,824	69,878	61,785	85,313	72,996
2016	2,794	322,941	1,390	144,335	70,740	62,171	87,740	73,495
2017	2,799	324,986	1,405	146,607	71,525	63,402	88,095	75,016
2018	2,801	326,688	1,421	148,908	72,117	64,687	88,626	76,726
2019	2,800	328,240	1,431	150,904	73,621	66,203	89,522	78,144
2020	2,843	331,527	1,334	142,186	77,321	69,639	85,828	75,722
2021	2,843	332,049	1,366	146,285	78,740	72,447	88,819	79,901
2022	2,835	333,271	1,400	152,520	74,360	68,168	88,661	80,426
2023	2,834	334,915	1,412	156,051	-	68,531	-	81,695
Average annual percent increase (decrease)								
2000-2007	0.6%	0.9%	0.8%	0.6%	1.5%	1.1%	n.c.	1.4%
2007-2010	0.6	0.9	(1.1)	(1.9)	(0.3)	(0.9)	0.4	(1.3)
2010-2019	0.3	0.7	1.3	1.6	1.0	1.7	1.3	1.6
2019-2023	0.3	0.5	(0.3)	0.8	n.a	0.9	n.a.	1.1

n.a. = not available, n.c. = not calculated.

MSA = Metropolitan Statistical Area comprising Baltimore City and the 6 counties shown on Figure 1 for all years.

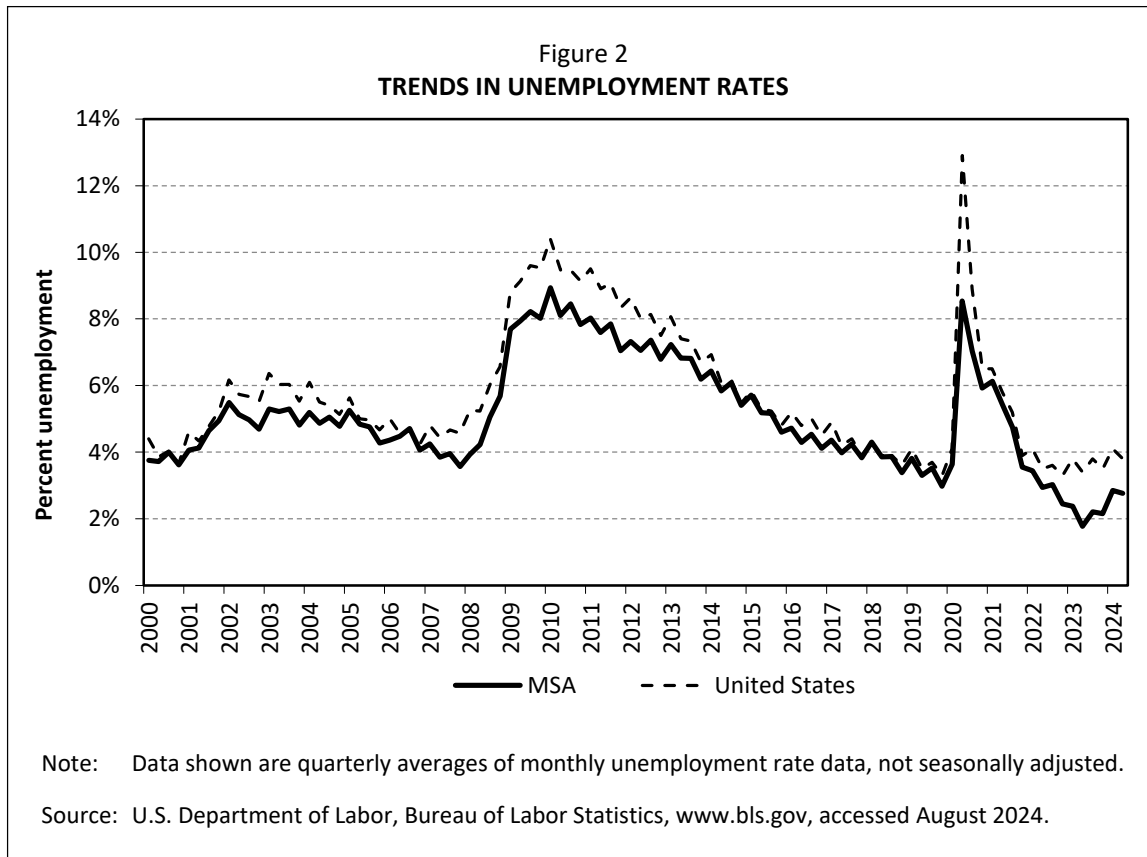
Notes: Population numbers are estimated as of July 1 each year.

Calculated percentages may not match those shown because of rounding.

Sources: Population: U.S. Department of Commerce, Bureau of the Census website, [www.census.gov](http://www.census.gov), accessed August 2024.

Income and GDP: U.S. Department of Commerce, Bureau of Economic Analysis website, [www.bea.gov](http://www.bea.gov), accessed August 2024.

Employment: U.S. Department of Labor, Bureau of Labor Statistics website, [www.bls.gov](http://www.bls.gov), accessed August 2024.



## ECONOMIC PROFILE BY INDUSTRY SECTOR

Table 3 presents data on the percentage distribution of nonagricultural employment by industry sector in the Baltimore MSA and the nation for 2023 and changes between 2007 (before the 2008-2009 economic recession), 2010 (after the recession), and 2023.

Table 4 lists the largest private employers in the Baltimore MSA as of December 2023. The companies listed accounted for approximately 13% of total nonagricultural employment in the MSA in 2023, with the remaining 87% accounted for by smaller businesses and organizations and public sector employers. The following subsections provide a summary of employment in each industry sector, discussed in descending order of Baltimore MSA employment share.

### Services

As in the United States as a whole, the services sector (professional, business, education, health, leisure, hospitality, and other services combined) is the largest industry sector in the Baltimore MSA. The sector accounted for 49.5% of Baltimore MSA employment in 2023, an increase from 44.5% in 2007.

The services sector accounted for higher overall growth than any other industry sector between 2007 and 2023. The sector added 110,500 jobs in the Baltimore MSA between 2007 and 2023 and accounted for nearly all the net increase in employment. The services sector was one of two industry sectors that did not lose jobs between 2007 and 2010 (the other being the government sector). After the recession and the effects of the pandemic and 2020 recession notwithstanding, employment in the services sector increased between 2010 and 2023 at an average rate of 1.3% per year.

**Education and Health Services.** The education and health services sector was the second growing industry sector between 2007 and 2023 and accounted for the largest share of Baltimore MSA employment in 2023. The sector gained in importance since 2007, increasing its share of employment in the Baltimore MSA from 16.8% in 2007 to 19.3% in 2023. In 2023, the education and health services sector accounted for a larger share of employment in the Baltimore MSA (19.3%) than in the United States as a whole (16.2%), evidencing the MSA's high concentration of universities, hospitals, and bioscience firms.

Notwithstanding the economic recession, 16,100 jobs were added in the education and health services sector between 2007 and 2010 and a further 34,600 were added between 2010 and 2023.

Approximately 77% of the 271,900 jobs in the education and health services sector in 2023 were in the health care and social assistance subsector. This includes health care services (physicians' offices, surgery centers, hospitals, nursing and residential care facilities) and social assistance services (family services organizations and child care centers). The remaining 62,000 jobs were in the educational services subsector.

Major health care employers in the Baltimore MSA include Johns Hopkins Health System, University of Maryland Medical System, MedStar Health, LifeBridge Health, Mercy Health Services, and Greater Baltimore Medical Center (GBMC Healthcare).

The Baltimore MSA is home to over 30 colleges and universities. The University of Maryland in College Park is the largest university in the MSA with a student population of 41,000 and employs 14,900 faculty, staff, and administrators. Towson University and Johns Hopkins University are the next two largest universities in the MSA. Towson is a public university with a student population of 19,500 and employs 3,100 faculty, staff, and administrators. Johns Hopkins is a private university with a student population of 30,400 and employs 5,300 faculty, staff, and administrators.

Other major institutions of higher learning in the MSA include the United States Naval Academy, Morgan State University, Loyola University, University of Maryland Baltimore, and University of Baltimore.

**Professional and Business Services.** The professional and business sector was the fastest growing industry sector between 2007 and 2023. Of the 110,500 services sector jobs added in the Baltimore MSA between 2007 and 2023, 60,600 were in the professional and business services sector, an increase of 31.5%. Job losses in the professional and business services subsector between 2007 and 2010 (-7,100) were more than offset by gains between 2010 and 2023 (+67,700). The share of professional and business services jobs in the MSA increased from 14.6% in 2007 to 17.9% in 2019.

Many of these jobs were in the professional, scientific, and technical subsector and included jobs in such fields as engineering, computer science, software development, information technology, biosciences, and health technology that support key goods-producing and service-providing industries.

**Leisure and Hospitality Services.** Employment in leisure and hospitality services sector increased 8.2% between 2007 and 2023. Job losses in the subsector between 2007 and 2010 (-3,300) were more than offset by gains between 2010 and 2023 (+11,500).

The Baltimore Convention Center (BCC), with over 1.2 million square feet of meeting and exhibition space, has hosted over 500,000 attendees annually at more than 140 conventions, events, and shows. The BCC is directly accessible from the Airport via the MTA light-rail line.

Tourist attractions in Baltimore include the National Aquarium, the Maryland Zoo, the Baltimore Museum of Art, Historic Ships in Baltimore, Fort McHenry National Monument, the Edgar Allan Poe House, and Mount Vernon. The second horse race of the Triple Crown, The Preakness Stakes, is held each May at Pimlico Race Course in Baltimore.

Professional sports franchises in Baltimore include the Ravens (National Football League), the Orioles (Major League Baseball), and the Blast (Major Arena Soccer League). The football and baseball stadiums are directly accessible from the Airport via the MTA light-rail line.

Tourism is an important contributor to the Airport's secondary service region economy. According to Destination-DC, a nonprofit organization that promotes tourism, Washington, D.C., attracted 26.0 million visitors in 2023. Among domestic visitors to Washington, D.C. in 2022 (the most recent year for which data are available), approximately 71% were leisure travelers and 29% were business travelers.\*

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\* MMGY Travel Intelligence, Travel Market Insights, Inc., as reported by Destination DC, [www.washington.org](http://www.washington.org).

Table 3  
**NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR**  
 Baltimore-Columbia-Towson MSA and United States  
 Calendar years

Industry sector	Share of total 2023		Average annual percent increase (decrease)			
			2007-2010		2010-2023	
	Baltimore MSA	United States	Baltimore MSA	United States	Baltimore MSA	United States
Services						
Education and health services	19.3%	16.2%	2.4%	2.3%	1.1%	1.8%
Professional and business services	17.9	14.6	(1.2)	(2.3)	2.4	2.4
Leisure and hospitality	8.9	10.6	(0.9)	(0.9)	0.7	1.9
Other services	<u>3.4</u>	<u>3.7</u>	<u>(0.7)</u>	<u>(1.0)</u>	<u>(1.2)</u>	<u>0.7</u>
Subtotal services	49.5%	45.2%	0.3%	(0.3)%	1.3%	1.9%
Trade, transportation, and utilities	17.6%	18.5%	(3.0)%	(2.6)%	0.8%	1.3%
Government	16.4	14.6	1.7	0.4	(0.1)	0.1
Mining, logging, and construction	5.7	5.5	(7.4)	(9.3)	1.2	2.6
Financial activities	5.6	5.9	(3.1)	(2.7)	0.4	1.4
Manufacturing	4.2	8.3	(4.1)	(6.0)	(0.6)	0.9
Information	<u>1.2</u>	<u>1.9</u>	<u>(5.3)</u>	<u>(3.7)</u>	<u>(1.5)</u>	<u>0.9</u>
Total	100.0%	100.0%	(1.1)%	(1.9)%	0.8%	1.4%
Total Baltimore MSA employment	1,411,700					

Note: Percent shares may not add to 100.0% because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, [www.bls.gov](http://www.bls.gov), accessed August 2024.

Table 4  
**LARGEST PRIVATE SECTOR EMPLOYERS**  
 Baltimore-Columbia-Towson MSA  
 December 2023

Rank	Company	Local employment	Type of business
1	Johns Hopkins Health System	23,390	Health care
2	University of Maryland Medical System	22,540	Health care
3	Johns Hopkins University	22,200	Education
4	Northrop Grumman	12,000	Aerospace and defense
5	MedStar Health	11,700	Health care
6	Exelon Corp.	11,460	Energy provider
7	LifeBridge Health	11,300	Health care
8	University of Maryland, Baltimore	8,040	Education
9	Mercy Health Services	5,400	Health care
10	T. Rowe Price Group (a)	5,280	Financial services
11	CareFirst BlueCross BlueShield	4,600	Insurance
12	Luminis Health	4,230	Health care
13	Sheppard Pratt Health System	3,870	Health care
14	GBMC HealthCare	3,790	Health care
15	Community College of Baltimore County	3,560	Education
16	Towson University	3,120	Education
17	McCormick & Co.	2,900	Manufacturing
18	Live! Casino & Hotel Maryland	2,600	Entertainment
19	Constellation Energy Corp.	2,500	Energy provider
20	Morgan State University	2,430	Education
21	BD Integrated Diagnostic Solutions	2,400	Medical technology
22	Y in Central Maryland	2,300	Recreation facilities
23	Allegis Group	2,200	Staffing services
24	Abacus Corp	2,160	Staffing services
25	Wegmans Food Markets	1,920	Retail grocer

Note: Data are self-reported by companies to the Baltimore Business Journal. Such self-reporting or lack thereof, affects companies' inclusion in the list.

(a) Fortune 500 company (based on 2023 revenue) headquartered in Baltimore.

Sources: Baltimore Business Journal, *Book of Lists*, December 29, 2023; Fortune 500 website, [www.fortune.com](http://www.fortune.com).

## **Trade, Transportation, and Utilities**

The trade, transportation, and utilities sector accounted for a smaller share of employment in the Baltimore MSA than in the nation as a whole in 2023 (17.6% versus 18.5%). Jobs lost during the recession (-21,400) were regained between 2010 and 2023 (+23,600).

International trade is an important component of the MSA economy. The deep-water Port of Baltimore is within an overnight drive of one-third of the nation's population and is an important economic engine for the region. In 2023, the port ranked ninth in the nation by cargo tonnage.

In March 2024, a container ship leaving the port struck and destroyed the Francis Scott Key Bridge over the tidal estuary of the Patapsco River that forms the entrance to the harbor of Baltimore. The bridge carried traffic on the Interstate 695 loop around Baltimore. Loss of the bridge has disrupted both trade through the port and highway transportation in the region. The economic outlook for the Baltimore MSA will be affected by how quickly the bridge can be replaced and the port made fully operational.

Several foreign trade zones cover the MSA and provide for the establishment of secure sites to allow qualifying export-import businesses to defer or avoid U.S. Customs duties and certain other taxes.

## **Government**

The government sector accounted for the third largest share of employment in the Baltimore MSA in 2023 (16.4%) a greater percentage than that of the nation (14.6%). Employment by federal, state, and local government agencies increased 4.1% between 2007 and 2023 in the MSA, more than the 2.5% increase for the nation. In the MSA, 11,600 jobs were added in the government sector between 2007 and 2010 and 2,500 were lost between 2010 and 2023. Annapolis, the capital of the State, is located in the MSA, approximately 20 miles south of the Airport.

Fort Meade, located approximately ten miles south of the Airport, employs approximately 64,000 military personnel and civilian employees and is home to more than 120 government agencies and organizations including the National Security Agency. Fort Meade is Maryland's largest employer and has the second-largest workforce of any U.S. Army installation.

## **Mining, Logging, and Construction**

The mining, logging, and construction sector accounted for 5.7% of Baltimore MSA employment in 2024, a higher share than that of the nation (5.5%). The construction sector is disproportionately affected by economic cycles, and between 2007 and 2010, the sector lost 17,700 jobs in the MSA as the credit crisis depressed construction

activity and the issuance of housing permits fell to a record low. As the MSA economy recovered following the recession, between 2010 and 2024, construction sector employment increased by 11,800 jobs, for an overall reduction of 5,900 between 2007 and 2023.

### **Financial Activities**

The financial activities sector accounted for 5.6% of Baltimore MSA employment and 5.9% of national employment in 2023. As a result of the national banking and credit crisis, between 2007 and 2010, the sector lost 7,400 jobs in the MSA. Between 2010 and 2023, the sector gained 3,800 jobs. Financial sector employers include T. Rowe Price Group, Bank of America, M&T Bank, Wells Fargo, and RBC Wealth Management.

### **Manufacturing**

Between 2007 and 2023, manufacturing employment in the Baltimore MSA decreased 18.4%. Over the period, the manufacturing sector experienced the largest employment losses of any industry sector. The share of manufacturing employment in the MSA decreased from 5.5% in 2007 to 4.2% in 2023, a lower share than for the nation (8.3%). The number of Baltimore MSA jobs in the manufacturing sector decreased by 8,600 between 2007 and 2010, and by an additional 4,700 jobs between 2010 and 2023.

Key manufacturers in the Baltimore MSA are those in the aerospace and defense industry. MSA employers in this industry include Northrup Grumman, Textron Systems, ST Engineering/Middle River Aerostructure Systems (formerly Middle River Aircraft Systems), Raytheon.

Other manufacturing employers in the Baltimore MSA include McCormick & Company (spices and food products, headquartered in the MSA), BD Integrated Diagnostic Solutions (medical technology and diagnostics), AstraZeneca Pharmaceuticals, Stanley Black & Decker (tools, hardware, and security products), and Under Armour (sports equipment and apparel, headquartered in the MSA).

### **Information**

The information sector accounted for 1.2% of Baltimore MSA employment in 2023, lower than its share of national employment (1.9%). Between 2007 and 2023, the number of employees in the sector decreased by 30.3%. Of the 7,100 jobs lost over the period, 6,300 jobs were lost in the telecommunications subsector. Employers in the information sector include Ciena Corp., Tenable, MidAtlantic Broadband Verizon, Comcast, and The Agora Companies.



## **ECONOMIC OUTLOOK**

Real GDP for the United States increased 2.3% in 2019, decreased 2.8% in 2020 during the COVID-19 pandemic, increased 5.9% in 2021 as the economy recovered, increased 2.1% in 2022, and 2.4% in 2023. The Congressional Budget Office forecasts real GDP growth of 1.8% in 2024, 2.0% in 2025, and an average of 2.1% per year thereafter through 2029.

Continued U.S. economic growth will depend on, among other factors, stable financial and credit markets, a stable value of the U.S. dollar versus other currencies, stable energy and other commodity prices, the ability of the federal government to reduce historically high fiscal deficits, inflation returning to and remaining within the range targeted by the Federal Reserve, growth in the economies of foreign trading partners, and stable trading relationships.

The economic outlook for the Baltimore MSA generally depends on the same factors as those for the nation. Population in the MSA is projected by the Baltimore Metropolitan Council to increase an average of 0.4% per year between 2020 and 2030, slower than the rate projected by the Metropolitan Council of Governments for the Washington, D.C., MSA (average of 0.9%). Nonagricultural employment in the Baltimore MSA is projected to increase an average of 0.9% per year between 2020 and 2030, slower than the projected growth for the Washington, D.C., MSA (average of 1.1%).

## **AIRLINE TRAFFIC ANALYSIS**

### **AIRPORT ROLE**

The importance of the Airport is reflected in its origin and destination (O&D) passenger base, its role as a connecting hub, its status as the fourth busiest airport in Southwest's system, and its role as one of three large-hub airports serving the Baltimore and Washington, D.C., MSAs.

### **Rankings Among U.S. Airports**

Table 5 lists the 30 busiest U.S. airports ranked by numbers of enplaned passengers in calendar year 2023. By this measure, the Airport was the 22<sup>nd</sup> busiest airport in the United States. Between 2010 and 2023, passenger numbers at the Airport increased 19.4%, compared with increase of 33.8% for the other top 30 airports listed.

Table 6 lists the 30 busiest U.S. airports ranked by numbers of originating passengers, i.e., passengers who began their air journeys at each airport rather than connected between flights, in calendar year 2023. By this measure, the Airport ranked 26<sup>th</sup>.

Table 7 lists the 30 busiest U.S. airports ranked by numbers of connecting passengers in calendar year 2023. By this measure, the Airport ranked 18<sup>th</sup>. Of the increase in enplaned passenger numbers at the Airport between 2010 and 2023, 76% is attributable to connections. The Airport's role as a key airport for Southwest is discussed in the following section.

Table 8 lists the 30 busiest U.S. gateway airports ranked by numbers of international enplaned passengers in calendar year 2023. By this measure, the Airport ranked 24<sup>th</sup>. International service at the Airport is discussed in the later section "International Airline Service."

### **Airport's Role in Southwest's System**

In May 2011, Southwest Airlines closed on its acquisition of AirTran Airways. Full integration of the two airlines was completed in December 2014.

Table 9 presents data on historical airline service provided by Southwest and AirTran at their principal airports, ranked by daily scheduled departing seats in July 2024. Table 10 shows Southwest's originating and connecting enplaned passengers at the same airports. As shown in Table 9, BWI is Southwest's only focus city in the Northeast and the fourth busiest airport in its system. As scheduled for July 2024, BWI accounted for 5.4% of the total scheduled departing seats in Southwest's system. As shown in Table 10, BWI is Southwest's second busiest airport for connecting passengers.

In July 2024, Southwest announced the start of its first transcontinental service by flights departing late at night and arriving early the next morning (colloquially known as “red-eye” flights). In July 2024, the airline announced that the first such flights to BWI will begin in February 2025, from Las Vegas, Los Angeles, and Phoenix. Red-eye flights to BWI from six additional West Coast airports are scheduled beginning June 2025. In September 2024, Southwest announced its intent to partner with foreign flag airlines. The first such partnership will begin operating with Icelandair at BWI in 2025.

Table 5  
**ENPLANED PASSENGERS AT BUSIEST U.S. AIRPORTS**  
Calendar years

2023 Rank	City (airport)	Enplaned passengers (millions)				Percent increase (decrease) 2019-2023	Increase (decrease) 2019-2023 (millions)
		2000	2010	2019	2023		
1	Atlanta	39.2	43.0	53.5	51.0	(4.8)%	(2.6)
2	Dallas/Fort Worth	28.2	27.0	35.8	39.3	9.8	3.5
3	Denver	18.3	25.2	33.6	37.9	12.7	4.3
4	Los Angeles	32.1	28.9	43.0	36.8	(14.4)	(6.2)
5	Chicago (O'Hare)	33.7	32.2	40.9	35.9	(12.4)	(5.1)
6	New York (Kennedy)	16.1	22.9	31.2	30.7	(1.7)	(0.5)
7	Orlando (International)	14.7	17.0	24.6	28.1	14.4	3.5
8	Las Vegas	16.4	18.9	24.5	27.8	13.7	3.3
9	Charlotte	11.4	18.6	24.2	25.9	7.0	1.7
10	Miami	16.5	17.0	21.5	24.9	15.7	3.4
11	Seattle	13.8	15.4	25.0	24.6	(1.7)	(0.4)
12	Newark	17.2	16.6	23.2	24.5	5.7	1.3
13	San Francisco	19.5	19.3	27.7	24.2	(12.6)	(3.5)
14	Phoenix (Sky Harbor)	18.1	18.9	22.4	23.9	6.4	1.4
15	Houston (Bush)	16.3	19.5	21.9	22.2	1.4	0.3
16	Boston	13.6	13.6	20.7	20.0	(3.6)	(0.8)
17	Fort Lauderdale	7.8	10.8	18.0	17.1	(5.1)	(0.9)
18	Minneapolis-Saint Paul	16.8	15.5	19.2	17.0	(11.3)	(2.2)
19	New York (LaGuardia)	12.7	12.0	15.4	16.2	5.1	0.8
20	Detroit	17.2	15.6	18.1	15.4	(15.2)	(2.8)
21	Philadelphia	12.3	14.9	16.0	13.7	(14.7)	(2.4)
<b>22</b>	<b>Baltimore/Washington</b>	<b>9.8</b>	<b>11.0</b>	<b>13.5</b>	<b>13.1</b>	<b>(3.3)</b>	<b>(0.4)</b>
23	Salt Lake City	9.5	9.9	12.8	12.9	0.5	0.1
24	Washington DC (Reagan)	7.4	8.7	11.6	12.4	6.6	0.8
25	San Diego	7.9	8.4	12.6	12.2	(3.6)	(0.5)
26	Washington DC (Dulles)	9.1	11.3	11.9	12.2	2.4	0.3
27	Tampa	8.0	8.1	10.9	11.7	6.8	0.7
28	Nashville	4.5	4.4	8.9	11.2	25.7	2.3
29	Austin	3.6	4.2	8.5	10.8	27.4	2.3
30	Chicago (Midway)	7.1	8.5	10.1	10.7	5.7	0.6
Total—top 30 airports						0.3%	

Notes: Airports shown are the top 30 U.S. airports ranked by number of passengers for 2023.  
Percentages were calculated using unrounded numbers.

Sources: U.S. DOT, Schedules T100 and 298C T1, except for Baltimore, Maryland Aviation Administration records.

Table 6  
**ORIGINATING PASSENGERS AT BUSIEST U.S. AIRPORTS**  
Calendar years

2023 Rank	City (airport)	Originating passengers (millions)				Percent increase (decrease) 2019-2023	Increase (decrease) 2019-2023 (millions)	Percent originating 2023
		2000	2010	2019	2023			
1	Los Angeles	24.0	22.2	35.4	31.4	(11.2)%	(4.0)	85.4%
2	Orlando (International)	13.8	16.0	23.2	25.7	10.6	2.4	91.3
3	New York (Kennedy)	12.9	18.1	26.8	25.0	(6.7)	(1.8)	81.5
4	Chicago (O'Hare)	16.4	15.6	24.3	22.8	(5.9)	(1.4)	63.7
5	Las Vegas	14.1	16.0	21.4	22.8	6.7	1.4	82.0
6	Atlanta	15.3	13.9	20.8	21.9	5.1	1.1	43.0
7	Denver	9.8	12.9	21.8	21.6	(1.0)	(0.2)	57.1
8	Newark	13.3	11.8	19.2	20.3	5.9	1.1	82.7
9	San Francisco	15.1	15.0	22.3	19.6	(12.0)	(2.7)	80.8
10	Boston	12.6	13.0	19.5	18.7	(4.0)	(0.8)	93.8
11	Dallas/Fort Worth	11.5	11.0	16.3	17.6	7.8	1.3	44.9
12	Phoenix (Sky Harbor)	11.2	10.9	15.2	17.4	14.4	2.2	72.9
13	Seattle	10.4	11.3	17.6	17.2	(2.1)	(0.4)	70.0
14	Miami	10.0	9.6	14.8	16.8	13.4	2.0	67.5
15	Fort Lauderdale	7.6	10.0	15.0	14.5	(3.1)	(0.5)	85.1
16	New York (LaGuardia)	11.8	11.1	14.0	14.3	1.7	0.2	88.2
17	Houston (Bush)	6.8	7.7	11.7	13.6	15.8	1.8	61.1
18	San Diego	7.6	8.0	11.9	11.7	(1.5)	(0.2)	96.3
19	Tampa	7.5	7.5	10.5	11.4	7.9	0.8	97.2
20	Minneapolis-Saint Paul	8.2	8.1	11.9	11.3	(5.3)	(0.6)	66.2
21	Philadelphia	7.8	8.8	11.1	10.7	(4.2)	(0.5)	78.0
22	Detroit	8.4	7.5	10.8	10.4	(3.3)	(0.4)	67.8
23	Washington DC (Reagan)	6.5	7.2	10.2	10.2	(0.1)	(0.0)	82.6
24	Austin	3.5	4.0	8.1	9.4	16.0	1.3	86.7
25	Nashville	3.6	3.7	7.6	9.4	23.2	1.8	83.4
26	<b>Baltimore/Washington</b>	<b>8.4</b>	<b>8.5</b>	<b>10.1</b>	<b>9.0</b>	<b>(11.1)</b>	<b>(1.1)</b>	<b>68.4</b>
27	Honolulu	8.6	7.0	8.9	8.7	(2.1)	(0.2)	85.0
28	Washington DC (Dulles)	6.1	6.5	8.1	8.7	7.4	0.6	71.1
29	Charlotte	3.0	4.9	7.7	8.6	11.7	0.9	33.1
30	Salt Lake City	5.0	5.0	7.9	8.5	8.0	0.6	66.0
Total—top 30 airports						1.0%		

Notes: Airports shown are the top 30 U.S. airports ranked by originating passengers for 2023.  
Percentages were calculated using unrounded numbers.  
Includes a small number of passengers on foreign-flag airlines making connections between international flights.

Sources: LeighFisher; U.S. DOT, Schedules T100 and 298C T1; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Table 7  
**CONNECTING PASSENGERS AT BUSIEST U.S. AIRPORTS**  
Calendar years

2023 Rank	City (airport)	Connecting passengers (millions)				Percent increase (decrease)	Increase (decrease)	Percent connecting
		2000	2010	2019	2023	2019-2023	2019-2023 (millions)	2023
1	Atlanta	24.0	29.1	32.7	29.1	(11.0%)	(3.6)	57.0%
2	Dallas/Fort Worth	16.7	16.1	19.4	21.7	11.5	2.2	55.1
3	Charlotte	8.4	13.7	16.5	17.3	4.8	0.8	66.9
4	Denver	8.5	12.3	11.8	16.3	38.2	4.5	42.9
5	Chicago (O'Hare)	17.2	16.6	16.7	13.0	(21.9)	(3.7)	36.3
6	Houston (Bush)	9.6	11.8	10.2	8.6	(15.1)	(1.5)	38.9
7	Miami	6.4	7.4	6.7	8.1	20.7	1.4	32.5
8	Seattle	3.4	4.1	7.4	7.4	(0.6)	(0.0)	30.0
9	Phoenix (Sky Harbor)	6.9	8.0	7.2	6.5	(10.4)	(0.7)	27.1
10	Minneapolis-Saint Paul	8.6	7.4	7.3	5.8	(21.1)	(1.5)	33.8
11	New York (Kennedy)	3.2	4.8	4.4	5.7	28.8	1.3	18.5
12	Los Angeles	8.2	6.7	7.6	5.4	(28.9)	(2.2)	14.6
13	Las Vegas	2.3	2.9	3.1	5.0	61.2	1.9	18.0
14	Detroit	8.8	8.1	7.4	5.0	(32.7)	(2.4)	32.2
15	San Francisco	4.4	4.3	5.5	4.6	(15.2)	(0.8)	19.2
16	Salt Lake City	4.6	4.9	5.0	4.4	(11.5)	(0.6)	34.0
17	Newark	3.8	4.8	4.1	4.3	4.7	0.2	17.3
18	<b>Baltimore/Washington</b>	<b>1.4</b>	<b>2.5</b>	<b>3.5</b>	<b>4.1</b>	<b>19.4</b>	<b>0.7</b>	<b>31.6</b>
19	Chicago (Midway)	1.3	3.0	3.3	4.0	20.7	0.7	37.5
20	Washington DC (Dulles)	2.9	4.8	3.8	3.5	(8.2)	(0.3)	28.9
21	Dallas (Love)	0.7	1.1	2.7	3.0	12.2	0.3	35.3
22	Philadelphia	4.5	6.2	4.9	3.0	(38.6)	(1.9)	22.0
23	Fort Lauderdale	0.2	0.8	3.0	2.5	(14.8)	(0.4)	14.9
24	Houston (Hobby)	1.1	1.2	2.4	2.5	3.2	0.1	37.0
25	Orlando (International)	0.9	1.0	1.4	2.5	79.5	1.1	8.7
26	Washington DC (Reagan)	0.9	1.5	1.4	2.2	57.1	0.8	17.4
27	New York (LaGuardia)	0.8	0.9	1.4	1.9	39.6	0.5	11.8
28	Nashville	0.8	0.8	1.3	1.9	39.9	0.5	16.6
29	St. Louis	9.5	0.9	1.8	1.6	(13.9)	(0.3)	21.5
30	Honolulu	2.0	1.7	1.4	1.5	9.5	0.1	15.0
Total—top 30 airports						(1.4%)		

Notes: Airports shown are the top 30 U.S. airports ranked by number of connecting passengers for 2023.  
Percentages were calculated using unrounded numbers.  
Excludes a small number of passengers on foreign-flag airlines making connections between international flights.

Sources: LeighFisher; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Table 8  
**INTERNATIONAL PASSENGERS AT BUSIEST U.S. AIRPORTS**  
Calendar years

2023 Rank	City (airport)	Enplaned international passengers (millions)				Percent increase (decrease)	Increase (decrease)	Percent international
		2000	2010	2019	2023	2019-2023	2019-2023 (millions)	2023
1	New York (Kennedy)	9.02	11.39	17.02	16.34	(3.9%)	(0.7)	53.3%
2	Miami	7.99	8.37	10.71	10.78	0.7	0.1	43.3
3	Los Angeles	8.16	7.67	12.57	10.75	(14.5)	(1.8)	29.2
4	Newark	4.40	5.68	7.13	7.25	1.7	0.1	29.5
5	San Francisco	3.95	4.19	7.34	6.81	(7.3)	(0.5)	28.1
6	Chicago (O'Hare)	4.96	5.16	6.88	6.55	(4.8)	(0.3)	18.3
7	Atlanta	3.11	4.51	6.23	6.24	0.1	0.0	12.2
8	Houston (Bush)	2.67	4.18	5.48	5.64	2.9	0.2	25.4
9	Dallas/Fort Worth	2.42	2.52	4.63	5.45	17.6	0.8	13.9
10	Washington DC (Dulles)	1.95	2.99	4.14	4.64	12.0	0.5	38.0
11	Boston	2.13	1.85	3.94	3.85	(2.3)	(0.1)	19.3
12	Fort Lauderdale	0.70	1.62	4.24	3.70	(12.7)	(0.5)	21.7
13	Orlando (International)	1.22	1.56	3.47	3.38	(2.6)	(0.1)	12.0
14	Seattle	1.11	1.36	2.78	2.76	(0.7)	(0.0)	11.2
15	Charlotte	0.47	1.32	1.77	2.08	18.1	0.3	8.0
16	Denver	0.63	0.96	1.56	1.97	26.7	0.4	5.2
17	Philadelphia	1.28	1.88	1.98	1.77	(11.0)	(0.2)	12.9
18	Las Vegas	0.51	1.07	1.76	1.60	(9.0)	(0.2)	5.8
19	Honolulu	2.49	1.80	2.65	1.57	(40.7)	(1.1)	15.3
20	Detroit	1.92	1.43	1.87	1.51	(19.2)	(0.4)	9.8
21	Minneapolis-Saint Paul	1.44	1.13	1.62	1.46	(9.6)	(0.2)	8.6
22	Phoenix (Sky Harbor)	0.49	1.05	1.04	1.25	20.7	0.2	5.3
23	New York (LaGuardia)	0.69	0.54	1.12	0.93	(17.2)	(0.2)	5.7
<b>24</b>	<b>Baltimore/Washington</b>	<b>0.41</b>	<b>0.25</b>	<b>0.61</b>	<b>0.67</b>	<b>8.8</b>	<b>0.1</b>	<b>4.8</b>
25	Salt Lake City	0.06	0.23	0.52	0.63	19.6	0.1	4.8
26	Tampa	0.20	0.20	0.54	0.58	7.6	0.0	5.0
27	Austin	0.02	0.01	0.26	0.50	92.6	0.2	4.6
28	Houston (Hobby)	0.00	0.00	0.43	0.48	12.2	0.1	7.1
29	San Diego	0.15	0.13	0.52	0.45	(13.5)	(0.1)	3.7
30	Portland, Oregon	0.24	0.24	0.41	0.38	(8.2)	(0.0)	4.6
Total—top 30 airports						(2.7)%		

Notes: Airports shown are the top 30 U.S. airports (excluding airports in Puerto Rico, the islands of the Pacific Trust, and the U.S. Virgin Islands) ranked by international passengers for 2023.

Percentages were calculated using unrounded numbers.

Sources: U.S. DOT, Schedules T100 and 298C T1, except for Baltimore, Maryland Aviation Administration records.

Table 9  
**SOUTHWEST SERVICE AT ITS PRINCIPAL AIRPORTS**  
 As scheduled for July of years shown

City (airport)	2000	2004	2010	2016	2019	2023	2024	2000-2010	Increase (decrease)	
									2010-2019	2019-2024
	Average daily departures									
Denver	-	3	132	193	214	285	293	132	82	79
Las Vegas	148	190	221	215	194	240	237	73	(28)	43
Chicago (Midway)	125	141	226	256	228	237	234	101	2	6
<b>Baltimore/Washington</b>	<b>102</b>	<b>190</b>	<b>233</b>	<b>220</b>	<b>210</b>	<b>210</b>	<b>223</b>	<b>130</b>	<b>(22)</b>	<b>13</b>
Dallas (Love)	122	115	118	169	188	199	200	(4)	70	12
Phoenix (Sky Harbor)	168	175	169	169	164	173	186	1	(5)	22
Houston (Hobby)	142	137	131	153	165	155	167	(11)	35	1
Nashville	80	81	76	91	117	136	152	(3)	41	36
Orlando (International)	59	95	169	124	117	119	140	111	(53)	24
St. Louis	79	55	87	98	115	114	126	8	28	11
	Average daily departing seats									
Denver	-	408	18,109	29,149	32,643	44,330	47,112	18,109	14,534	14,468
Las Vegas	19,927	25,972	30,195	32,315	29,288	37,686	37,928	10,268	(907)	8,640
Chicago (Midway)	16,427	19,088	30,544	38,520	34,678	38,483	37,917	14,118	4,133	3,240
<b>Baltimore/Washington</b>	<b>13,930</b>	<b>25,132</b>	<b>30,968</b>	<b>32,783</b>	<b>31,841</b>	<b>34,228</b>	<b>35,956</b>	<b>17,038</b>	<b>873</b>	<b>4,115</b>
Dallas (Love)	15,789	14,541	16,088	24,272	28,229	31,622	31,521	299	12,141	3,292
Phoenix (Sky Harbor)	22,669	23,775	23,063	25,061	24,941	26,977	29,035	394	1,878	4,095
Houston (Hobby)	18,598	17,971	17,754	22,404	24,814	24,646	25,984	(844)	7,059	1,170
Nashville	10,711	11,088	10,400	13,251	17,394	21,641	24,399	(312)	6,994	7,005
Orlando (International)	7,571	12,469	22,179	18,632	18,040	18,989	22,268	14,608	(4,139)	4,228
St. Louis	10,532	7,469	11,373	14,200	17,230	18,296	20,138	841	5,857	2,908

Notes: Airports shown are the 10 busiest U.S. airports as ranked by departing seats on Southwest for July 2024.

Source: Airline Data Inc., online database, accessed August 2024.



Table 10  
**SOUTHWEST’S ORIGINATING AND CONNECTING PASSENGERS AT ITS PRINCIPAL AIRPORTS**  
 Calendar year 2023

City (airport)	Originating passengers	Connecting passengers	Total enplaned passengers	Share of total enplaned	
				Originating	Connecting
Denver	6,564,983	5,208,867	11,773,850	55.8%	44.2%
Las Vegas	6,987,107	3,187,649	10,174,756	68.7	31.3
Chicago (Midway)	5,449,733	3,953,352	9,403,085	58.0	42.0
<b>Baltimore/Washington</b>	<b>4,885,197</b>	<b>4,097,516</b>	<b>8,982,713</b>	<b>54.4</b>	<b>45.6</b>
Dallas (Love)	5,116,255	3,018,372	8,134,627	62.9	37.1
Phoenix (Sky Harbor)	5,924,527	1,847,445	7,771,972	76.2	23.8
Houston (Hobby)	3,822,625	2,516,657	6,339,282	60.3	39.7
Nashville	4,012,707	1,696,567	5,709,274	70.3	29.7
Orlando (International)	4,827,362	652,313	5,479,675	88.1	11.9
St. Louis	3,058,909	1,490,357	4,549,266	67.2	32.8

Sources: U.S. DOT, Schedule T100 and U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to U.S. DOT, Schedule T100.

## **Airport's Role in the Baltimore-Washington Region**

The region served by the Airport is defined in part by the availability of airline service at Washington Reagan and Washington Dulles airports. The extent to which the Airport is successful in competing with these airports for passengers depends on air service frequency and airline fares at the three airports, among other factors.

Table 11 provides data on airline service at the three airports serving the region.

As scheduled for July 2024, nonstop domestic service was provided from BWI to 60 destinations, 52 of them served by Southwest. Nonstop domestic service was provided from Reagan and Dulles to 90 and 68 destinations, respectively. (Some destinations are served by more than one airport.) In July 2024, BWI was the busiest of the three regional airports in terms of departing seats. Of aircraft departures at Reagan, 34.6% were operated with regional jets (aircraft with fewer than 100 seats) whereas only 1.2% of departures at BWI were operated with regional jets.

Between 2014 and 2024, the number of scheduled seats increased at all three airports. (Southwest's increased seat capacity at Reagan resulted largely from its acquisition of additional landing and takeoff slots).

Table 12 provides historical data on numbers of average daily enplaned passengers at the three airports for MAA's Fiscal Year ended June 30. In FY 2024, BWI accounted for 34.3% of regional enplaned passengers.

Dulles is the primary airport for international travel, accounting for 85.3% of international enplaned passengers at the three regional airports in FY 2024. BWI accommodates only limited international airline service, ranking 24<sup>th</sup> among U.S. airports by international enplaned passengers. Reagan does not provide FIS facilities for the inspection of arriving international flights, so international service is offered only to and from those locations where inbound passengers are precleared at their point of departure (Canada, the Bahamas, and Bermuda).

In FY 2024, BWI accounted for 35.1% of domestic originating passengers in the region versus 43.3% at Reagan and 21.6% at Dulles.

Figure 3 presents domestic airline yield (average airfare expressed in cents per revenue-passenger-mile) at the three regional airports and for the nation from FY 2010 through FY 2024. Due largely to service by Southwest, airfares at BWI historically have been lower than airfares at either Reagan or Dulles. In FY 2024, average domestic airfares at Reagan and Dulles were 42.9% and 21.4% higher, respectively, than at BWI.

Table 11									
<b>DOMESTIC AIRLINE SERVICE AT REGIONAL AIRPORTS</b>									
Baltimore/Washington International, Reagan National, and Dulles International Airports									
As scheduled for July of years shown									
	Number of destinations served nonstop (a)			Average daily departures			Average daily departing seats		
	2014	2024	Change	2014	2024	Change	2014	2024	Change
<b>By airport</b>									
BWI	58	60	2	294	298	3	40,778	48,625	7,848
Reagan	69	90	21	354	395	41	34,691	43,435	8,744
Dulles	73	68	(5)	284	256	(28)	24,979	28,002	3,023
<b>By airline</b>									
American									
BWI	7	4	(3)	33	13	(21)	3,736	1,978	(1,758)
Reagan	52	80	28	235	239	4	20,321	23,157	2,836
Dulles	4	2	(2)	17	7	(10)	1,954	720	(1,234)
Delta									
BWI	7	6	(1)	29	20	(9)	3,564	3,123	(442)
Reagan	10	15	5	36	55	18	4,724	6,311	1,587
Dulles	4	6	2	15	18	3	1,358	1,967	610
Southwest									
BWI	52	56	4	204	215	11	29,786	34,563	4,777
Reagan	7	17	10	17	43	27	2,262	6,708	4,446
Dulles	2	2	-	7	4	(3)	1,014	597	(417)
United									
BWI	6	5	(1)	16	13	(3)	1,970	1,950	(20)
Reagan	6	5	(1)	33	26	(7)	3,133	2,805	(328)
Dulles	70	62	(8)	226	205	(21)	19,128	22,751	3,623
All other airlines									
BWI	7	19	12	12	38	26	1,722	7,012	5,290
Reagan	14	11	(3)	32	32	(1)	4,251	4,454	204
Dulles	6	10	4	20	23	3	1,526	1,966	440
(a) Some destinations are served by more than one airport and some airports are served by more than one airline. Includes only destinations with an average of four or more flights per week.									
Source: Airline Data Inc., online database, accessed August 2024									

Table 12  
**HISTORICAL TRENDS IN ENPLANED PASSENGERS AT REGIONAL AIRPORTS**  
 Baltimore/Washington International, Reagan National, and Dulles International Airports  
 12 months ended June 30

Average daily enplaned passengers						
Year	BWI	Reagan	Dulles	Share of three-airport region total		
				BWI	Reagan	Dulles
2007	28,022	24,593	31,914	33.2%	29.1%	37.8%
2014	29,941	26,925	28,553	35.1	31.5	33.4
2018	36,381	31,365	30,884	36.9	31.8	31.3
2019	35,918	31,358	32,510	36.0	31.4	32.6
2020	26,776	22,616	23,142	36.9	31.2	31.9
2021	17,591	9,309	11,404	45.9	24.3	29.8
2022	28,608	27,148	25,514	35.2	33.4	31.4
2023	33,034	33,461	30,907	33.9	34.4	31.7
2024	36,031	34,513	34,570	34.3	32.8	32.9

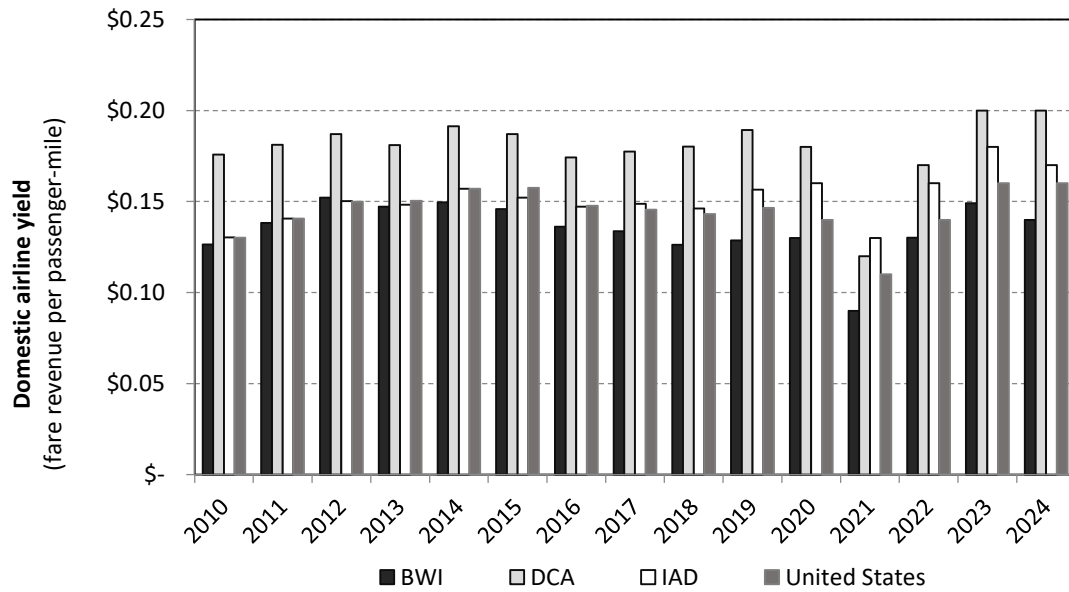
Average daily international enplaned passengers						
Year	BWI	Reagan	Dulles	Share of three-airport region total		
				BWI	Reagan	Dulles
2007	743	471	7,314	8.7%	5.5%	85.8%
2014	954	460	9,371	8.8	4.3	86.9
2018	1,535	502	10,480	12.3	4.0	83.7
2019	1,662	507	11,081	12.5	3.8	83.6
2020	1,031	324	7,714	11.4	3.6	85.1
2021	519	20	2,324	18.1	0.7	81.2
2022	1,225	207	7,268	14.1	2.4	83.5
2023	1,531	516	11,321	11.5	3.9	84.7
2024	1,703	609	13,424	10.8	3.9	85.3

Average daily domestic originating passengers						
Year	BWI	Reagan	Dulles	Share of three-airport region total		
				BWI	Reagan	Dulles
2007	21,604	18,766	14,524	39.4%	34.2%	26.5%
2014	19,919	20,251	10,130	39.6	40.3	20.1
2018	23,481	25,721	11,990	38.4	42.0	19.6
2019	23,820	26,005	12,603	38.2	41.7	20.2
2020	17,691	18,480	9,186	39.0	40.7	20.3
2021	10,902	7,446	4,656	47.4	32.4	20.2
2022	18,365	20,420	10,348	37.4	41.6	21.1
2023	20,830	25,155	12,087	35.9	43.3	20.8
2024	21,722	26,819	13,335	35.1	43.3	21.6

Sources: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100; U.S. DOT, Schedule T100.

Figure 3  
**DOMESTIC AIRLINE YIELDS FOR REGIONAL AIRPORTS AND UNITED STATES**  
 Baltimore/Washington International, Reagan National, and Dulles International Airports



Notes: Yields for outbound originating domestic passengers.

Yields exclude taxes, fees, passenger facility charges, and charges for optional services.

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

## **HISTORICAL AIRLINE SERVICE**

Data on airline service provided in the following sections are as scheduled for July 2024, to illustrate service provided during the busy summer season.

### **Domestic Airline Service**

As of July 2024, 298 average daily departures were provided from the Airport to 60 domestic destinations, including all major U.S. cities. With the exception of Hawaiian, all major U.S. airlines served the Airport. In July 2024, Southwest accounted for 71.1% of domestic departing seats (versus 73.0% in 2014). The other legacy airlines (Alaska, American, Delta, and United) together accounted for 15.2% of domestic departing seats (versus 22.7% in 2014).<sup>\*</sup> Low-cost airlines (Allegiant, Avelo, Frontier, Spirit, and Sun Country) together accounted for 13.6% (versus 4.2% in 2014) and other airlines accounted for 0.1% of domestic departing seats.

Between July 2014 and July 2024, the number of daily departures at the Airport increased 1.4% while the number of daily departing seats increased 19.2%. The increase in the average number of seats per departure, from 138.7 in 2014 to 163.2 in 2024, reflects the phasing out by American, Delta, and United of small regional jet aircraft and their replacement with larger regional and narrowbody jet aircraft, and the introduction into service of larger aircraft types by Southwest. Alaska, Allegiant, Avelo, Frontier, Southwest, and Spirit, and Sun Country operate only narrowbody aircraft at the Airport.

Figure 4 shows domestic airports with scheduled nonstop service of 4 or more flights per week from the Airport in July 2024. Of the 69 airports served nonstop, 50 (72.5%) were served by only one airline (nearly all Southwest) and 19 (27.5%) were served by two or more airlines.

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<sup>\*</sup>In all discussions of historical airline service and passenger traffic by airline in this report, unless otherwise noted, data for merged airlines are accounted for with the surviving airline (i.e., America West Airlines, Trans World Airlines, and US Airways with American Airlines; Northwest Airlines with Delta Air Lines; Continental Airlines with United Airlines; Midwest Airlines with Frontier Airlines; AirTran Airways with Southwest Airlines; and Virgin America with Alaska Airlines). Also, data for affiliated regional airlines are accounted for with data for the mainline airline. Regional airlines operating at the Airport as code-sharing affiliates of mainline U.S. airlines as of July 2024 included Endeavor Air (Delta Connection), Envoy Air (American Eagle), Republic Airways (Delta Connection), and Mesa Airlines (United Express).



#### LEGEND

- = Airports with scheduled service by only one airline.
- ▲ = Airports with scheduled service by more than one airline.

Source: Airline Data Inc., online database, accessed August 2024.

Figure 4  
**DOMESTIC AIRPORTS SERVED FROM BALTIMORE/WASHINGTON**  
 Baltimore/Washington International Thurgood Marshall Airport  
 As scheduled for July 2024

### **Domestic Airline Service by Destination**

Table 13 presents data on domestic passengers and airline service from the Airport to the 28 destinations accounting for 1.0% or more of domestic originating passengers at the Airport in FY 2023. Also shown are the numbers of average daily scheduled seats and departures as scheduled for July 2014 and July 2024 and the airlines providing nonstop service. The top five destinations – South Florida, Orlando, Atlanta, Boston, and Chicago – accounted for 31.4% of originating passengers in FY 2023. In July 2024, Southwest provided daily nonstop flights from the Airport to all but one of the 28 destinations (Seattle-Tacoma). Competing service by two or more airlines was provided to 18 of the 28 destinations.

In July 2014, only 14 of the top 28 destinations had competing service. The increase in service competition between 2014 and 2024 is largely attributable to new service by Spirit and Frontier. Spirit began serving the Airport in September 2012 with flights to Dallas/Fort Worth and Fort Lauderdale (competing with Southwest only to Fort Lauderdale). In July 2024, Spirit served 16 domestic destinations (including Myrtle Beach, Portland OR, and Sacramento, not shown in Table 13) and competed with Southwest on all but two of the routes (Portland, OR and Sacramento). Frontier Airlines began service from the Airport to Denver in March 2019 and Orlando in April 2019. In July 2024, Frontier served 11 domestic destinations (including Cleveland, Denver, San Juan, and Detroit not shown on Table 13) and competed with Southwest for all 11.

### **Domestic Originating Passengers and Airline Yields**

The average domestic airline yield for the Airport has historically been lower than the national average (see Figure 3). Between FY 2014 and FY 2020 average domestic yield decreased 13.1% as airlines competed for passengers and reduced fares. Yields decreased in FY 2021 as the pandemic reduced travel demand but in FY 2023 the yield at the Airport was back to the 2014 level.

Figure 5 shows historical trends in domestic airline yields at the Airport for Southwest and all other airlines, combined. Southwest's average domestic yield decreased each year between FY 2012 and FY 2018 (coinciding with the start of service by JetBlue in FY 2012, Spirit in FY 2013, Alaska in FY 2015, and Allegiant in FY 2016), but increased in FY 2019. In FY 2023, Southwest's average domestic yield at the Airport exceeded its previous high in FY 2012.

The average yields shown on Figures 3 and 5, as reported by the airlines to the U.S. DOT, exclude charges for optional services, such as checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes. Such charges have become widespread in the airline industry since 2006. As a result, the average yields shown understate the amount actually paid by airline passengers for their travel.



Optional service charges that were previously included in the ticket price are not all separately reported to the U.S. DOT. They have been estimated by industry analysts to amount to an effective average surcharge on domestic airfares of approximately 5% of ticket fare revenues, although the percentage varies widely by airline.

### **International Airline Service**

As of July 2024, an average of 13 daily departures were provided to 15 international destinations.\*\* Most of the international seating capacity was on flights to the Caribbean and Latin America (73.3%, 12 destinations) followed by Europe (26.3%, 3 destinations). The average number of scheduled international departing seats at the Airport increased 57.4% between July 2014 (1,481 per day) and July 2024 (2,330 per day) and the number of destinations served nonstop increased from 9 to 15. The increase was largely attributable to Southwest, which accounted for half of the increase in departing seats and to new entrants PLAY (April 2022 to Reykjavik) and COPA (June 2023 to Panama City). Icelandair reinstated service to Reykjavik in May 2022 after suspending service in January 2019.

Southwest provided 66.4% of the seats to international destinations in July 2024, with nonstop service to 10 international destinations. The airline served destinations in the Caribbean (Aruba, Grand Cayman, Montego Bay, Nassau, Punta Cana, and Turks and Caicos), Mexico (Cancun), Costa Rica (Liberia and San Jose) and Belize. In 2024, Southwest served Belize, Grand Cayman, Los Cabos, and Turks & Caicos seasonally.

In 2024, three other airlines provided year-round international service from the Airport – BermudaAir to Bermuda, British Airways to London Heathrow, COPA to Panama City, Icelandair to Reykjavik, PLAY to Reykjavik, and Spirit to Cancun. In 2024, seasonal international service was provided by Condor to Frankfurt.

Norwegian operated seasonal service to Pointe-a-Pitre and Fort de France until March 2017. Wow Air ended Reykjavik service in March 2019. Air Canada ended Toronto service in March 2024.

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\*\* Numbers of international departures and destinations provided in this section are for all flights regardless of weekly frequency.

Table 13  
**DOMESTIC AIRLINE SERVICE BY DESTINATION**  
 Baltimore/Washington International Thurgood Marshall Airport  
 As scheduled for July of years shown

Rank	Destination <i>Airport</i>	Air miles from BWI (b)	2023 (a)		July 2019 (b)		July 2024 (b)		Airlines providing nonstop service (b)	
			Originating passengers	Percent of originating passengers	Average daily departures	Average daily seats	Average daily departures	Average daily seats	July 2019	July 2024
1	South Florida									
	Fort Lauderdale-Hollywood	926	300,338	4.0%	12	1,763	11	1,807	NK, WN	NK, WN
	Miami	947	235,449	3.1	3	480	6	1,037	AA	AA, F9, NK, WN
	Palm Beach	885	<u>89,174</u>	1.2	<u>2</u>	<u>286</u>	<u>3</u>	<u>452</u>	WN	WN
	Subtotal		624,961	8.2%	17	2,529	20	3,297		
2	Orlando	788	587,575	7.7%	9	1,369	15	2,423	WN	F9, NK, WN
3	Atlanta	575	514,666	6.8	17	2,629	16	3,034	DL, WN	DL, F9, NK, WN
4	Boston									
	Boston	368	251,785	3.3%	14	1,805	11	1,639	B6, WN	DL, NK, WN
	Providence	327	62,462	0.8	9	1,269	5	832	WN	WN
	Manchester	375	<u>59,962</u>	0.8	<u>8</u>	<u>1,148</u>	<u>4</u>	<u>654</u>	WN	WN
	Subtotal		374,209	4.9%	31	4,222	20	3,125		
5	Chicago									
	O'Hare	609	160,537	2.1%	10	1,051	7	985	AA, NK, UA	AA, UA, WN
	Midway	619	<u>126,999</u>	1.7	<u>7</u>	<u>955</u>	<u>6</u>	<u>1,019</u>	WN	F9, WN
	Subtotal		287,536	3.8%	17	2,006	14	2,005		
6	Dallas									
	Dallas/Fort Worth	1,214	134,732	1.8%	6	855	5	872	AA, NK	AA, F9, NK
	Love Field	1,206	<u>147,832</u>	1.9	-	-	<u>6</u>	<u>898</u>	-	WN
	Subtotal		282,564	3.7%	6	855	10	1,769		
7	Los Angeles									
	Los Angeles	2,322	228,753	3.0%	4	658	7	1,276	UA, WN	NK, UA, WN
	Orange County	2,307	20,875	0.3	-	-	-	-	-	-
	Ontario	2,283	16,493	0.2	-	-	-	-	-	-
	Burbank	2,320	8,249	0.1	-	-	-	-	-	-
	Long Beach	2,318	<u>7,683</u>	0.1	-	-	-	-	-	-
	Subtotal		282,053	3.7%	4	658	7	1,276		
8	Las Vegas	2,100	257,776	3.4%	6	981	6	1,006	NK, WN	NK, WN

Table 13 (page 2 of 2)

**DOMESTIC AIRLINE SERVICE BY DESTINATION**

Baltimore/Washington International Thurgood Marshall Airport

As scheduled for July of years shown

Rank	Destination <i>Airport</i>	Air miles from BWI (b)	2023 (a)		July 2019 (b)		July 2024 (b)		Airlines providing nonstop service (b)	
			Originating passengers	Percent of originating passengers	Average daily departures	Average daily seats	Average daily departures	Average daily seats	July 2019	July 2024
9	Tampa	843	247,308	3.3%	6	858	9	1,595	WN	F9, NK, WN
10	Houston									
	Intercontinental	1,232	135,230	1.8%	3	426	5	705	UA	NK, UA
	Hobby	1,243	<u>110,743</u>	1.5	<u>4</u>	<u>535</u>	<u>4</u>	<u>592</u>	WN	WN
	Subtotal		245,973	3.2%	6	961	8	1,297		
11	Denver	1,486	228,110	3.0%	6	933	10	1,762	UA, WN	NK, UA, WN
12	San Juan, PR	1,567	151,654	2.0	2	350	4	734	WN	NK, WN
13	Phoenix	1,992	147,046	1.9	6	845	3	502	AA, WN	WN
14	San Francisco									
	San Francisco	2,450	92,156	1.2%	1	149	2	292	UA	AS, UA
	Oakland	2,439	19,900	0.3	1	143	1	174	--	WN
	San Jose	2,431	19,937	0.3	-	-	<u>1</u>	<u>114</u>	--	WN
	Subtotal		133,993	1.7%	2	292	3	580		
15	Minneapolis-Saint Paul	933	131,687	1.7%	4	608	7	1,139	DL, NK	DL, SY, WN
16	Nashville	585	129,856	1.7	6	826	6	958	WN	WN
17	Charlotte	360	127,484	1.7	11	1,607	10	1,703	AA, WN	AA, F9, WN
18	Austin	1,339	125,563	1.7	2	287	4	597	WN	WN
19	Detroit	407	117,967	1.6	7	1,086	6	965	DL, WN	DL, WN
20	New Orleans	997	109,999	1.4	3	424	4	585	WN	NK, WN
21	San Diego	2,288	101,485	1.3	3	437	4	635	WN	NK, WN
22	Jacksonville	663	101,415	1.3	4	544	4	634	WN	WN
23	Fort Myers	920	93,428	1.2	2	297	4	620	WN	WN
24	Sarasota	881	92,147	1.2	-	-	4	626	-	WN
25	Seattle-Tacoma	2,327	88,020	1.2	2	294	2	378	WN	AS
26	San Antonio	1,404	87,065	1.1	3	424	2	373	WN	WN
27	Charleston	472	85,109	1.1	4	535	3	544	WN	WN
28	St. Louis	735	<u>77,152</u>	<u>1.0</u>	<u>4</u>	<u>590</u>	<u>5</u>	<u>731</u>	WN	WN
	Top 28 destinations		5,831,801	76.7%	189	27,449	211	34,896		
	Other destinations (c)		<u>1,771,121</u>	<u>23.3</u>	<u>105</u>	<u>13,329</u>	<u>87</u>	<u>13,729</u>		
	Total all destinations		7,602,922	100.0%	294	40,778	298	48,625		

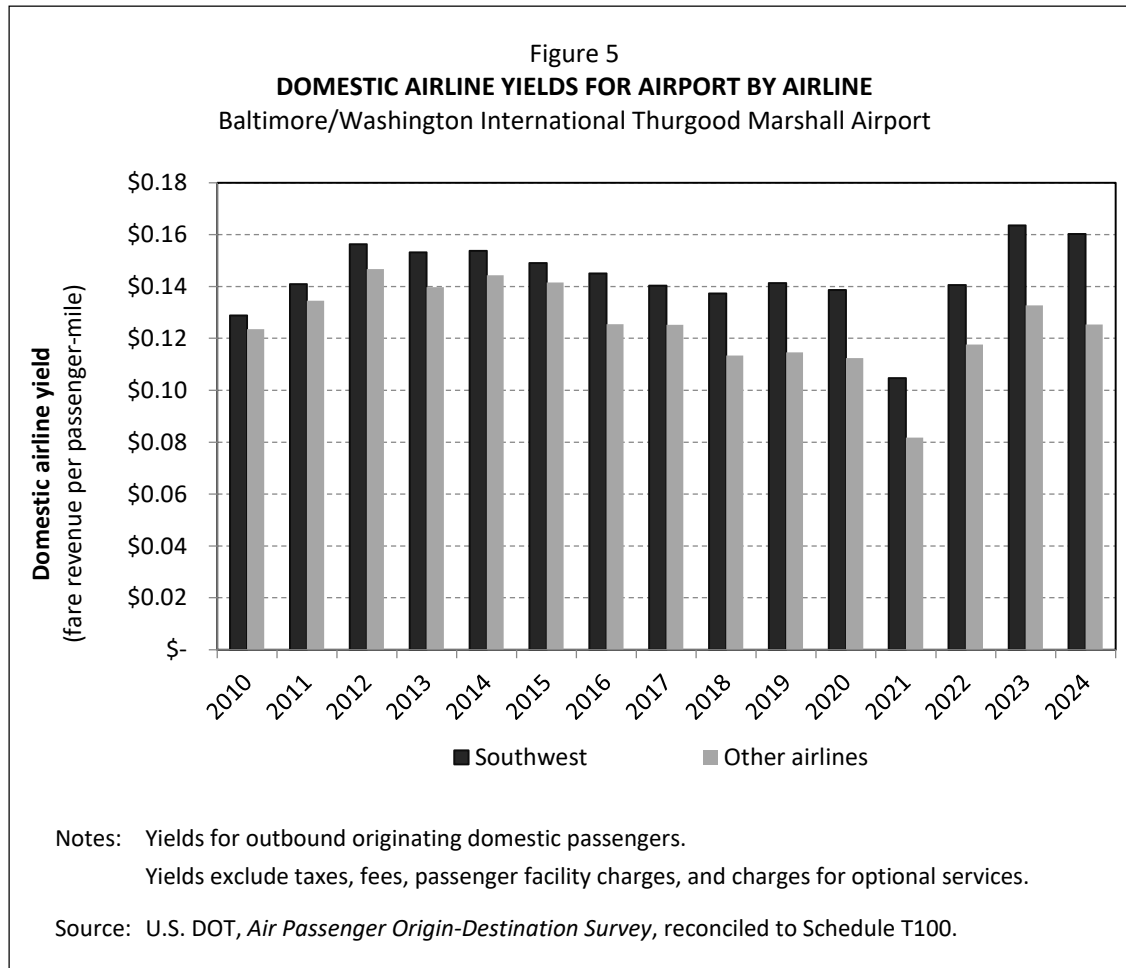
Notes: Columns may not add to totals shown because of rounding.

AA=American Airlines, AS=Alaska Airlines, B6=JetBlue Airways, DL=Delta Air Lines, F9=Frontier, NK=Spirit Airways, SY=Sun Country Airlines, UA=United Airlines, WN=Southwest Airlines.

(a) U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100. Originating passengers for the 12 months ended June 30, 2023.

(b) Airline Data Inc., online database, accessed August 2024 (departures and seats on airlines with an average of four or more flights per week).

(c) Destinations that individually accounted for less than 1.0% of originating passengers.



## HISTORICAL AIRLINE TRAFFIC

### Enplaned Passengers

Table 14 presents historical data on enplaned passengers at the Airport by sector (domestic, international, charter) and by component (originating, connecting).

Between FY 2000 and FY 2008, the number of passengers enplaned at the Airport increased at an average rate of 1.7% per year through a period that included the 2001 economic recession, the decline in airline travel following the September 11 attacks, and the abandonment of the Airport as a base of operations for US Airways' MetroJet operations in 2001. Between FY 2008 and FY 2009, enplaned passenger numbers at the Airport decreased 5.6% as the airlines reduced seat capacity in response to the contraction of demand during the 2008-2009 recession and increases in operating expenses.

With the resumption of economic growth, enplaned passenger numbers at the Airport increased an average of 2.9% per year between FY 2009 and FY 2019, pre-pandemic.

The increase in enplaned passenger numbers between FY 2009 and FY 2014 of 10.7% (average 2.0% per year) combined a small decrease in originating passengers of 1.8% (average 0.4% per year) and a large increase in connecting passengers of 66.3% (average 10.7% per year) as Southwest built up connecting service following its acquisition of AirTran. Between FY 2014 and FY 2019, enplaned passenger numbers increased 20.4% (average of 3.8% per year), with originating passengers increasing 23.2% (average 4.3% per year) as the national and Baltimore economies grew, new entrant airlines began service, and airfares were reduced. The number of enplaned passengers at the Airport in FY 2019 was 13.4 million.

As at most U.S. airports, the COVID-19 pandemic led to unprecedented reductions in airline travel at the Airport beginning in March 2020. For FY 2021, the number of enplaned passengers was 50.5% lower than for FY 2019. As discussed in the later section “Public Health Concerns,” the availability of COVID-19 vaccines beginning at the end of 2021 allowed the recovery of passenger numbers in 2022 and 2023. For FY 2024, the 13.5 million number of enplaned passengers exceeded the pre-pandemic FY 2019 number.

### **International Passengers**

Passengers enplaned on international flights represent a small, but, before the pandemic, increasing share of traffic at the Airport. Between FY 2010 and FY 2019, the number of international enplaned passengers increased an average of 15.0% per year, compared with an average increase of 2.2% per year for domestic passengers. In FY 2019, international passengers represented 4.6% of all enplaned passengers. All international service (except military charters) was suspended in FY 2020, leading to a decrease in international passengers of 68.9% from FY 2019 to FY 2021. By FY 2024, the number of international enplaned passengers had recovered to 102% of the FY 2019 number. Contributing to the increase in international passengers is new service by COPA and PLAY and resumed service by Icelandair.

Table 14  
**HISTORICAL ENPLANED PASSENGERS BY COMPONENT**  
 Baltimore/Washington International Thurgood Marshall Airport  
 Fiscal Years ended June 30

Year	Domestic	International	Charter	Total	Originating (a)	Connecting
2000 (b)	8,876,142	406,769	-	9,282,911	7,953,888	1,329,023
2005	9,348,855	320,791	113,176	9,782,822	8,255,603	1,527,219
2006	9,819,882	291,591	69,523	10,180,996	8,454,943	1,726,053
2007	9,994,702	277,598	43,255	10,315,555	8,536,616	1,778,939
2008	10,376,288	224,558	61,350	10,662,196	8,672,236	1,989,926
2009	9,841,566	167,659	56,937	10,066,162	8,222,643	1,843,519
2010	10,448,769	176,080	60,398	10,685,247	8,433,573	2,251,674
2011	11,006,063	199,877	61,285	11,267,225	8,538,423	2,728,802
2012	11,046,277	232,189	61,798	11,340,264	8,431,631	2,908,633
2013	10,923,624	301,385	63,141	11,288,150	8,279,714	3,008,436
2014	10,713,968	354,215	71,400	11,139,583	8,073,270	3,066,313
2015	10,923,955	414,776	73,864	11,412,595	8,077,398	3,335,197
2016	11,757,852	511,154	62,935	12,331,941	8,606,722	3,725,219
2017	12,297,659	523,430	54,865	12,875,954	9,123,052	3,752,902
2018	12,930,208	555,753	48,072	13,534,033	9,743,824	3,790,209
2019	12,751,189	618,366	46,051	13,415,606	9,946,435	3,469,171
2020	9,611,276	382,446	40,582	10,034,304	7,312,016	2,722,288
2021	6,397,266	192,356	55,628	6,645,250	4,467,917	2,177,333
2022	10,193,466	453,646	47,064	10,694,176	7,587,066	3,107,110
2023	11,748,140	560,055	57,081	12,365,276	8,679,144	3,686,132
2024	12,818,268	633,137	44,654	13,496,059	9,161,346	4,334,713
Average annual percent increase (decrease)						
2000-2010	1.6%	(8.0%)	n.c.	1.4%	0.6%	5.4%
2010-2019	2.2	15.0	(3.0)	2.6	1.9	4.9
2019-2024	0.1	0.5	(0.6)	0.1	(1.6)	4.6
Share of Airport total						
2000	95.6%	4.4%	-	100.0%	85.7%	14.3%
2010	97.8	1.6	0.6	100.0	78.9	21.1
2019	95.0	4.6	0.3	100.0	74.1	25.9
2024	95.0	4.7	0.3	100.0	67.9	32.1

n.c. = not calculated.

Notes: Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

(a) Calculated by subtracting connecting passengers from total enplaned passengers. Includes domestic and international O&D passengers traveling on U.S. and foreign-flag airlines, passengers making connections between two international flights, passengers on nonscheduled (charter) flights, and nonrevenue passengers.

(b) The number shown for international passengers includes passengers on charter flights.

Sources: Maryland Aviation Administration records; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

## Airline Shares of Enplaned Passengers

Table 15 presents data on the shares of originating passengers by airline group for FY 2024 and shows the distribution of originating passengers between residents and visitors.

Originating passengers accounted for approximately 68% of enplaned passengers at the Airport in FY 2024, with the remaining 32% connecting between flights. Essentially all the connecting traffic was between Southwest flights. Residents of the Airport service region accounted for approximately 56% of originating passengers and visitors to the region for 44%.

<p style="text-align: center;">Table 15  <b>ENPLANED PASSENGERS BY AIRLINE GROUP</b>  Baltimore/Washington International Thurgood Marshall Airport  Fiscal Year ended June 30, 2024</p>						
	Average daily enplaned passengers			Distribution by airline group		
	Southwest	All other airlines	All Airlines	Southwest	All other airlines	All Airlines
By sector						
Domestic	25,021	10,002	35,023	96.4%	91.6%	95.0%
International	934	796	1,730	3.6	7.3	4.7
Charter	-	122	122	0.0	1.1	0.3
Total	25,954	10,920	36,874	100.0%	100.0%	100.0%
By type of passenger						
Originating - resident (a)	9,000	5,038	14,038	34.7%	46.1%	38.1%
Originating - visitor (b)	5,235	5,758	10,993	20.2	52.7	29.8
Subtotal originating	14,235	10,796	25,031	54.8%	98.9%	67.9%
Connecting	11,719	124	11,843	45.2	1.1	32.1
Total	25,954	10,920	36,874	100.0%	100.0%	100.0%
Share of passengers						
Originating	56.9%	43.1%	100.0%			
Connecting	98.9	1.1	100.0			
Total	70.4	29.6	100.0			
<p>Notes: Rows and columns may not add to totals shown because of rounding.  Percentages were calculated using unrounded numbers.</p> <p>(a) Originating-resident passengers are defined as those passengers whose flight itineraries began at BWI.  (b) Originating-visitor passengers are defined as those passengers whose flight itineraries began at airports other than BWI.</p> <p>Sources Maryland Aviation Administration records; U.S. DOT, <i>Air Passenger Origin-Destination Survey</i>, reconciled to Schedule T100.</p>						

Table 16 presents historical enplaned passengers at the Airport by airline for selected years between FY 2009 and FY 2024. In FY 2024, Southwest accounted for 70.4% of enplaned passengers, followed by Spirit with 7.8%, Delta with 6.7%, American with 4.3%, and United with 3.8%. In FY 2024, Southwest accounted for 54.8% of originating passengers.

## **AIR CARGO**

Table 17 presents historical data on air cargo tonnage at the Airport. Between FY 2009 and FY 2017, cargo tonnage increased 33.6%, an average of 3.7% per year. Between FY 2017 and FY 2021, cargo tonnage increased 117.2%, an average of 21.4% per year as Amazon Air (operated by ABX Air, ATI, and Atlas Air) began service in mid-2017.

In contrast to the reduced passenger airline operations during the pandemic, air cargo airlines increased operations because of the need to transport medical supplies, increased demand for package delivery, and disruptions to global supply chains. In FY 2024, the airlines operating at the Airport for Amazon Air accounted for 63.4% of the cargo tonnage, FedEx accounted for 18.6%, and UPS accounted for 8.6%. Most of the remainder was carried as belly cargo by the passenger airlines. Of all air cargo tonnage enplaned and deplaned at the airports serving the Washington-Baltimore region in FY 2024, BWI accounted for approximately 52% and Dulles for approximately 48%. Air cargo weight at Reagan was negligible.



Table 16  
**AIRLINE SHARES OF ENPLANED PASSENGERS**  
 Baltimore/Washington International Thurgood Marshall Airport  
 Fiscal Years ended June 30

Airline	2009	2017	2018	2019	2020	2021	2022	2023	2024
Domestic scheduled									
Southwest	6,695,173	8,632,719	8,850,763	8,465,545	6,422,702	4,570,841	7,202,944	8,241,316	9,157,525
Spirit	--	823,536	1,104,570	1,315,662	1,075,637	668,757	887,925	1,005,712	1,002,459
Delta	1,152,812	1,028,406	1,048,574	1,073,870	756,811	355,612	759,983	895,484	898,394
American	1,089,818	880,180	875,283	875,110	659,129	453,568	628,212	551,758	584,833
United	893,731	482,260	529,636	531,441	358,470	180,358	377,251	464,784	509,911
Frontier	--	--	--	16,541	49,786	74,948	188,506	335,499	449,640
Alaska	--	128,266	191,805	205,564	138,640	38,946	60,033	74,446	79,769
JetBlue	--	271,098	258,668	184,735	85,324	50	108	68,105	43,059
Allegiant	--	46,966	50,044	57,125	44,777	31,889	53,511	45,062	34,671
All other (a)	<u>10,032</u>	<u>4,228</u>	<u>20,865</u>	<u>25,596</u>	<u>20,000</u>	<u>22,297</u>	<u>34,993</u>	<u>65,974</u>	<u>58,007</u>
Subtotal domestic	9,841,566	12,297,659	12,930,208	12,751,189	9,611,276	6,397,266	10,193,466	11,748,140	12,818,268
International scheduled									
Southwest	4,692	304,247	299,322	314,105	208,527	174,421	334,453	296,155	341,765
British Airways	53,147	62,308	62,733	65,265	46,801	--	14,109	51,056	59,698
PLAY	--	--	--	--	--	--	8,887	52,031	51,968
Spirit	--	--	35,834	81,401	59,479	17,462	61,428	56,182	49,470
Icelandair	--	--	3,000	11,600	--	--	3,232	22,758	39,375
Air Canda	29,124	48,693	54,822	68,523	52,451	--	5,309	31,052	24,120
Other (b)	<u>80,696</u>	<u>108,182</u>	<u>100,042</u>	<u>77,472</u>	<u>15,188</u>	<u>473</u>	<u>26,228</u>	<u>50,821</u>	<u>66,741</u>
Subtotal international	167,659	523,430	555,753	618,366	382,446	192,356	453,646	560,055	633,137
Charter airlines (c)	<u>56,937</u>	<u>54,865</u>	<u>48,072</u>	<u>46,051</u>	<u>40,582</u>	<u>55,628</u>	<u>47,064</u>	<u>57,081</u>	<u>44,654</u>
Total	10,066,162	12,875,954	13,534,033	13,415,606	10,034,304	6,645,250	10,694,176	12,365,276	13,496,059

Table 16 (page 2 of 2)

**AIRLINE SHARES OF ENPLANED PASSENGERS**

Baltimore/Washington International Thurgood Marshall Airport

Fiscal Years ended June 30

Airline	2009	2017	2018	2019	2020	2021	2022	2023	2024
Percent of total									
Domestic scheduled									
Southwest	66.5%	67.0%	65.4%	63.1%	64.0%	68.8%	67.4%	66.6%	67.9%
Spirit	--	6.4	8.2	9.8	10.7	10.1	8.3	8.1	7.4
Delta	11.5	8.0	7.7	8.0	7.5	5.4	7.1	7.2	6.7
American	10.8	6.8	6.5	6.5	6.6	6.8	5.9	4.5	4.3
United	8.9	3.7	3.9	4.0	3.6	2.7	3.5	3.8	3.8
Frontier	--	--	--	0.1	0.5	1.1	1.8	2.7	3.3
Alaska	--	1.0	1.4	1.5	1.4	0.6	0.6	0.6	0.6
JetBlue	--	2.1	1.9	1.4	0.9	0.0	0.0	0.6	0.3
Allegiant	--	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.3
All other (a)	0.1	0.0	0.2	0.2	0.2	0.3	0.3	0.5	0.4
Subtotal domestic	97.8%	95.5%	95.5%	95.0%	95.8%	96.3%	95.3%	95.0%	95.0%
International scheduled									
Southwest	0.0%	2.4%	2.2%	2.3%	2.1%	2.6%	3.1%	2.4%	2.5%
British Airways	0.5	0.5	0.5	0.5	0.5	--	0.1	0.4	0.4
PLAY	--	--	--	--	--	--	0.1	0.4	0.4
Spirit	--	--	0.3	0.6	0.6	0.3	0.6	0.5	0.4
Icelandair	--	--	0.0	0.1	--	--	0.0	0.2	0.3
Air Canda	0.3	0.4	0.4	0.5	0.5	--	0.0	0.3	0.2
Other (b)	0.8	0.3	0.2	0.2	0.2	0.0	0.1	0.1	0.1
Subtotal international	1.7%	4.1%	4.1%	4.6%	3.8%	2.9%	4.2%	4.5%	4.7%
Charter airlines (c)	0.6%	0.4%	0.4%	0.3%	0.4%	0.8%	0.4%	0.5%	0.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Includes Avelo, Boutique Air, Cape Air, Contour Airlines, Sun Country, Southern Airways Express, and Via Air.

(b) Includes Air Jamaica, Air Senegal, Alaska, BermudAir, Condor, COPA, Delta, Frontier, Norwegian, Sunwing, USA 3000, and WOW Air.

(c) Includes Atlas Air, Miami Air International, North American, Omni Air International, and World Airways, among others.

Source: Maryland Aviation Administration records.

Table 17  
**AIR CARGO ENPLANED AND DEPLANED BY AIRLINE**  
 In metric tons  
 Baltimore/Washington International Thurgood Marshall Airport  
 Fiscal Years ended June 30

Airline	2009	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ATI	--	-	40	1,608	4,194	14,260	3,938	287	40,507	139,650	88,576	70,942
Atlas Air	52	29	-	1,490	206	27,330	68,136	81,210	51,023	21,637	61,407	68,268
FedEx	53,001	49,896	48,271	53,837	53,064	55,232	55,394	52,796	54,843	52,860	46,525	44,621
UPS	20,275	24,009	24,690	25,680	26,876	27,092	24,925	26,313	26,833	25,098	23,970	20,742
ABX Air	2,169	9,270	11,341	10,269	10,442	40,124	32,225	62,870	53,463	768	1,123	13,165
Other (a)	<u>20,092</u>	<u>21,791</u>	<u>25,556</u>	<u>26,525</u>	<u>32,908</u>	<u>29,285</u>	<u>27,460</u>	<u>24,740</u>	<u>50,629</u>	<u>33,839</u>	<u>24,388</u>	<u>22,726</u>
Total	95,590	104,996	109,897	119,408	127,690	193,323	212,078	248,216	277,298	273,852	245,989	240,466
Annual change			4.7%	8.7%	6.9%	51.4%	9.7%	17.0%	11.7%	(1.2%)	(10.2%)	(2.2%)
<u>Percent of total</u>												
ATI	--	--	0.0%	1.3%	3.3%	7.4%	1.9%	0.1%	14.6%	51.0%	36.0%	29.5%
Atlas Air	0.1%	0.0	--	1.2	0.2	14.1	32.1	32.7	18.4	7.9	25.0	28.4
FedEx	55.4	47.5	43.9	45.1	41.6	28.6	26.1	21.3	19.8	19.3	18.9	18.6
UPS	21.2	22.9	22.5	21.5	21.0	14.0	11.8	10.6	9.7	9.2	9.7	8.6
ABX Air	2.3	8.8	10.3	8.6	8.2	20.8	15.2	25.3	19.3	0.3	0.5	5.5
Other (a)	<u>21.0</u>	<u>20.8</u>	<u>23.3</u>	<u>22.2</u>	<u>25.8</u>	<u>15.1</u>	<u>12.9</u>	<u>10.0</u>	<u>18.3</u>	<u>12.4</u>	<u>9.9</u>	<u>9.5</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Includes freight and mail on passenger and all-cargo airlines.

(a) Nearly all is belly cargo carried by Southwest and other passenger airlines.

Source: Maryland Aviation Administration records.

## AIRCRAFT OPERATIONS

Table 18 presents historical data on aircraft operations (landings and takeoffs) at the Airport. In FY 2024, air carrier aircraft accounted for 89.5% of operations, air taxi and commuter aircraft for 5.9%, and general aviation aircraft for 4.3%. Most general aviation operations are by business jet aircraft. Military aircraft account for 0.4% of aircraft operations at the Airport.

<p>Table 18</p> <p><b>HISTORICAL AIRCRAFT OPERATIONS</b></p> <p>Baltimore/Washington International Thurgood Marshall Airport</p> <p>Fiscal Years ended June 30</p>					
Fiscal Year	Air carrier	Air taxi/ commuter	General aviation	Military	Total operations
2000	200,825	69,370	31,222	1,992	303,409
2005	220,062	52,895	38,261	1,040	312,258
2006	210,383	56,141	36,728	926	304,178
2007	208,802	60,214	35,341	729	305,086
2008	209,631	51,101	29,979	770	291,481
2009	199,615	43,838	22,030	790	266,273
2010	203,495	43,896	24,826	791	273,008
2011	218,327	40,377	18,844	611	278,159
2012	216,113	40,879	16,319	937	274,248
2013	208,102	37,085	15,945	1,152	262,284
2014	200,564	32,045	17,343	1,333	251,285
2015	198,490	25,756	17,890	1,119	243,255
2016	204,688	26,666	15,538	1,375	248,267
2017	210,984	27,503	13,573	1,173	253,233
2018	222,127	32,075	13,021	1,031	268,254
2019	216,717	31,065	12,235	1,112	261,129
2020	187,290	25,930	9,922	1,115	224,257
2021	151,105	19,845	10,388	1,211	182,549
2022	181,685	17,744	13,383	1,003	213,815
2023	201,158	16,258	10,862	929	229,207
2024	218,022	14,328	10,382	896	243,628
Average annual percent increase (decrease)					
2000-2007	0.6%	(2.0%)	1.8%	(13.4%)	0.1%
2007-2010	(0.9)	(10.0)	(11.1)	2.8	(3.6)
2010-2019	0.7	(3.8)	(7.6)	3.9	(0.5)
2019-2024	0.1	(14.3)	(3.2)	(4.2)	(1.4)

Source: Federal Aviation Administration website, [aspm.faa.gov](https://aspm.faa.gov) accessed August 2024.

## **KEY FACTORS AFFECTING FUTURE AIRLINE TRAVEL**

In addition to the demographics and economy of the Baltimore-Washington, D.C., region, as discussed earlier, key factors that will affect future airline traffic at the Airport in the long term include:

- National economic conditions
- International economic and geopolitical conditions
- Financial health of the airline industry
- Airline consolidation
- Airline service and routes
- Airline competition and airfares
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Public health concerns
- Climate change concerns
- Capacity of the national air traffic control system
- Capacity of the Airport

### **National Economic Conditions**

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated on Figure 6, recessions in the U.S. economy in 2001, 2008-2009, and 2020, and associated high unemployment, reduced discretionary income and airline travel demand.

The 2020 economic recession brought about by the COVID-19 pandemic and the related government actions to contain the spread of the disease was short-lived but caused the largest ever decrease in real GDP (31.2% in the second quarter of 2020), with an associated sharp increase in unemployment. The second quarter decrease was followed by strong GDP growth in the third and fourth quarters, with GDP in the fourth quarter of 2020 at close to the pre-pandemic level. Economic recovery continued in 2021 through 2023. GDP increased 5.8%, 1.9%, and 2.4% in 2021, 2022, and 2023, respectively.

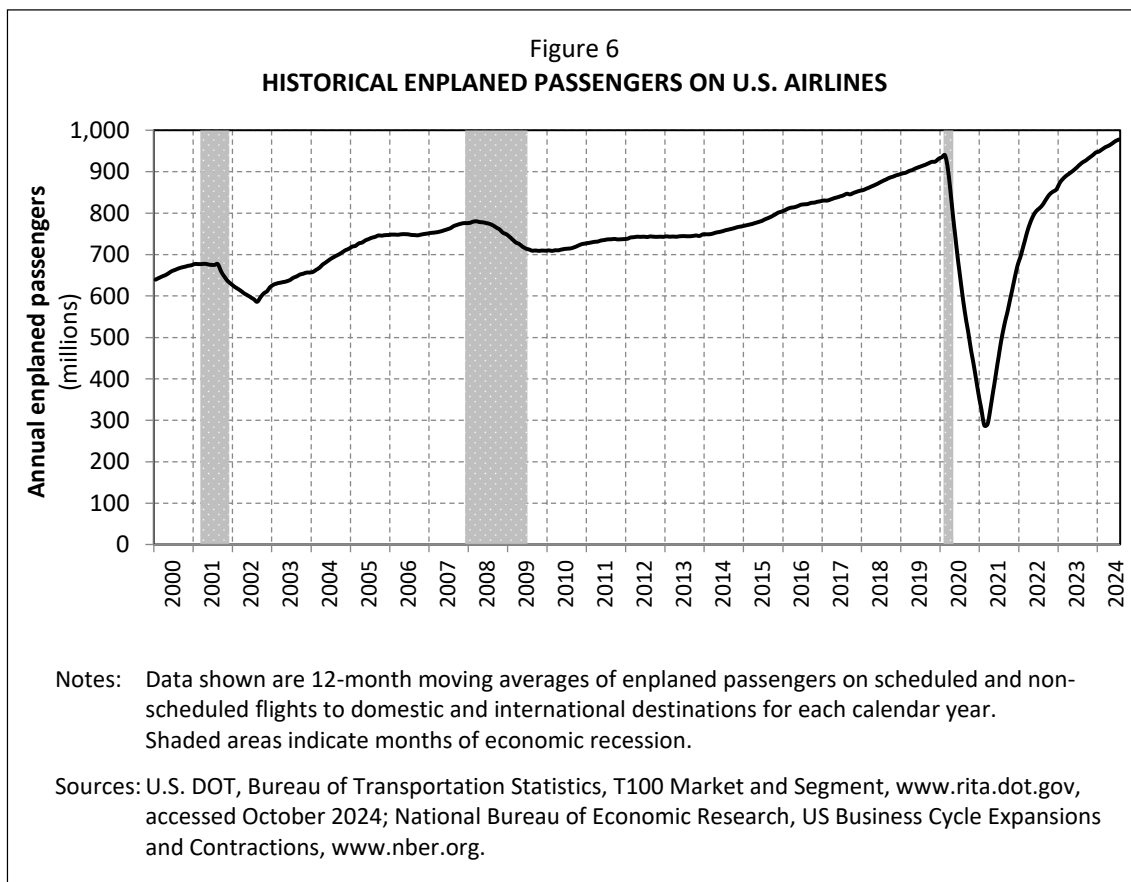
Future increases in domestic passenger traffic at the Airport will depend on the continuation of national economic growth.

### **International Economic and Geopolitical Conditions**

International passenger traffic at U.S. airports is influenced by the globalization of business, international trade and tourism, international economics, trade balances, currency exchange rates, government policies, and geopolitical relationships. Concerns about hostilities, terrorist attacks, other perceived security risks, and associated travel restrictions also affect travel demand to and from particular international destinations from time to time.

Ongoing military conflicts that are causing economic disruption and instability include the war in Ukraine that followed Russia’s invasion in February 2022 and the war in Gaza that followed attacks on Israel by Hamas militants in October 2023 and Israel’s invasion of Gaza in response.

Future increases in international passenger traffic at the Airport will partly depend on global economic growth, the containment of regional military conflicts and civil unrest, a stable and secure travel environment, and government policies that do not unreasonably restrict or deter travel.



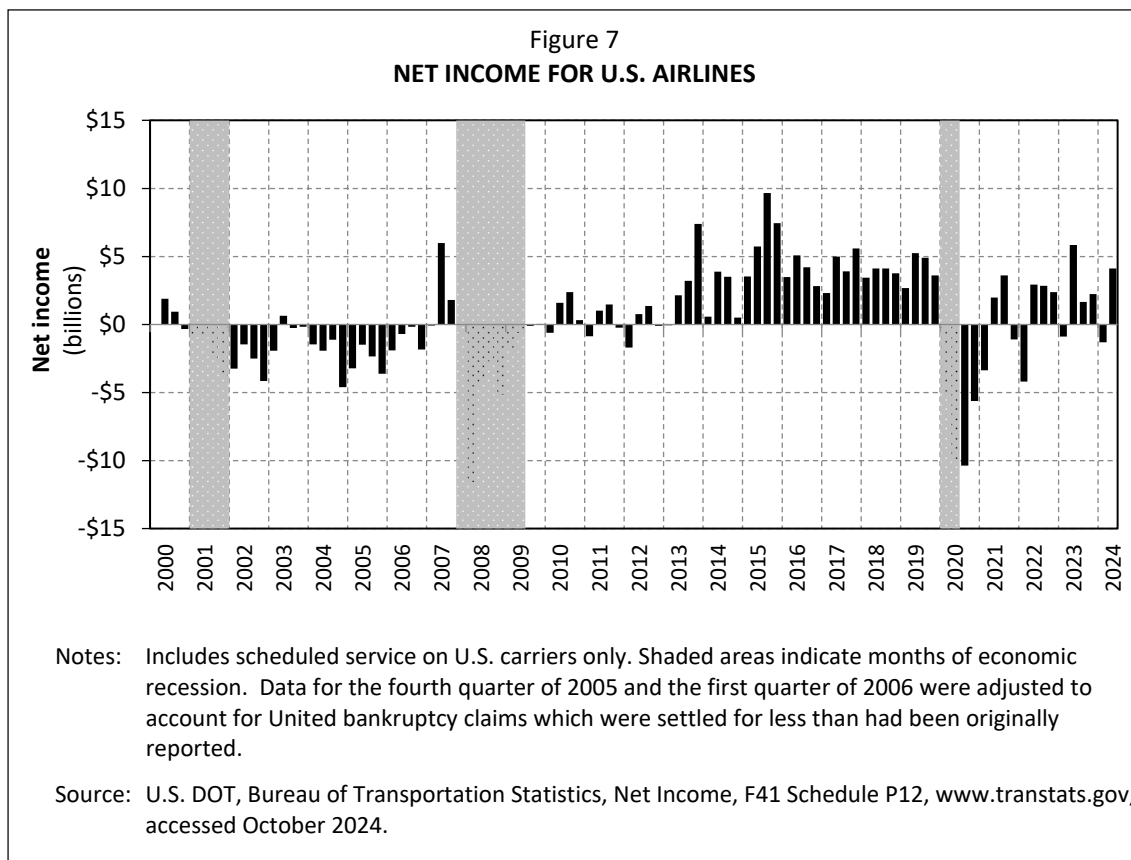
### Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly Southwest, to make the necessary investments to provide service. Figure 7 shows historical net income for U.S. airlines.

Largely as a result of the 2001 economic recession and the disruption of the airline industry following the September 2001 attacks, the industry experienced large

financial losses between 2001 and 2006. During this period, Delta, Northwest, United, and US Airways filed for bankruptcy protection and restructured their operations.

In 2007, the U.S. passenger airline industry was profitable, but, in 2008, as oil and aviation fuel prices increased to unprecedented levels and the U.S. economy contracted, the industry again experienced large net losses. The industry responded by grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing airfares.



From 2010 to 2013, after recovery from the 2008-2009 recession, U.S. passenger airlines generally recorded positive net income, notwithstanding sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, achieving high load factors, and increasing ancillary revenues. American filed for bankruptcy protection in 2011.

From 2014 to 2019, the U.S. passenger airline industry reported a succession of profitable years as fuel prices were low, demand was strong, and control of capacity

allowed fares and ancillary charges to remain high, even as agreements between the major airlines and their unionized employees resulted in increased labor costs.

Beginning in 2020, reductions in air travel demand caused by the COVID-19 pandemic resulted in unprecedented airline industry losses. These losses were partially mitigated by federal aid provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in March 2020 and the American Rescue Plan Act of 2021 (ARPA) enacted in March 2021.

In response to the pandemic-induced losses, airlines took various actions to reduce costs and maintain liquidity, including the retirement of older aircraft and deferring the acquisition of new aircraft. As shown in Figure 7, the U.S. airline industry as a whole returned to profitability in the second quarter of 2022.

Current supply chain constraints causing shortages of aircraft engines, avionics, and other essential components are also affecting the ability of Airbus, Boeing, and other manufacturers to produce the larger, more fuel-efficient aircraft in the numbers being sought by airlines even while there is industry-wide domestic overcapacity.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, stable fuel prices, and the ability of airlines to hire and retain enough qualified employees, particularly pilots and mechanics, and acquire enough larger fuel-efficient aircraft to support increased flight operations.

### **Airline Consolidation**

Consolidation of the U.S. airline industry resulted from the acquisition of Trans World by American (2001), the merger of US Airways and America West (2005), the merger of Delta and Northwest (2009), the merger of United and Continental (2010), the acquisition of AirTran by Southwest (2011), the merger of American and US Airways (2013), and the acquisition of Virgin America by Alaska (2016).

In October 2022, JetBlue announced plans to acquire Spirit, which would have created the nation's fifth largest airline by enplaned passengers with a market share of approximately 9%. In January 2024, the acquisition was blocked in federal court following the filing by the Justice Department of a civil antitrust lawsuit. JetBlue and Spirit subsequently terminated their merger agreement.

In December 2023, Alaska announced plans to acquire Hawaiian Airlines. The two airlines together account for approximately 6% of passengers enplaned on U.S. airlines. Following the announcement by the Justice Department that it would not challenge it on antitrust grounds and conditional approval by the U.S. DOT, the acquisition was closed in September 2024. In FY 2024, Alaska accounted for 0.6% of enplaned passengers at the Airport. Hawaiian does not serve the Airport.



Airline industry consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates now accounting for approximately 75% of domestic seat-mile capacity. Consolidation has contributed to recent industry profitability, but any resumption of financial losses could cause one or more U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines could drastically affect airline service at certain connecting hub airports and change airline travel patterns nationwide.

### **Airline Service and Routes**

The Airport accommodates travel demand to and from the Baltimore-Washington, D.C., region and serves as a connecting hub. The number of origin and destination passengers at the Airport depends primarily on the intrinsic attractiveness of the region as a business and leisure destination, the propensity of its residents to travel, and the airfares and service provided at the Airport and at other competing airports. The number of connecting passengers, on the other hand, depends almost entirely on the airline fares and service provided at the Airport.

The large network airlines have developed hub-and-spoke systems that allow them to offer high-frequency service to many destinations. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends primarily on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry consolidated, airline service has been reduced at many former connecting hub airports, including those serving St. Louis (American, 2003-2005), Dallas-Fort Worth (Delta, 2005), Pittsburgh (US Airways, 2006-2008), Las Vegas (US Airways, 2007-2010), Cincinnati (Delta, 2009-2012), Memphis (Delta, 2011-2013), and Cleveland (United, 2014).

As discussed in earlier sections, BWI serves as a connecting airport for Southwest. As a result, most of the connecting passenger traffic at the Airport results from the route network and flight schedule of Southwest, rather than the economy of the Airport service region. If Southwest were to reduce connecting service at the Airport, such service would not necessarily be replaced by other airlines, although reductions in service by any airline would create business opportunities for others.

### **Airline Competition and Airfares**

Airline fares have an important effect on passenger demand, particularly for relatively short trips for which the automobile and other travel modes are potential alternatives, and for price-sensitive “discretionary” travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges

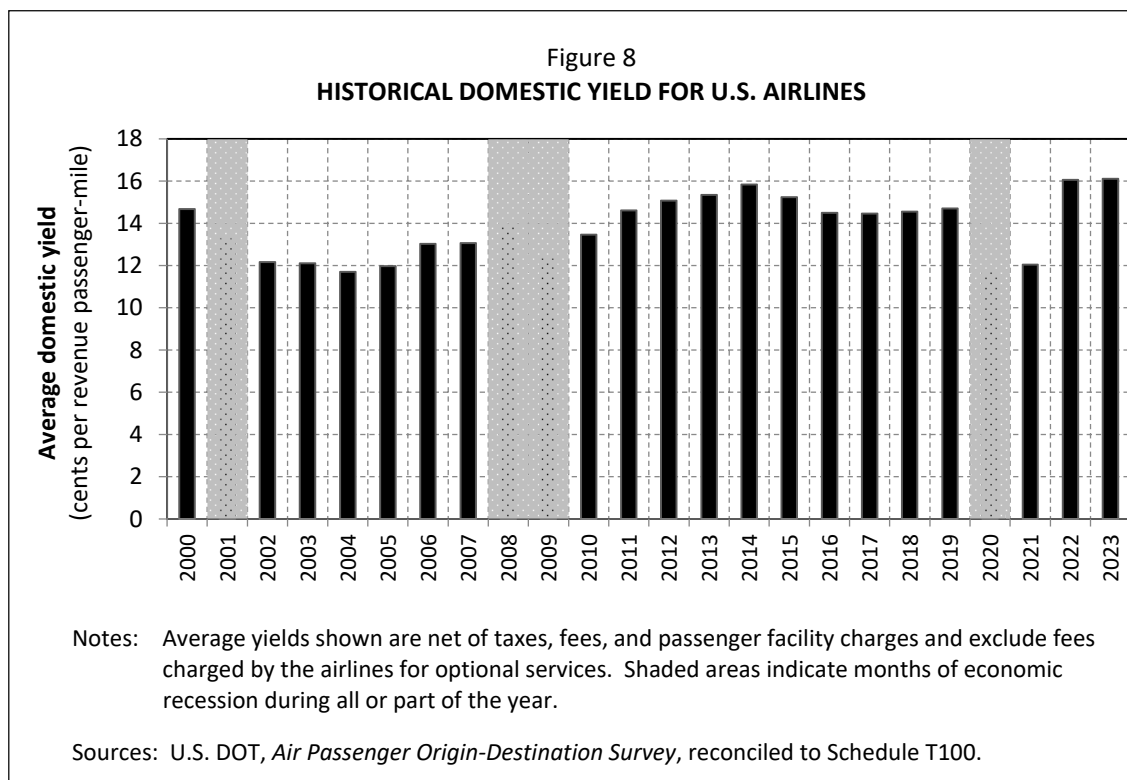
assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend partly on the level of airfares.

Figure 8 shows the historical average domestic yield (airfare per passenger-mile) for U.S. airlines. After the 2008-2009 recession, the average yield increased through 2014 as airline travel demand strengthened, the airlines collectively reduced available seat capacity and were able to sustain airfare increases. Between 2014 and 2016, the average yield was reduced as a result of airline competition, and through 2019, was fairly stable. The average yield decreased in 2020 and 2021 as travel demand was depressed during the pandemic then increased in 2022 and 2023 as demand rebounded and airline seat capacity was constrained.

Beginning in 2006, ancillary charges were introduced by most airlines for optional services such as checked baggage, preferred seating, in-flight meals, and entertainment, thereby increasing the effective price of airline travel more than these yield figures indicate.

### Availability and Price of Aviation Fuel

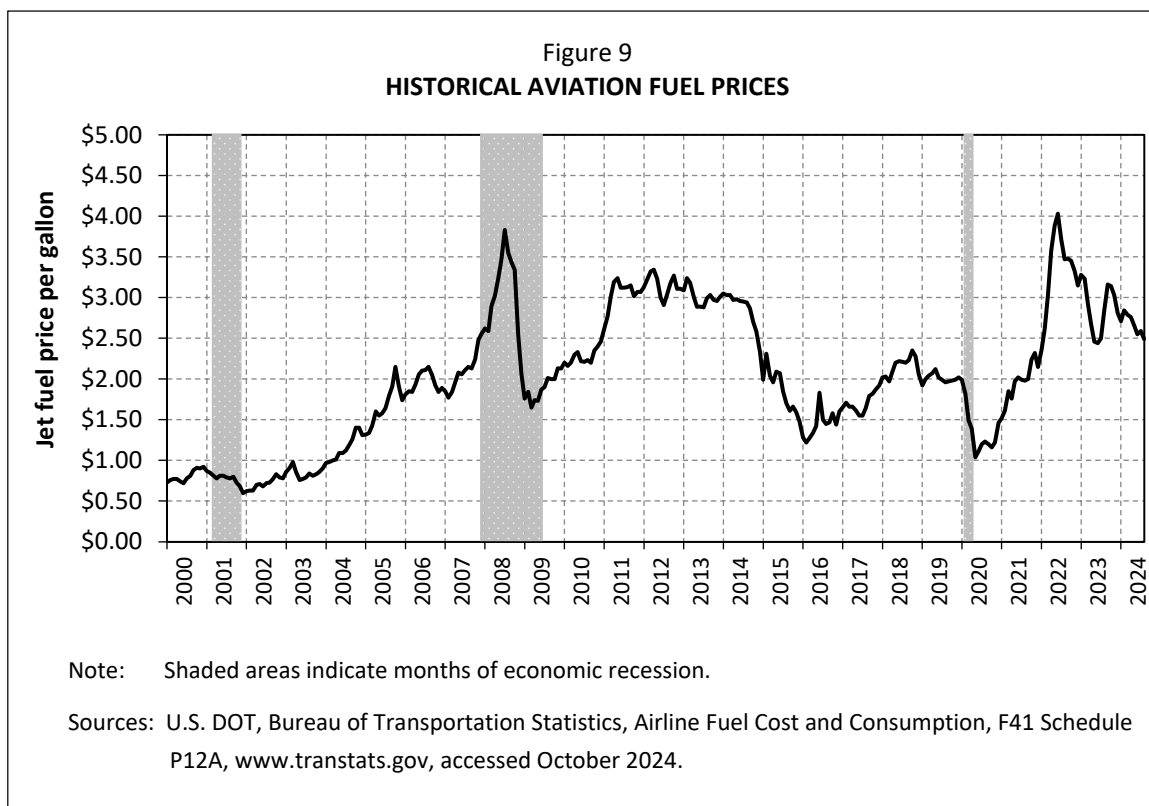
The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Figure 9 shows the historical fluctuation in aviation fuel prices caused by the many factors influencing the global demand for and supply of oil.



Between early 2011 and mid-2014, aviation fuel prices were relatively stable, partly because of increased oil supply from U.S. domestic production made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technologies.

Beginning in mid-2014, an imbalance between worldwide demand and supply resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices then increased, but the average price of aviation fuel at the end of 2019 was still approximately 30% below the price at mid-2014.

As the pandemic drastically reduced the demand for aviation fuel in early 2020, the price of aviation fuel fell sharply, before rebounding in 2021 as pandemic restrictions were eased, economies recovered, and demand exceeded supply. The economic disruption and sanctions resulting from the Russian invasion and war on Ukraine exacerbated the worldwide imbalance of demand and supply and caused increased oil and aviation fuel prices, peaking in June 2022. Higher fuel prices have a negative effect on airline profitability as well as far-reaching implications for the global economy.



## **Aviation Safety and Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. Measures have included strengthened aircraft cockpit doors, increased presence of armed federal air marshals, federalization of airport security under the Transportation Security Administration (TSA), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and the deployment of improved screening technologies.

Following fatal crashes of B-737 MAX aircraft caused by the malfunction of the aircraft's automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among U.S. airlines, American, Southwest, and United were affected. At the time of the grounding, B-737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity.

Southwest has the largest MAX fleet of any airline and its flight operations were particularly affected by the grounding. At BWI, before the grounding, operations by MAX aircraft accounted for 8.7% of seat capacity on Southwest and 5.9% of seat capacity on all airlines. In November 2020, following the approval of modifications to the flight control software and pilot training, the FAA rescinded its order grounding the aircraft, allowing it gradually to be reintroduced into service.

In January 2024, a panel in the aircraft fuselage of a B-737 MAX-9 aircraft blew out in flight. As a result of the incident, the FAA temporarily grounded all B-737 MAX-9 aircraft, increased oversight of Boeing's manufacturing processes, and stated that it will not permit the company to increase aircraft production rates until adequate manufacturing quality controls are in place. A subsequent audit by the FAA into the manufacturing processes identified quality control violations by Boeing and its fuselage manufacturer, Spirit AeroSystems. Such production restrictions will constrain Boeing's ability to deliver aircraft as planned and delay the ability of some airlines, including Southwest, to increase capacity and upgrade their fleets with more fuel-efficient aircraft.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other aviation safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline

travelers, future demand for airline travel will depend primarily on economic, not safety or security, factors.

### **Public Health Concerns**

Public health concerns and associated restrictions on travel periodically reduce airline travel demand to and from various parts of the world. Examples are Severe Acute Respiratory Syndrome (SARS) in 2002-2003, the H1N1 influenza virus in 2009, Middle East Respiratory Syndrome (MERS) in 2013, Ebola Virus Disease (EVD) in 2014-2016, and the Zika virus in 2016-2017. In all these historical examples, reductions in airline travel were geographically localized and short-lived, with travel soon recovering to pre-health-scare trends.

By comparison, the COVID-19 pandemic had far more serious and widespread effects on airline travel worldwide. In late 2019, the novel coronavirus that causes the COVID-19 respiratory illness emerged, soon spreading through most of the world. COVID-19 was declared a global pandemic by the World Health Organization in March 2020.

During the early months of the pandemic, governmental actions to slow the spread of the disease, including the mandated closure of businesses and offices, work-at-home requirements, prohibitions of public gatherings, quarantines, and travel restrictions contributed to a recession in the global economy and widespread job losses. The economic recession, combined with fears about contagion, resulted in a severe reduction in the demand for air travel, the grounding of much of the world's airline fleets, and cuts in airline service.

In December 2020, the first COVID-19 vaccines were administered in the United States. The success of the vaccines in preventing the transmission of the virus and reducing its effects resulted in a steady recovery in domestic air travel through the summer of 2021, although new variants of the virus then emerged and resulted in new waves of cases in the fall and winter of 2021.

By 2022, the availability and acceptance of vaccines and treatments has allowed the pandemic to be largely brought under control in the United States and other developed countries. As quarantine, testing, and other travel restrictions were relaxed, COVID-19 was no longer an important factor affecting airline travel. By early 2023, domestic airline travel at many U.S. airports had approached or exceeded pre-pandemic levels.

Questions remain about how some determinants of air travel demand may not fully return to those existing pre-pandemic. Some observers expect that there will be permanent reductions in business travel for some in-person meetings as a result of the widespread adoption of videoconferencing. Many companies have reduced travel by their employees and thereby achieved cost savings that may become a

permanent feature of their financial operations. Offsetting that effect, there has been an increase in travel by workers who relocated during the pandemic and work remotely, and who need regularly to visit a central office location. Remote working and travel for a combination of business and leisure purposes have also changed travel demand patterns.

### **Climate Change Concerns**

There is now widespread acknowledgement of the urgent need for the nations of the world to transition from fossil fuels to cleaner energy sources that will allow the worst effects of global warming and climate change to be avoided.

Much like the way that the pandemic appears to have changed some airline travel behavior and demand patterns, concerns about the contribution of airline travel to the emission of carbon dioxide and other greenhouse gases into the atmosphere may influence future airline travel demand. For example, there may be increased societal pressures to avoid or reduce travel perceived as wasteful, particularly long-haul international travel; to favor or require the use of lower-emission travel modes, such as, train over airplane, for short trips; and for corporations to limit employee travel to achieve environmental, social, and governance objectives.

Pre-pandemic, the aviation industry accounted for approximately 10% of anthropogenic greenhouse gas emissions from the U.S. transportation sector and 3% of total U.S. emissions. Alternatives to petroleum-derived jet fuel are unlikely to be economically available at large scale for the foreseeable future, so aviation's share of emissions will likely increase and attract more scrutiny. Consequently, it will be imperative for the industry to achieve efficiencies if growth in airline travel is to be sustained.

Achieving those efficiencies and mitigating emissions will require financial investments and changes to the operating economics of the aviation industry. Changes will likely include the early retirement and replacement of inefficient aircraft; the payment of carbon taxes and other regulatory charges designed to penalize or offset emissions; and the development of technologies and incentives to increase the supply and reduce the cost of sustainable aviation fuels derived from biomass and other renewable sources. In the longer term, investments will be required to develop new aircraft propulsion technologies using fuels such as hydrogen or electric power generated from renewable sources.

Increased direct governmental regulation of greenhouse gas emissions from aircraft is also possible. In 2020, the U.S. Environmental Protection Agency adopted emission standards that apply to new commercial aircraft and align with standards adopted by the International Civil Aviation Organization. More stringent emission standards may apply in the future.

Inevitably, some of the costs required to reduce greenhouse gas emissions and combat climate change will be passed on to passengers in the form of higher fares or surcharges, and thereby may inhibit airline travel demand.

### **Capacity of the National Air Traffic Control System**

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transportation System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased because of reduced numbers of aircraft operations (down approximately 9% between 2007 and 2023) but, as airline travel increases in the future, flight delays and restrictions may again be expected.

Recent shortages of qualified air traffic controllers have also reduced airspace capacity in some regions. The ability of the FAA to maintain and increase the capacity of the national air traffic control system will depend in part on its ability to hire, train, and retain adequate numbers of skilled controllers.

### **Capacity of the Airport**

In addition to any future constraints that may be imposed by the capacity of the national air traffic control and airport systems, future growth in airline traffic at the Airport will depend on the capacity of the Airport itself. BWI's airfield and terminal capacity are expected to be sufficient to accommodate future growth in airline traffic at the Airport well beyond the forecast period covered in this report.

## **AIRLINE TRAFFIC FORECASTS**

Forecasts of airline traffic at the Airport through FY 2028, as presented in Exhibit A at the end of the report, were developed on the basis of socioeconomic indicators for the Baltimore-Washington, D.C., region, trends in historical airline traffic at the Airport, and key factors likely to affect future airline traffic, all as discussed in earlier sections. The forecast for the Airport included in the FAA's *Terminal Area Forecast* (TAF), issued in January 2024, was also reviewed.

It was assumed that airline traffic at the Airport will increase as a function of growth in the economy of the region and increased airline service. It was further assumed that airline service at the Airport will not be constrained by the availability of aviation fuel, the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that inhibit growth.

### **Base Passenger Forecast**

For the base passenger forecast, it was assumed that, following a 3.7% increase in FY 2025, enplaned passenger numbers will increase gradually on the basis of assumptions that:

- The U.S. economy will experience sustained growth in GDP averaging between 2.0% and 2.5% per year, generally consistent with rates projected by the Congressional Budget Office.
- The economy of the Airport service region will grow at approximately the same rate as the national economy.
- Airlines will add service to meet travel demand at the Airport and competition among airlines will ensure competitive airfares for flights from the Airport, notwithstanding higher aviation fuel and other operating costs.
- The airlines serving the Airport collectively will be able to hire and retain enough qualified employees, particularly pilots and mechanics, and acquire enough aircraft to support increased flight operations.
- A generally stable international political environment and safety, security, and public health precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences or travel restrictions.
- There will be no major disruption of airline service or airline travel behavior due to international hostilities, terrorist acts or threats, or government policies restricting or deterring air travel.



- The airlines serving the Airport collectively will be financially viable and able to provide and the seat capacity required to accommodate increased passenger demand.
- The Airport will continue to be an important connecting hub for Southwest.
- The respective roles of BWI, Dulles, and Reagan in accommodating domestic and international airline service will be generally unchanged

Beginning in FY 2026, passenger numbers are forecast to increase 2.1% per year. (The FAA forecasts an average annual increase of 2.1% in enplaned passengers over the same period.)

Originating and connecting passenger numbers are forecast to increase at similar rates so that the originating percentage is approximately 68% throughout the forecast period.

Figure 10 shows historical and base passenger forecast numbers graphically.

### **Stress Test Passenger Projection**

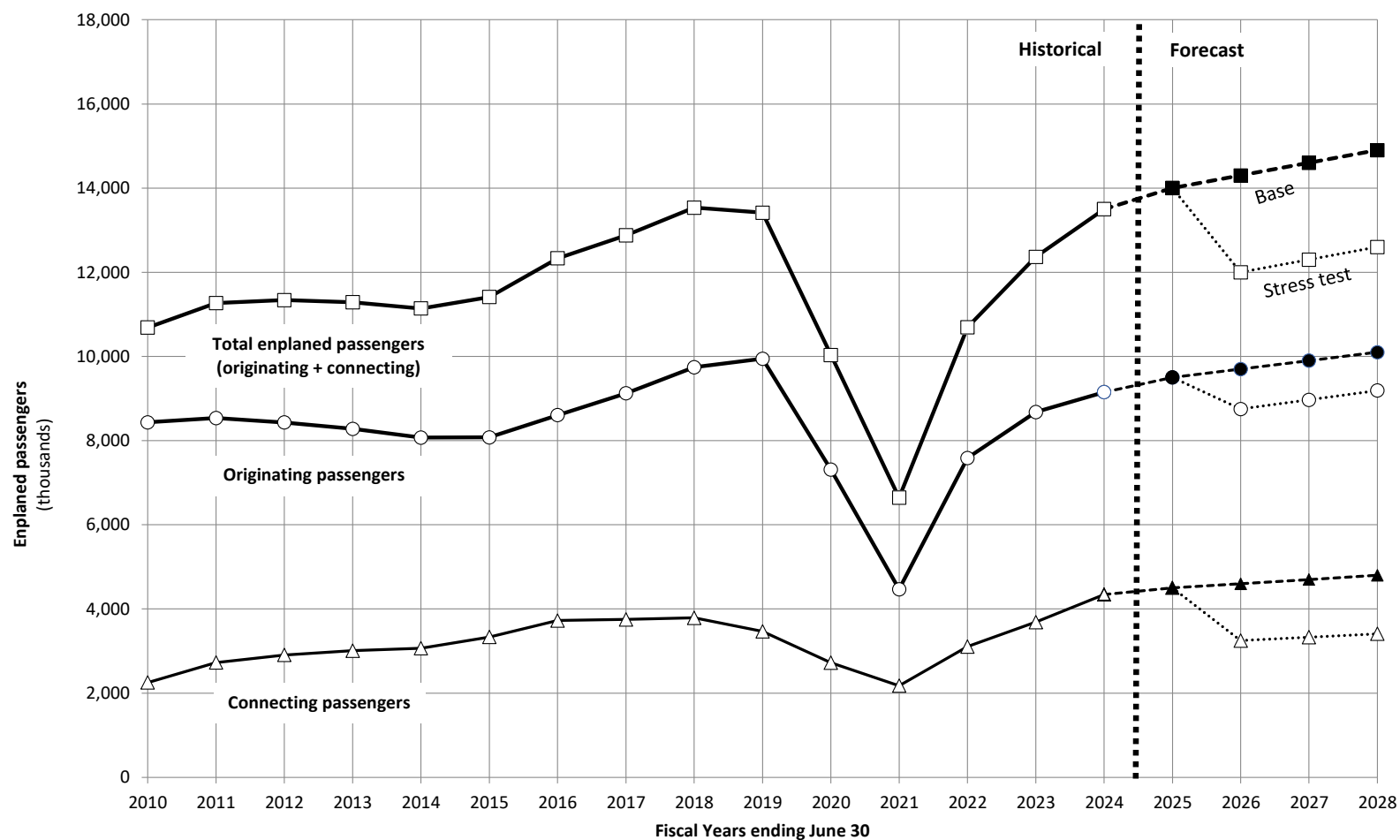
The stress test passenger projection was developed to provide the basis for testing the sensitivity of the Airport's financial results to a hypothetical reduction in passenger numbers, such as could occur under conditions of weak economic growth or recession, restricted seat capacity, high airfares, or reduced connecting airline service resulting from changed airline network strategies.

Relative to the base forecast, beginning in FY 2026, originating passenger numbers for the stress test are projected to be 10% lower and connecting passenger numbers are projected to be 30% lower, with overall numbers of enplaned passengers approximately 15% lower.

Figure 10 also shows the stress test passenger projection.

### **Landed Weight**

Forecasts of landed weight are shown in Exhibit A (and Exhibit G-2 for the stress test projections). For both the base forecast and stress test projection, aircraft landed weight is forecast to increase at approximately the same rate as enplaned passengers.



The forecasts presented in this figure were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Sources: Historical: Maryland Aviation Administration records, U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T-1.  
Base forecast and stress test: LeighFisher, August 2024.

Figure 10  
**AIRLINE PASSENGER FORECASTS**  
Baltimore/Washington International  
Thurgood Marshall Airport

## **FINANCIAL ANALYSIS**

### **FRAMEWORK FOR AIRPORT FINANCIAL OPERATIONS AND FUNDING**

#### **Roles of Maryland State Agencies**

**Maryland Aviation Administration.** The Maryland Aviation Administration, an agency of the State of Maryland and a unit of the Maryland Department of Transportation, is responsible for fostering and developing aviation activity and facilities in the State and for operating, maintaining, and developing airports in the State. MAA operates the Airport and Martin State Airport.

**Maryland Transportation Authority.** The Maryland Transportation Authority (MDTA), also an agency of the State, is responsible for the financing, development, and operation of certain revenue-producing transportation facilities projects, including the financing and development of Airport projects, and is authorized to issue revenue bonds to finance the costs of such projects. MDTA has in the past issued bonds on behalf of, and has made direct loans to, MAA to fund capital improvements at the Airport.

**Maryland Economic Development Corporation.** The purpose of the Maryland Economic Development Corporation (MEDCO), also an agency of the State, is to assist in the expansion and retention of Maryland businesses and to attract new businesses to the State. MEDCO is authorized to issue bonds to finance such assistance and has in the past issued bonds on behalf of MAA to fund capital improvements at the Airport.

#### **Prior Indebtedness**

**MDTA 2012AB Airport Parking Revenue Bonds.** In April 2012, MDTA issued Airport Parking Revenue Refunding Bonds, Series 2012A and 2012B (MDTA 2012AB Airport Parking Revenue Bonds) to refund bonds issued in 2002 to finance certain of the costs of constructing the Daily Parking Garage and roadway, terminal curbside, central utility plant, and other capital improvements at the Airport. The MDTA 2012AB Airport Parking Revenue Bonds were secured by and payable from revenues derived from the Airport's public parking facilities.

The entire approximately \$101.1 million outstanding principal amount of the MDTA 2012AB Airport Parking Revenue Bonds was refunded with the proceeds of the 2021A Refunding Bonds. No bonds secured by and payable only from parking revenues are now outstanding.

**MEDCO 2012 Lease Revenue Bonds.** In October 2012, MEDCO issued Lease Revenue Refunding Bonds, Series 2012 (MEDCO 2012 Lease Revenue Bonds) to refund bonds issued in 2003 to finance certain of the costs of constructing the

expansion and renovation of Concourses A and B and other improvements to the passenger terminal involving the addition of 500,000 square feet of terminal space and the addition of 15 new gates. The MEDCO 2012 Lease Revenue Bonds were secured by and payable from Airport revenues payable by MAA under a lease agreement with MEDCO.

The entire approximately \$115.0 million outstanding principal amount of the MEDCO 2012 Lease Revenue Bonds was refunded with the proceeds of the 2021A Refunding Bonds. No bonds secured by and payable only from lease revenues are now outstanding.

**MDOT Certificates of Participation.** MDOT has outstanding Certificates of Participation (COPs) issued on behalf of MAA as Series 2010 (for improvements at Concourse B) and Series 2019 (for a fleet of 40 clean diesel buses to provide shuttle service between the passenger terminal, public parking facilities, and the BWI Rail Station). Debt service on the 2010 COPs and 2019 COPs, which constitute Other Obligations as defined in the Trust Agreement, is payable from amounts on deposit in the TTF, subject to the appropriation of such funds for such purpose by the State General Assembly. COPs are not secured by Pledged Revenues or any lien or mortgage on any Airport System facilities.

### **Trust Agreement**

The proposed 2024A Bonds are being issued under the provisions of the Trust Agreement and will be secured by and payable from Pledged Revenues of the Airport System. The Trust Agreement defines Pledged Revenues as Operating Revenues plus Investment Income and defines Net Pledged Revenues as Pledged Revenues less Operating Expenses.

The Trust Agreement creates certain funds and specifies priorities for the deposit of Pledged Revenues into such funds, as described in the later section “Application of Pledged Revenues.” In the Rate Covenant of the Trust Agreement (summarized in the letter at the beginning of this report), MDOT covenants that it will cause MAA to establish and collect Pledged Revenues in each Bond Year to meet Operating Expenses, Bond Debt Service Requirements, and other funding requirements. The Trust Agreement also specifies conditions that must be met for the issuance of Additional Bonds.

### **Airline Agreement**

Effective July 1, 2019, MAA entered into a new use and lease agreement (Airline Agreement) with the airlines accounting for substantially all the enplaned passengers and landed weight at the Airport (Airlines). The Airline Agreement extends through June 30, 2026.

The Airline Agreement provides for the calculation of landing fees under a residual rate-making methodology and most terminal rentals under a commercial-compensatory rate-making methodology to ensure that MAA recovers all costs attributable to the Airline use and occupancy of Airport facilities. The Project is part of the pre-approved capital improvement program agreed to in the Airline Agreement, ensuring that the allocable Debt Service Requirements of the 2021B Bonds and proposed 2024A Bonds may be included in the calculation of terminal rentals and use charges.

### **Federal COVID-19 Relief Grants**

**CARES Act Grants.** In March 2020, in response to the disruptive effects of the COVID-19 pandemic on economic activity and airline travel, the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. Among relief provided by the CARES Act was aid to airport operators as grants to offset the loss of revenues. The CARES Act provided an aggregate of approximately \$10 billion of grants to airports, allocated by formula. MAA was awarded \$87.8 million.

CARES Act grants could be used for any purpose for which airport revenues may lawfully be used. MAA used its CARES Act grants as shown in Exhibit E-2.

MAA also received \$3.4 million of grants in 2020 under provisions of the CARES Act that increased the federal match to 100% for capital grants under the Airports Improvement Program (AIP).

**CRRSA Act Grants.** In December 2020, the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA Act) was enacted to provide additional economic relief. The CRRSA Act provided for an aggregate of approximately \$2.0 billion in funds for airport operators to respond to the pandemic, including the provision of relief from rent and minimum annual guarantee (MAG) payments to eligible airport concessionaires.

Approximately \$1.75 billion of CRRSA Act grant funds was allocated by formula to primary commercial service airports. MAA was allocated \$21.4 million of grants for project costs, operating expenses, and debt services as shown in Exhibit E-2.

**ARPA Grants.** The American Rescue Plan Act, enacted in March 2021, provided additional economic assistance to airport operators to respond to the pandemic. ARPA grants were awarded to primary commercial service airports in the aggregate amount of approximately \$6.5 billion, allocated by formula. An additional \$0.8 billion was made available to provide relief from rent and MAG payments to eligible in-terminal concessionaires.

MAA was allocated ARPA grants of approximately \$83.7 million plus \$11.4 million for concessionaire relief. MAA used its ARPA grants in FY 2022 to pay \$79.6 million of eligible PFC project costs (by repayment of an MDOT loan used for such purpose), operating expenses and other obligations as shown in Exhibit E-2.

In addition to relief provided under the primary airport assistance provisions of ARPA, MAA received \$119.0 million of funding for capital projects under ARPA provisions providing fiscal recovery assistance to state and local governments.

Federal grants provided under the CARES Act, CRRSA Act, and ARPA are collectively referred to in this report as COVID-19 relief grants.

## **SOURCES OF CAPITAL FUNDS**

### **Transportation Trust Fund**

The TTF is a special fund dedicated to funding the State's various highway, transit, airport, and other transportation service and infrastructure needs. MDOT activities supported by the TTF include the payment of debt service; expenditures for operations, maintenance, and administration; payment of the State's share of funding for the Washington Metropolitan Area Transit Authority; capital grants to local governments; regional aviation grants; and funding of MDOT's capital projects. Sources of funds for the TTF include motor vehicle fuel taxes, titling taxes, licensing fees, and registration fees; a portion of the proceeds of the State's sales tax on short-term rental vehicles; a portion of the proceeds of the State's corporation income tax; operating revenues from the State's airport, port, and transit administrations; aviation fuel taxes; federal aid; and bond proceeds.

### **Passenger Facility Charge Revenues**

MAA has approval from the FAA to impose a PFC of \$4.50 per eligible enplaned passenger at the Airport. MAA is authorized to use PFC revenues to pay the debt service requirements of certain PFC bonds and has pledged PFC revenues to those PFC bonds. PFC revenues may also be used on a pay-as-you-go basis for FAA-approved capital projects.

### **Federal AIP Grants**

MAA is eligible to receive federal grants under the Airport Improvement Program (AIP) for up to 75% of the costs of airfield and other approved projects (80% for aircraft noise compatibility projects). (As noted in the earlier section "Federal COVID-19 Relief Grants," the FAA match was increased to 100% under the CARES Act and ARPA.) MAA does not expect to receive federal AIP funding for the Project.

## **Federal BIL Grants**

The federal Infrastructure Investment and Jobs Act of 2021, usually referred to as the Bipartisan Infrastructure Law (BIL), provides approximately \$20 billion in grants for national airport infrastructure development over the five years 2022 through 2026.

Up to approximately \$2.9 billion per year of BIL funds is being awarded to primary airports as Airport Infrastructure Grants (AIG), allocated on the same basis as AIP entitlement grants. MAA expects to be allocated approximately \$25.5 million per year in AIG grants. Such grants will be for the standard AIP federal match (up to 75% of costs for most projects) and may be used for approved projects meeting PFC eligibility criteria (except that the grants may not be used to pay debt service). MAA has to date received \$76.5 million of AIG grants. MAA does not expect that AIG grants will be a source of funding for the Project.

An additional approximately \$1.0 billion per year is to be provided in grants under the Airport Terminal Program (ATP) provisions of BIL, with up to 55% going to large hub airports. The federal share is 80%. ATP grants are being awarded at FAA's discretion following a competitive application process. PFC eligibility criteria apply and priorities for the grants include replacing aging and inadequate facilities, increasing capacity, and facilitating airline competition. FAA has awarded MAA \$38.1 million of ATP grants for the Project.

## **MDTA Loans**

In 2020, MDTA lent to MAA a principal amount of \$20.0 million to pay certain of the costs of the Concourse A Improvements Phase II project (2020 MDTA Loan). Repayment of the loan is to be made over a 13-year term at approximately 1.5% interest. Debt service on the MDTA loan is included with Other Obligations as defined in the Trust Agreement and is payable from amounts on deposit in the TTF. MAA does not expect to receive MDTA loans for the Project.

## **SOURCES AND USES OF BOND FUNDS FOR THE PROJECT**

Exhibit B summarizes the estimated sources and uses of funds for the 2021B Bonds and the proposed 2024A Bonds, as provided by PFM Financial Advisors, LLC, MDOT's independent registered municipal advisor. Key financing assumptions are noted in the exhibit. Sources of funds were assumed to be the proceeds of the Bonds and investment earnings on the Construction Fund.

## **DEBT SERVICE REQUIREMENTS**

The annual Debt Service Requirements of outstanding and proposed Bonds and Other Obligations payable from Pledged Revenues are shown in Exhibit C. Amounts shown are before the use of federal COVID-19 relief grants to pay debt service. The Debt Service Requirements of the proposed 2024A Bonds are as estimated by PFM Financial Advisors, LLC, using the assumptions noted in Exhibit B.

## **OPERATING EXPENSES**

Exhibit D presents historical and forecast Operating Expenses. Historical data are from MAA's annual financial reports. Expenses are shown by object and as allocated to the Airfield, Terminal, Landside, and Martin State cost centers (discussed in the later section "Cost Centers and Airline Rate Base Requirements"). Amounts shown are before the use of federal COVID-19 relief grants and other operating grants to pay expenses related to the pandemic.

Operating Expenses are paid from the TTF as appropriated annually by the State General Assembly. Amounts shown for FY 2025 are the approved appropriation amounts.

Operating Expenses were forecast, using the appropriated FY 2025 expenses as the base, by taking into account increases in unit costs as a result of inflation, forecast changes in aviation activity, and planned changes in terminal facilities. It was assumed that:

1. The unit costs of salaries, wages, fringe benefits, materials, services, and supplies will increase an average of 3.0% per year to account for inflation.
2. Terminal space to be added by the Project will increase operating and maintenance expenses beginning in FY 2027.

## **OPERATING REVENUES**

Exhibit E presents historical and forecast Operating Revenues. Historical data are from MAA's annual financial reports. The distribution of Operating Revenues by major category for FY 2024 were as shown in Table 19.

Individual components of Operating Revenues shown in Exhibit E were forecast by taking into account historical results through FY 2024, allowances for price inflation at 2.5% per year, planned facility development, the provisions of the Airline Agreement and other leases and agreements between MAA and Airport users and tenants.



Table 19  
**SUMMARY OF REVENUES**  
 Baltimore/Washington International Thurgood Marshall Airport  
 Fiscal Year ended June 30, 2024

	Revenues	Share
Flight activities	\$ 72,501,868	22.6%
Airline space rentals	55,260,485	17.2
Other terminal use fees	<u>30,791,464</u>	<u>9.6</u>
Subtotal airline revenues	\$158,553,817	49.3%
Terminal concessions	\$ 23,412,572	7.3%
Parking and ground transportation	108,190,481	33.7
Other	<u>31,227,319</u>	<u>9.7</u>
Subtotal nonairline revenues	<u>\$162,830,372</u>	<u>50.7%</u>
Total	\$321,384,189	100.0%

Revenues shown from sources related to passenger numbers, such as concession and parking revenues, were forecast to change as a function of the base passenger forecast shown in Exhibit A. The specific assumptions underlying individual components of Operating Revenues are summarized in the following sections.

### **AIRLINE REVENUES**

Airline rentals, fees, and charges as calculated in accordance with the terms of the Airline Agreement are summarized in the following sections. Certain capitalized terms in these sections are as defined in the Airline Agreement. The term of the Airline Agreement extends through FY 2026.

For the purposes of the report, it was assumed that the provisions of the Airline Agreement governing the calculation of Airline rentals, fees, and charges will remain in effect through the forecast period.

### **Cost Centers and Airline Rate Base Requirements**

For the purposes of accounting for MAA's costs and revenues and establishing Airline rentals, fees, and charges, the Airline Agreement defines Airfield, Passenger Terminal, Boarding Devices, Landside, Martin State, and Administrative cost centers. To simplify the presentation of results for this report, costs for Boarding Devices (i.e., passenger loading bridges) are included with Passenger Terminal costs and Administrative costs are allocated to the other cost centers, resulting in a summary by Airfield, Terminal, Landside, and Martin State.

The rate base requirements for the Airline cost centers (Airfield and Terminal) comprise, for each Fiscal Year, allocated Operating Expenses, non-amortized Capital expenses, allocated Bond Debt Service Requirements, and amortization of Capital

Expenditures made from the TTF. Requirements allocable to the Landside and Martin State cost centers are MAA's responsibility and in effect paid (through the TTF) from nonairline revenues.

Direct operating expenses incurred for the operation and maintenance of the Airport, including security and fire services, are allocated to the Airline and MAA cost centers according to percentages reflecting the functions of each MAA operating department. Administrative expenses are then allocated to the other cost centers in proportion to their direct operating expenses. The costs of administration space in the passenger terminal are also reallocated to the Airfield and Landside cost centers.

Allocation percentages for operating expenses, as agreed to by MAA and the Airlines in setting airline rentals, fees, and charges, and the net allocations by cost center, are shown in Exhibit D.

Debt service is generally allocated to the Airline and MAA cost centers according to the costs of the projects funded with each series of Bonds or other indebtedness, as summarized in Exhibit C.

Capital Expenditures for projects made from the TTF are generally amortized over the useful life of each project using interest rates set forth in the Airline Agreement.

The Airline Agreement contains an Extraordinary Coverage Payments provision under which MAA may impose additional Airline rentals, fees, and charges to ensure that Net Pledged Revenues are sufficient to meet the debt service coverage requirement of the Rate Covenant. Any such Extraordinary Coverage Payments are to be retained by MAA only to the extent necessary to meet the Rate Covenant requirement and excess amounts are to be credited back to the Airlines.

Airline rentals, fees, and charges, as calculated using budgeted data, become effective as of the beginning of each Fiscal Year. The rate is subject to a mid-year adjustment if actual payments vary materially from the budgeted amounts. Following the close of the Fiscal Year, a reconciliation of Airline payments is made using actual costs, revenues, and activity for the Fiscal Year to determine the surplus or deficit in Airline payments. A settlement is then made by payment of a lump sum to the Airlines or MAA.

### **Landing Fees**

The landing fee rate (assessed per 1,000 pounds of maximum certificated gross aircraft landed weight) is calculated under a residual rate-making methodology to fully recover Airfield Costs by dividing the Airfield rate base requirement, net of revenues received from other flight activities (aircraft parking fees and fuel flowage fees) by airline landed weight.

## **Terminal Rentals and Use Charges**

Terminal rental rates (assessed per square foot) are calculated under a commercial-compensatory rate-making methodology to recover Terminal Costs allocable to Airline rented space. The Airline rate base requirement for the Terminal is divided by rentable space to determine rental rates by category of space by applying different weightings for ticket counter space (100%); holdroom, baggage claim, and public office space (75%); restricted access office space (60%); operations and baggage makeup space (50%); and ticket counter queueing space (20%).

Using the calculated terminal rental rates as the basis, fees and use charges are then set to recover the costs of common-use and other terminal facilities such as the International Arrivals Building (FIS Area), non-FIS baggage claim areas, and common-use holdrooms.

For purposes of the Exhibit E presentation, rentals paid by nonairline tenants in the passenger terminal are accounted for as airline revenues.

## **Airline Payments per Enplaned Passenger**

Exhibit E-1 presents the calculation of landing fees, terminal rentals, and other charges paid by the passenger airlines and summarizes the total of all such airline payments per enplaned passenger. In FY 2024, airline payments to MAA averaged \$10.61 per enplaned passenger.

## **TERMINAL CONCESSION REVENUES**

Outlets for food, beverage, retail, and other concessions and passenger services are provided at the terminal in approximately 194,000 square feet of space. The development, leasing, marketing, and operation of the concession program is managed on behalf of MAA by Fraport Maryland under a master concession agreement that extended through March 2023 and is currently in month-to-month status pending selection of a successor concession manager through a competitive proposal process.

Under the agreement, Fraport collects rents calculated as a percentage of gross concession sales and pays to MAA the greater of 70% of such rents or a minimum annual guarantee (MAG). For the past several years before concession business was reduced during the pandemic, MAA received the 70% percentage fee. To acknowledge the reduction in concession business during the pandemic, MAA waived or reduced the MAG.

In FY 2024, gross sales for terminal concessions and services were as shown in Table 20. Gross sales from food and beverage concessions were equivalent to \$9.67 per enplaned passenger, with revenues to MAA amounting for 11.5% of sales. Gross

sales from retail and other concessions were equivalent to \$3.10 per enplaned passenger, with revenues to MAA amounting to 14.5% of sales.

Terminal concession revenues under the Fraport agreement were forecast to change with numbers of enplaned passengers and price inflation but with no changes in the percentage of gross sales payable to MAA. Increases in concession sales per enplaned passenger were also assumed to result from the improved and enlarged concession facilities provided by the Concourse A/B Connector (approximately 12,070 square feet of additional space effective FY 2027).

Table 20		
<b>TERMINAL CONCESSION GROSS SALES</b>		
Baltimore/Washington International Thurgood Marshall Airport		
Fiscal Year ended June 30, 2024		
	Sales	Share
Food and beverage	\$130,541,000	75.7%
News and gifts	24,260,000	14.1
Other retail	16,407,000	9.5
Passenger services	<u>1,139,000</u>	<u>0.7</u>
Total	\$172,347,000	100.0%

Other concessions and passenger services from which MAA derives revenues (not under the Fraport agreement) include baggage carts and various travel business services. In FY 2024, revenues received by MAA from these services totaled \$4.8 million, equivalent to \$0.36 per enplaned passenger. The revenues were forecast to change with numbers of enplaned passengers and inflation.

## **PARKING AND GROUND TRANSPORTATION REVENUES**

### **Public Parking**

MAA provides public parking spaces in an Hourly Parking Garage adjacent to the passenger terminal (connected to the terminal by enclosed walkways and a pedestrian tunnel) and in a Daily Parking Garage, Express Parking Lot, and Long-Term Parking lots, all accessible by free shuttle bus service. Numbers of spaces and parking rates as of August 2024 were as shown in Table 21. In addition to these shown, approximately 3,000 spaces are provided in a garage at the BWI Marshall Rail Station, also accessible by free shuttle bus service.

Private operators provide approximately 6,300 parking spaces off-Airport served by shuttles. Off-Airport parking rates are competitive with those charged at MAA's Long-Term Lots.

Table 21  
**PUBLIC PARKING FACILITIES AND RATES**  
 Baltimore/Washington International Thurgood Marshall Airport  
 August 2024

	<u>Spaces</u>	<u>Rates</u>
Hourly Garage	4,950	\$6 per hour, \$30 per day
Daily Garage	8,400	\$16 per day
Express Lot	1,400	\$14 per day
Long-Term Lots	<u>10,030</u>	\$11 per day
Total	24,780	

Beginning in March 2020, in response to reduced parking demand during the pandemic, MAA closed the Express and Long-Term parking lots and consolidated all parking at the Hourly and Daily garages. To compensate for the loss of inexpensive surface lot parking, MAA temporarily reduced parking rates at the Daily Garage and, to encourage use of the Hourly Garage and reduce the need for shuttle bus use, temporarily reduced parking rates at the Hourly Garage. To accommodate returning parking demand, MAA reopened all parking spaces and returned to pre-pandemic rates by October 2021.

On-Airport parking facilities are managed and operated on behalf of MAA under a service contract with SP+ Parking that became effective July 2021 and extends through June 2026. Under the service contract, MAA pays parking operating and maintenance expenses plus a management fee and receives gross parking revenues. In FY 2024, parking revenues received by MAA were \$82.9 million, equivalent to \$8.54 per originating passenger.

Shuttle buses that provide service between the passenger terminal and MAA's public parking facilities (also employee parking lots and the BWI Marshall Rail Station) are operated under a separate management contract with Transdev, Inc. that extends through September 2026.

Since FY 2015, numbers of parking transactions have decreased relative to numbers of originating passengers. Between FY 2015 and FY 2019, the number of parking transactions increased 5.2%, while the number of originating passengers increased 22.9%, resulting in a 14.5% four-year decrease in the propensity to park as measured by parking transactions per originating passenger. During and since the pandemic, the propensity to park has continued to decrease, albeit at a slower rate. Between FY 2019 and FY 2024, the number of parking transactions decreased 14.2%, while the number of originating passengers increased 8.0%, resulting in a 4.7% five-year decrease in the propensity to park.

The decreased propensity to park is the result of changed airport access travel choices attributable mainly to changes in the relative cost and convenience of competing travel modes. One cause of the decrease in the propensity to park is the increase in the use of Lyft and Uber ride-hailing services (also referred to as transportation network companies or TNCs) as discussed in the later section “Other Ground Transportation.” Short-stay parking transactions have also been reduced as mobile phones make arranging curbside pick-up easier.

Parking rates were changed to those shown in Table 21 effective July 1, 2024, when rates were increased for the Hourly Garage from \$4 to \$6 per hour (\$22 to \$30 per day); for the Daily Garage from \$12 to \$16 per day; for the Express Lot from \$10 to \$14 per day; and for the Long-Term Lots from \$8 to \$11 per day.

The effects of the rate increases on parking transactions and revenues for FY 2025 were estimated using the data available for the months since the July 1, 2024 increases. Revenues were then forecast with numbers of originating passengers, assuming no further changes to rates during the forecast period.

Historical parking revenues shown in Exhibit E for FY 2019 and FY 2020 are as were received by MAA under a concession contract then in effect (net of concession fees). Beginning in FY 2021, parking revenues shown are gross revenues received under the management service contract. Parking expenses and fees are included in Exhibit D under contractual services.

### **Rental Cars**

All rental car companies at the Airport operate under agreements whereby they occupy and operate from premises at the consolidated rental car center. Such agreements extended through December 2023 and are currently in month-to-month status pending the completion of negotiations over the terms of a successor agreement.

The agreements provide for the payment of privilege fees calculated as 10% of gross receipts, subject to MAGs. To acknowledge the reduced rental car business during the pandemic, MAA waived and then established reduced MAGs.

During FY 2024, 10 rental car companies provided services at the Airport. Their shares of revenues paid to MAA were as shown in Table 22.

Table 22  
**RENTAL CAR REVENUES**  
 Baltimore/Washington International Thurgood Marshall Airport  
 Fiscal Year ended June 30, 2024

Enterprise (a)	\$ 3,077,621	16.7%
National (a)	3,065,628	16.6
Hertz (c)	2,893,348	15.7
Avis (b)	2,853,597	15.4
Budget (b)	2,473,402	13.4
Alamo (a)	1,580,955	8.6
Sixt	782,723	4.2
Dollar (c)	705,222	3.8
Thrifty (c)	531,230	2.9
AllCar	<u>520,456</u>	<u>2.8</u>
Total	\$18,484,182	100.0%

(a) Subsidiary of Enterprise Holdings, Inc.  
 (b) Subsidiary of Avis Budget Group.  
 (c) Subsidiary of Hertz Global Holdings, Inc.

Following the reduction in airport rental car business during the pandemic, Hertz Global Holdings, parent of Dollar, Hertz, and Thrifty, filed for Chapter 11 bankruptcy protection in May 2020. All three brands continue their BWI operations. Sixt began operating at the Airport in March 2022.

As with parking, since FY 2015, the number of rental car transactions has decreased relative to the number of originating passengers as airport access travel choices have changed. Between FY 2015 and FY 2024, the propensity to rent, as measured by the number of rental car transaction-days per originating passenger, decreased 26.1%.

In FY 2024, rental car privilege fees received by MAA were \$18.5 million, equivalent to \$2.02 per originating passenger. Rental car revenues were forecast to change with originating passenger numbers and with price inflation.

### Other Ground Transportation

MAA derives revenues from transportation network companies, taxicabs, and other commercial ground transportation services, mostly assessed as per trip charges. In 2017, MAA began collecting a fee of \$2.50 per pick-up and \$2.50 per drop-off from the two TNCs operating at the Airport (Lyft and Uber). The pick-up and drop-off fees were increased to \$3.50 effective February 2024.

In FY 2024, commercial ground transportation revenues totaled \$6.8 million, equivalent to \$0.74 per originating passenger. Of the total, 88.0% was paid by TNCs, 6.5% by taxicabs, and 5.5% by limousines, peer-to-peer car sharing, and other service provider.

Airport pick-ups by TNCs have increased rapidly since reporting began in 2017, averaging 2,710 outbound trips per day in FY 2024, a 36% increase from the average of 1,990 trips per day in FY 2018. The increased use of TNCs for airport access has most obviously been at the expense of taxicabs – taxicab trips in FY 2024 numbered 410 per day, a decrease from 720 trips per day in FY 2018 – but has also contributed to decreased use of parking and rental cars.

Commercial ground transportation revenues were forecast to change with originating passenger numbers assuming no increase in per trip fees.

## **OTHER OPERATING REVENUES**

### **Non-Passenger Concessions**

MAA derives revenues from non-passenger concessions such as aircraft ground handling services, general aviation fueling and other services, and advertising at the passenger terminal. Such revenues totaled \$5.6 million in FY 2024 and were forecast to increase with inflation.

### **Land and Building Rentals**

MAA derives land and building rentals from air cargo buildings, rental car facilities, a general aviation terminal, a fuel farm, and various warehouses and other buildings. Such revenues totaled \$9.0 million in FY 2024 and were forecast to increase in accordance with the escalation provisions of the various leases and agreements.

### **Other Revenues**

Miscellaneous revenues, derived primarily from the year-end reconciliation of airline revenues, expense reimbursements, and employee and tenant parking fees, totaled \$5.5 million in FY 2024. Such revenues were forecast to increase with inflation.

### **Martin State Airport**

Revenues from fixed base operations (FBO) at Martin State Airport are derived primarily from the fueling of general aviation and Maryland State Police aircraft. Non-FBO revenues are derived from general aviation hangars and tie-down spaces and corporate hangars. Martin State Airport revenues in FY 2024 totaled \$11.1 million, approximately 4% of the Operating Revenues of the Airport System. Martin State Airport revenues were forecast to increase with inflation.



## **INVESTMENT INCOME**

Under the Trust Agreement, investment earnings on balances in the Debt Service Reserve Funds and other Pledged Funds are defined as Investment Income and are included in Pledged Revenues.

Investment Income, as shown in Exhibit F, was forecast assuming an interest rate of 2.0% on the forecast balances in the Debt Service Reserve Funds.

## **APPLICATION OF PLEDGED REVENUES**

Exhibit F presents the forecast application of Pledged Revenues under the provisions of the Trust Agreement. To provide context, the historical applications are shown as following the same priorities as the forecasts, although the historical flow of funds was different.

Under the Trust Agreement, Pledged Revenues are to be paid monthly to the Trustee for deposit into the Pledged Revenue Fund and applied or transferred into the funds established under the Trust Agreement in the following order of priority:

**Bond Funds.** Make monthly payments of interest, principal, and any sinking fund installments to meet all Bond Debt Service Requirements.

**Debt Service Reserve Funds.** Make any payments needed to remedy any deficiencies relative to the Debt Service Reserve Requirements of outstanding Bonds. (No such payments were forecast to be required.)

**Redemption Funds.** Make any payments required for the redemption of Bonds. (No such payments were forecast to be required.)

Pledged Revenues that are not needed to make the foregoing payments are to be retained in the TTF and may be used for the following purposes upon the appropriation of such funds for such purposes by the State General Assembly.

**Operating Expenses.** Pay all Operating Expenses reasonably incurred to operate, maintain, and repair the Airport System.

**Other Obligations.** Pay the Debt Service Requirements indebtedness other than Bonds, including MDOT Certificates of Participation and MDTA loans.

**Transportation Trust Fund.** Amounts remaining after the foregoing funding requirements have been met are to be retained in the TTF and be subject to appropriation by the State General Assembly. Funds in the TTF may be used for any lawful purpose, provided that certain funding obligations are met. Besides meeting other MDOT needs, TTF funding may be available for Airport System purposes, including funding operating needs and capital improvements.

## **DEBT SERVICE COVERAGE**

Exhibit F presents the calculation of debt service coverage for Bonds. To provide context, the historical calculations are made as if the provisions of the Trust Agreement were in effect. In particular, gross parking revenues received by MAA is included in Operating Revenues, although the actual flow of funds was different before the refunding of the 2012AB MDTA Parking Bonds, with parking revenues net of debt service on those Bonds included in Operating Revenues.

The coverage of Bond Debt Service Requirements by Net Pledged Revenues, after the payment of the Debt Service Requirements of Other Obligations, is forecast to exceed the 125% requirement of the Rate Covenant in each year of the forecast period.

## **FINANCIAL PROJECTIONS UNDER STRESS TEST PROJECTIONS**

Exhibit G-1 summarizes the forecast financial results, as presented in Exhibits A through F and discussed in the preceding sections, under the base passenger forecast assumptions presented in Exhibit A.

Exhibit G-2 summarizes projected financial results under the stress test passenger projections.

For both scenarios, the Project was assumed to be implemented to the same schedule and financed with the same sources of 2021B Bonds and proposed 2024A Bonds, resulting in the same forecasts of Bond Debt Service Requirements, as presented in Exhibit C. Forecast Operating Expenses were also assumed to be the same for both scenarios, as presented in Exhibit D. Airline occupancy of the terminal and terminal rental revenues were also assumed to be the same, as presented in Exhibit E-1.

Under both scenarios, debt service coverage ratios are projected to exceed the 125% requirement of the Rate Covenant without the need for Extraordinary Coverage Payments under the Airline Agreement.

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Exhibit A

**ENPLANED PASSENGERS AND LANDED WEIGHT**  
Baltimore/Washington International Thurgood Marshall Airport  
Maryland Aviation Administration  
For Fiscal Years ending June 30

The projections presented in this table were prepared using the information and assumptions described in the accompanying text.  
Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances could occur.  
Therefore, the actual results will vary from those projected, and the variations could be material.

**Base Case Passengers**

	Historical (a)						Forecast			
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Enplaned passengers</b>										
Domestic	12,751,189	9,611,276	6,397,266	10,193,466	11,748,140	12,818,268	13,300,000	13,580,000	13,860,000	14,140,000
International	664,417	423,028	247,984	500,710	617,136	677,791	700,000	720,000	740,000	760,000
Total	13,415,606	10,034,304	6,645,250	10,694,176	12,365,276	13,496,059	14,000,000	14,300,000	14,600,000	14,900,000
Annual percent change	-0.9%	-25.2%	-33.8%	60.9%	15.6%	9.1%	3.7%	2.1%	2.1%	2.1%
Percent international	5.0%	4.2%	3.7%	4.7%	5.0%	5.0%	5.0%	5.0%	5.1%	5.1%
Southwest	8,779,650	6,631,229	4,745,262	7,537,397	8,537,471	9,499,290	9,780,000	9,990,000	10,200,000	10,410,000
Percent Southwest	65.4%	66.1%	71.4%	70.5%	69.0%	70.4%	69.9%	69.9%	69.9%	69.9%
<b>Enplaned passengers</b>										
Originating	9,946,435	7,312,016	4,467,917	7,587,066	8,903,000	9,152,000	9,500,000	9,700,000	9,900,000	10,100,000
Connecting	3,469,171	2,722,288	2,177,333	3,107,110	3,462,276	4,344,059	4,500,000	4,600,000	4,700,000	4,800,000
Total	13,415,606	10,034,304	6,645,250	10,694,176	12,365,276	13,496,059	14,000,000	14,300,000	14,600,000	14,900,000
Percent originating	74.1%	72.9%	67.2%	70.9%	72.0%	67.8%	67.9%	67.8%	67.8%	67.8%
<b>Landed weight (1,000-pound units)</b>										
Passenger airlines	14,590,383	12,361,344	9,686,967	11,897,144	13,980,639	15,372,844	15,400,000	15,730,000	16,060,000	16,390,000
All-cargo airlines	1,277,809	1,522,560	1,516,134	1,475,429	1,375,109	1,294,788	1,320,000	1,350,000	1,380,000	1,410,000
Total	15,868,192	13,883,904	11,203,101	13,372,573	15,355,748	16,667,631	16,720,000	17,080,000	17,440,000	17,800,000
Percent passenger	91.9%	89.0%	86.5%	89.0%	91.0%	92.2%	92.1%	92.1%	92.1%	92.1%

Sources Historical: Maryland Aviation Administration records and U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedule T100.  
Forecast: LeighFisher, August 2024.

## Exhibit B

**SOURCES AND USES OF BOND FUNDS FOR THE PROJECT**

Maryland Aviation Administration

	A/B Connector BHS Project Bonds		
	2021B	2024A	Total
<b>Sources of Bond Funds</b>			
Bond proceeds			
Principal amount of Bond issue	\$ 190,485,000	\$ 231,260,000	\$ 421,745,000
Original issue premium (discount)	48,876,741	5,712,594	54,589,335
Other sources	-	-	-
Net proceeds	\$ 239,361,741	\$ 236,972,594	\$ 476,334,335
Investment earnings on Bond funds			-
Construction Fund	\$ -	\$ 2,299,926	\$ 2,299,926
Capitalized Interest Account	-	-	-
Debt Service Reserve Account	-	-	-
Subtotal investment earnings	\$ -	\$ 2,299,926	\$ 2,299,926
Total sources of Bond funds	\$ 239,361,741	\$ 239,272,520	\$ 478,634,261
<b>Uses of Bond Funds</b>			-
Project costs	\$ 200,000,000	\$ 209,600,000	\$ 409,600,000
Capitalized Interest Account (a)	25,891,567	12,815,543	38,707,110
Debt Service Reserve (DSR) requirement			-
DSR Account deposit (cash-funded)	\$ 12,473,850	\$ 15,802,588	\$ 28,276,438
Bond insurance premium	-	-	-
Subtotal DSR requirement	\$ 12,473,850	\$ 15,802,588	\$ 28,276,438
Other issuance costs	996,324	1,054,390	2,050,714
Total uses of Bond funds	\$ 239,361,741	\$ 239,272,520	\$ 478,634,261
<b>Key financing assumptions</b>			
Bond interest rate	3.45%	4.99%	
Issuance date (beginning of Fiscal Year)	2022	2025	
Capitalized interest period (years)	3.0	1.5	
Interest-only period thereafter (years)	1.0	0.0	
Principal amortization period (years)	26.0	28.5	

Source: PFM Financial Advisors LLC, October 2, 2024

## Exhibit C

**DEBT SERVICE REQUIREMENTS**  
Maryland Aviation Administration  
For Fiscal Years ending June 30

	Historical (a)						Forecast			
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>MDTA Parking Revenue Bonds</b>										
2012AB MDTA Bonds	\$ 18,230,000	\$ 18,166,000	\$ 9,327,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>MEDCO Lease Revenue Bonds</b>										
2012 MEDCO Bonds	\$ 14,777,289	\$ 14,775,280	\$ 1,826,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>MDOT Revenue Bonds</b>										
2021A-1 Refunding Bonds (2012AB MDTA)	\$ -	\$ -	\$ 397,119	\$ 916,428	\$ 11,341,428	\$ 11,343,794	\$ 11,344,000	\$ 11,344,000	\$ 11,343,000	\$ 11,344,000
2021A-2 Refunding Bonds (2012 MEDCO)	-	-	622,014	1,435,417	17,765,417	17,766,465	17,765,000	17,767,000	17,767,000	17,767,000
2021B Bonds (A/B Connector BHS) (b)	-	-	-	-	-	-	8,612,000	12,472,000	12,474,000	12,471,000
2024A Bonds (A/B Connector BHS) (c) (d)	-	-	-	-	-	-	-	6,921,000	15,799,000	15,803,000
Total MDOT Revenue Bonds	\$ -	\$ -	\$ 1,019,133	\$ 2,351,845	\$ 29,106,845	\$ 29,110,259	\$ 37,721,000	\$ 48,504,000	\$ 57,383,000	\$ 57,385,000
Total Revenue Bonds	\$ 33,007,289	\$ 32,941,280	\$ 12,173,497	\$ 2,351,845	\$ 29,106,845	\$ 29,110,259	\$ 37,721,000	\$ 48,504,000	\$ 57,383,000	\$ 57,385,000
<b>MDOT Certificates of Participation</b>										
2004 COPs (buses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010 COPs (Concourse B)	1,683,094	1,690,844	1,700,094	1,694,494	1,691,894	1,712,094	1,722,000	-	-	-
2019 COPs (buses)	-	1,447,917	2,056,900	2,058,650	2,057,400	2,058,150	2,061,000	2,060,000	2,060,000	2,062,000
Total MDOT Certificates of Participation	\$ 1,683,094	\$ 3,138,761	\$ 3,756,994	\$ 3,753,144	\$ 3,749,294	\$ 3,770,244	\$ 3,783,000	\$ 2,060,000	\$ 2,060,000	\$ 2,062,000
<b>MDTA Loans</b>										
2020 MDTA Loan (2019 PFC Project)	\$ -	\$ -	\$ 858,380	\$ 1,716,761	\$ 1,716,761	\$ 1,716,761	\$ 1,717,000	\$ 1,717,000	\$ 1,717,000	\$ 1,717,000
Total MDTA Loans	\$ -	\$ -	\$ 858,380	\$ 1,716,761	\$ 1,716,761	\$ 1,716,761	\$ 1,717,000	\$ 1,717,000	\$ 1,717,000	\$ 1,717,000
Total Debt Service Requirements	\$ 34,690,383	\$ 36,080,041	\$ 16,788,871	\$ 7,821,750	\$ 34,572,900	\$ 34,597,264	\$ 43,221,000	\$ 52,281,000	\$ 61,160,000	\$ 61,164,000
<b>Allocation by cost center</b>										
Airfield	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Terminal	13,061,606	13,067,809	4,444,040	4,516,525	17,088,025	17,109,033	25,730,000	34,790,000	43,670,000	43,671,000
Landside	21,628,776	23,012,232	12,344,831	3,305,224	17,484,874	17,488,231	17,490,000	17,490,000	17,489,000	17,492,000
Martin State	-	-	-	-	-	-	-	-	-	-
Total	\$ 34,690,382	\$ 36,080,041	\$ 16,788,871	\$ 7,821,749	\$ 34,572,899	\$ 34,597,264	\$ 43,220,000	\$ 52,280,000	\$ 61,159,000	\$ 61,163,000
Airfield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Terminal	37.7%	36.2%	26.5%	57.7%	49.4%	49.5%	59.5%	66.5%	71.4%	71.4%
Landside	62.3%	63.8%	73.5%	42.3%	50.6%	50.5%	40.5%	33.5%	28.6%	28.6%
Martin State	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Source: Maryland Aviation Administration records.

(b) Net of capitalized interest funded from 2021B Bond proceeds.

(c) Net of capitalized interest funded from 2024A Bond proceeds.

(d) Source: PFM Financial Advisors LLC, October 2, 2024.

Exhibit D

**OPERATING EXPENSES**

Maryland Aviation Administration

For Fiscal Years ending June 30

This exhibit is based on information from the sources indicated and assumptions provided and adopted by MAA management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected and the variations could be material.

	Historical (a)						Forecast			
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Expenses by object</b>										
Wages and salaries	\$ 46,339,059	\$ 47,610,309	\$ 49,854,230	\$ 50,406,835	\$ 55,144,979	\$ 64,028,186	\$ 61,214,000	\$ 63,996,000	\$ 69,177,000	\$ 71,984,000
Contractual services	97,376,188	96,430,875	98,940,651	107,691,595	113,343,271	121,446,146	127,585,000	133,383,000	144,182,000	150,034,000
Fuel and utilities	13,776,133	11,862,858	12,187,510	14,482,388	16,551,213	15,007,861	17,272,000	18,057,000	19,519,000	20,311,000
Land and structures	11,435,622	7,696,461	14,031,605	11,153,701	9,625,470	12,175,426	8,629,000	9,021,000	9,752,000	10,148,000
Supplies and materials	8,937,098	6,810,364	7,821,027	10,054,761	11,071,346	9,299,075	6,859,000	7,171,000	7,751,000	8,066,000
Vehicle operations	3,421,323	2,390,480	1,757,820	2,964,684	3,306,739	2,732,382	2,510,000	2,624,000	2,836,000	2,951,000
Other	7,327,359	6,682,108	6,967,230	8,617,931	10,162,931	9,349,194	8,836,000	9,238,000	9,986,000	10,391,000
Total expenses by object	\$188,612,782	\$179,483,455	\$191,560,073	\$205,371,895	\$219,205,949	\$234,038,270	\$232,905,000	\$243,490,000	\$263,203,000	\$273,885,000
Annual change	5.3%	-4.8%	6.7%	7.2%	6.7%	6.8%	-0.5%	4.5%	8.1%	4.1%
<b>Expenses by cost center</b>										
Airfield	\$ 45,693,199	\$ 41,737,890	\$ 51,045,952	\$ 47,882,199	\$ 50,189,989	\$ 57,227,348	\$ 50,784,000	\$ 53,070,000	\$ 55,362,000	\$ 57,609,000
Terminal	92,131,558	92,943,007	92,045,764	100,539,463	106,647,115	114,808,957	123,099,000	128,638,000	142,497,000	148,280,000
Landside	41,205,789	37,077,883	40,255,698	46,478,278	51,116,028	52,895,842	51,248,000	53,660,000	56,679,000	58,979,000
Martin State	9,582,235	7,724,675	8,212,659	10,471,956	11,252,817	9,106,123	7,774,000	8,123,000	8,665,000	9,017,000
Total	\$188,612,781	\$179,483,455	\$191,560,073	\$205,371,896	\$219,205,949	\$234,038,270	\$232,905,000	\$243,491,000	\$263,203,000	\$273,885,000
Airfield	24.2%	23.3%	26.6%	23.3%	22.9%	24.5%	21.8%	21.8%	21.0%	21.0%
Terminal	48.8%	51.8%	48.1%	49.0%	48.7%	49.1%	52.9%	52.8%	54.1%	54.1%
Landside	21.8%	20.7%	21.0%	22.6%	23.3%	22.6%	22.0%	22.0%	21.5%	21.5%
Martin State	5.1%	4.3%	4.3%	5.1%	5.1%	3.9%	3.3%	3.3%	3.3%	3.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Source: Maryland Aviation Administration annual financial reports.

Note: Expenses shown exclude some other obligations that are included in Operating Expenses shown in certain of MAA's disclosure reports.

## Exhibit E

**OPERATING REVENUES**

Maryland Aviation Administration

For Fiscal Years ending June 30

This exhibit is based on information from the sources indicated and assumptions provided and adopted by MAA management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected and the variations could be material.

	Historical (a)						Forecast			
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Base Case Passengers</b>										
<b>Airline revenues</b>										
Flight activities	\$ 68,153,431	\$ 63,803,472	\$ 53,872,442	\$ 68,585,456	\$ 72,862,829	\$ 72,501,868	\$ 74,431,000	\$ 77,212,000	\$ 80,049,000	\$ 82,631,000
Airline space rentals	42,351,582	48,760,782	49,538,488	45,377,070	48,362,983	55,260,485	60,850,000	68,590,000	78,553,000	82,517,000
Other terminal use fees	26,303,310	23,125,684	17,852,747	28,625,641	26,023,739	30,791,464	34,775,000	38,359,000	40,787,000	42,598,000
Total airline revenues	\$ 136,808,323	\$ 135,689,938	\$ 121,263,677	\$ 142,588,167	\$ 147,249,551	\$ 158,553,817	\$ 170,056,000	\$ 184,161,000	\$ 199,389,000	\$ 207,746,000
Annual percent change	-1.3%	-0.8%	-10.6%	17.6%	3.3%	7.7%	7.3%	8.3%	8.3%	4.2%
<b>Nonairline revenues</b>										
Terminal concessions										
Food and beverage	\$ 11,988,674	\$ 9,595,548	\$ 4,587,229	\$ 11,249,390	\$ 12,566,304	\$ 15,009,590	\$ 15,962,000	\$ 16,712,000	\$ 18,363,000	\$ 19,209,000
Retail	6,397,336	5,078,041	2,868,836	5,944,946	5,657,661	6,069,395	6,445,000	6,748,000	7,415,000	7,757,000
Passenger services	2,890,560	2,688,831	1,815,781	2,837,107	3,974,410	4,792,107	5,095,000	5,335,000	5,583,000	5,840,000
Subtotal terminal concession revenues	\$ 21,276,570	\$ 17,362,420	\$ 9,271,846	\$ 20,031,443	\$ 22,198,375	\$ 25,871,092	\$ 27,502,000	\$ 28,795,000	\$ 31,361,000	\$ 32,806,000
Annual percent change	3.8%	-18.4%	-46.6%	116.0%	10.8%	16.5%	6.3%	4.7%	8.9%	4.6%
Enplaned passengers	13,415,606	10,034,304	6,645,250	10,694,176	12,365,276	13,496,059	14,000,000	14,300,000	14,600,000	14,900,000
Per enplaned passenger	\$1.59	\$1.73	\$1.40	\$1.87	\$1.80	\$1.92	\$1.96	\$2.01	\$2.15	\$2.20
Parking and ground transportation										
Public parking (b)	\$ 66,071,276	\$ 47,988,747	\$ 27,599,163	\$ 67,340,275	\$ 79,827,020	\$ 82,938,510	\$ 111,150,000	\$ 113,490,000	\$ 115,830,000	\$ 118,170,000
Rental cars	17,771,408	14,021,165	10,032,329	16,601,801	18,165,450	18,484,182	19,667,000	20,583,000	21,532,000	22,517,000
Other ground transportation	6,428,963	4,995,431	1,766,320	3,526,788	4,996,658	6,767,789	8,430,000	8,608,000	8,785,000	8,975,000
Subtotal parking and ground transportation	\$ 90,271,647	\$ 67,005,343	\$ 39,397,812	\$ 87,468,864	\$ 102,989,128	\$ 108,190,481	\$ 139,247,000	\$ 142,681,000	\$ 146,147,000	\$ 149,662,000
Annual percent change	5.1%	-25.8%	-41.2%	122.0%	17.7%	5.1%	28.7%	2.5%	2.4%	2.4%
Originating passengers	9,946,435	7,312,016	4,467,917	7,587,066	8,903,000	9,152,000	9,500,000	9,700,000	9,900,000	10,100,000
Per originating passenger	\$9.08	\$9.16	\$8.82	\$11.53	\$11.57	\$11.82	\$14.66	\$14.71	\$14.76	\$14.82



**OPERATING REVENUES**

Maryland Aviation Administration

For Fiscal Years ending June 30

	Historical (a)						Forecast			
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Base Case Passengers</b>										
<b>Other revenues</b>										
Non-passenger concessions	\$ 4,942,360	\$ 4,682,835	\$ 2,770,552	\$ 4,493,009	\$ 5,060,339	\$ 5,620,705	\$ 5,520,000	\$ 6,004,000	\$ 6,055,000	\$ 6,103,000
Cargo facility rentals	2,794,817	4,022,927	4,556,989	4,766,421	5,027,454	4,987,494	7,532,000	9,774,000	11,597,000	11,931,000
Rental car facility rentals	1,882,036	1,956,666	1,925,603	1,936,373	1,887,813	2,055,425	2,562,000	2,575,000	2,589,000	2,603,000
Other facility rentals	1,224,700	1,334,889	1,244,849	1,295,467	1,376,084	1,955,857	1,952,000	1,978,000	5,478,000	5,505,000
Other revenues (c)	6,671,750	9,938,817	5,773,245	2,932,863	13,549,788	3,010,414	4,988,000	5,128,000	5,272,000	5,421,000
Martin State FBO	6,386,661	5,199,429	5,029,324	7,648,904	7,844,287	6,654,317	6,265,000	6,772,000	6,784,000	6,796,000
Martin State non-FBO	3,895,571	4,054,402	3,966,944	4,364,027	4,397,362	4,484,587	4,423,000	4,732,000	4,868,000	5,008,000
Subtotal other revenues	\$ 27,797,895	\$ 31,189,965	\$ 25,267,506	\$ 27,437,064	\$ 39,143,127	\$ 28,768,799	\$ 33,242,000	\$ 36,963,000	\$ 42,643,000	\$ 43,367,000
Annual percent change	-8.4%	12.2%	-19.0%	8.6%	42.7%	-26.5%	15.5%	11.2%	15.4%	1.7%
Total nonairline revenues	\$139,346,112	\$115,557,728	\$ 73,937,164	\$134,937,371	\$164,330,630	\$162,830,372	\$199,991,000	\$208,439,000	\$220,151,000	\$225,835,000
Total Operating Revenues	\$276,154,435	\$251,247,666	\$195,200,841	\$277,525,538	\$311,580,181	\$321,384,189	\$370,047,000	\$392,600,000	\$419,540,000	\$433,581,000
Annual percent change	0.3%	-9.0%	-22.3%	42.2%	12.3%	3.1%	15.1%	6.1%	6.9%	3.3%

(a) Source: Maryland Aviation Administration annual financial reports.

(b) Parking revenues are shown as gross to MAA for all years. For FY 2021 and earlier years, MAA's disclosure reports show certain parking and other revenues as net of bond debt service requirements.

(c) Includes amounts paid to the Airlines or MAA as a result of the year-end settlement under the Airline Agreement. Such payments are shown as Airline revenues in certain of MAA's disclosure reports.

Exhibit E-1

**AIRLINE REVENUES AND PAYMENTS PER PASSENGER**

Maryland Aviation Administration

For Fiscal Years ending June 30

This exhibit is based on information from the sources indicated and assumptions provided and adopted by MAA management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected and the variations could be material.

	Historical (a)						Forecast			
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Base Case Passengers</b>										
<b>Flight activity revenues</b>										
Landing fees	\$ 63,248,653	\$ 59,411,774	\$ 49,287,393	\$ 63,616,533	\$ 66,770,012	\$ 66,590,321	\$ 67,713,000	\$ 70,292,000	\$ 72,922,000	\$ 75,290,000
Aircraft parking fees	3,493,625	3,250,242	3,423,073	3,237,860	3,861,576	3,583,661	4,320,000	4,450,000	4,583,000	4,721,000
Fuel flowage fees	1,411,153	1,141,456	1,161,976	1,731,063	2,231,241	2,327,886	2,398,000	2,470,000	2,544,000	2,620,000
Flight activity revenues	\$ 68,153,431	\$ 63,803,472	\$ 53,872,442	\$ 68,585,456	\$ 72,862,829	\$ 72,501,868	\$ 74,431,000	\$ 77,212,000	\$ 80,049,000	\$ 82,631,000
Landed weight	15,868,192	13,883,904	11,203,101	13,372,573	15,355,748	16,667,631	16,720,000	17,080,000	17,440,000	17,800,000
Average landing fee rate (per 1,000 lbs)	\$3.99	\$4.28	\$4.40	\$4.76	\$4.35	\$4.00	\$4.05	\$4.12	\$4.18	\$4.23
<b>Passenger terminal revenues</b>										
Airline space rentals	\$ 42,351,582	\$ 48,760,782	\$ 49,538,488	\$ 45,377,070	\$ 48,362,983	\$ 55,260,485	\$ 60,850,000	\$ 68,590,000	\$ 78,553,000	\$ 82,517,000
International arrivals fees	3,421,891	1,849,918	1,736,861	3,359,944	3,218,292	4,208,734	4,377,000	4,508,000	4,644,000	4,783,000
Baggage claim fees	12,493,339	10,639,633	6,296,375	15,424,530	12,972,274	14,641,235	17,593,000	19,746,000	21,316,000	22,353,000
Holdroom fees	1,447,731	1,952,901	1,085,015	1,206,670	1,290,458	1,954,880	2,014,000	2,074,000	2,136,000	2,200,000
Loading bridge fees	3,336,463	3,017,828	2,882,861	2,797,982	2,712,809	2,494,346	2,344,000	2,604,000	2,855,000	2,951,000
Other terminal use fees	1,128,100	971,507	1,141,379	976,202	910,009	940,052	968,000	997,000	1,027,000	1,058,000
Nonairline space rentals	4,475,786	4,693,897	4,710,256	4,860,313	4,919,897	6,552,217	7,479,000	8,430,000	8,809,000	9,253,000
Passenger terminal revenues	\$ 68,654,892	\$ 71,886,466	\$ 67,391,235	\$ 74,002,711	\$ 74,386,722	\$ 86,051,949	\$ 95,625,000	\$ 106,949,000	\$ 119,340,000	\$ 125,115,000
<b>Airline payments per passenger</b>										
Total airline payments	\$ 136,808,323	\$ 135,689,938	\$ 121,263,677	\$ 142,588,167	\$ 147,249,551	\$ 158,553,817	\$ 170,056,000	\$ 184,161,000	\$ 199,389,000	\$ 207,746,000
Less: All-cargo airline landing fees	(5,093,189)	(6,515,314)	(6,670,144)	(7,018,969)	(5,979,263)	(5,172,921)	(5,345,731)	(5,555,866)	(5,770,228)	(5,964,020)
Less: Other all-cargo and general aviation	(2,696,807)	(2,333,787)	(2,421,667)	(2,922,596)	(3,652,301)	(3,646,673)	(3,987,482)	(4,107,107)	(4,230,320)	(4,357,229)
Less: Nonairline terminal space rentals (b)	(4,475,786)	(4,693,897)	(4,710,256)	(4,860,313)	(4,919,897)	(6,552,217)	(7,479,000)	(8,430,000)	(8,809,000)	(9,253,000)
Net passenger airline payments	\$ 124,542,541	\$ 122,146,941	\$ 107,461,611	\$ 127,786,290	\$ 132,698,090	\$ 143,182,006	\$ 153,243,787	\$ 166,068,027	\$ 180,579,452	\$ 188,171,751
Enplaned passengers	13,415,606	10,034,304	6,645,250	10,694,176	12,365,276	13,496,059	14,000,000	14,300,000	14,600,000	14,900,000
Average airline payments per passenger	\$9.28	\$12.17	\$16.17	\$11.95	\$10.73	\$10.61	\$10.95	\$11.61	\$12.37	\$12.63

(a) Source: Maryland Aviation Administration annual financial reports.

## Exhibit E-2

**SOURCES AND USES OF COVID-19 RELIEF GRANTS**

Maryland Aviation Administration

For Fiscal Years ending June 30

This exhibit is based on information from the sources indicated and assumptions provided and adopted by MAA management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected and the variations could be material.

	Historical					
	2019	2020	2021	2022	2023	Total
<b>Sources of COVID-19 relief grants</b>						
CARES Act (a)	\$ -	\$ 87,800,261	\$ -	\$ 22,805	\$ -	\$ 87,823,066
CRRSA Act (b)	-	-	21,405,690	-	-	21,405,690
American Rescue Plan (c)	-	-	-	83,673,344	-	83,673,344
Other (d)	-	2,414,922	603,572	-	-	3,018,494
Total sources	\$ -	\$ 90,215,183	\$ 22,009,262	\$ 83,696,149	\$ -	\$ 195,920,594
Amount available		90,215,183	22,118,973	83,749,482	109,803	
<b>Uses of COVID-19 relief grants</b>						
CARES Act						
Project costs	\$ -	\$ 12,583,155	\$ -	\$ -	\$ -	\$ 12,583,155
Operating Expenses	-	60,805,359	109,711	-	-	60,915,070
MEDCO Bonds and COPs debt service	-	14,302,036	-	-	-	14,302,036
PFC-eligible project costs	-	-	-	-	-	-
Subtotal CARES Act	\$ -	\$ 87,690,550	\$ 109,711	\$ -	\$ -	\$ 87,800,261
CRRSA Act						
Project costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	-	-	57,000	19,171	56,904	133,075
MDOT Revenue Bond Debt Service	-	-	1,295,357	-	-	1,295,357
PFC-eligible project costs	-	-	20,000,000	-	-	20,000,000
Subtotal CRRSA Act	\$ -	\$ -	\$ 21,352,357	\$ 19,171	\$ 56,904	\$ 21,428,432
American Rescue Plan						
Project costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	-	2,414,922	603,572	1,975,316	52,836	5,046,646
MDOT Revenue Bond Debt Service	-	-	-	2,058,650	-	2,058,650
PFC-eligible project costs	-	-	-	79,586,542	-	79,586,542
Subtotal American Rescue Plan	\$ -	\$ 2,414,922	\$ 603,572	\$ 83,620,508	\$ 52,836	\$ 86,691,838
Total all uses						
Project costs	\$ -	\$ 12,583,155	\$ -	\$ -	\$ -	\$ 12,583,155
Operating Expenses	-	63,220,281	770,283	1,994,487	109,740	66,094,791
MEDCO Bonds and COPs debt service	-	14,302,036	1,295,357	2,058,650	-	17,656,043
PFC-eligible project costs	-	-	20,000,000	79,586,542	-	99,586,542
Total all uses	\$ -	\$ 90,105,472	\$ 22,065,640	\$ 83,639,679	\$ 109,740	\$ 195,920,531
Amount remaining		109,711	53,333	109,803	63	

(a) Allocated amounts as published by FAA April 15, 2020.

(b) Allocated amounts as published by FAA February 24, 2021.

(c) Allocated amount as published by FAA June 22, 2021.

(d) Including Maryland State Health Department and Federal Emergency Management Agency (ARPA funds for response pay).

Note: Grants awarded to offset reductions in concession revenues resulting from the waiver of MAGs and other relief to concessionaires are not shown.

November 6, 2024

Exhibit F

APPLICATION OF PLEDGED REVENUES AND DEBT SERVICE COVERAGE

Maryland Aviation Administration

For Fiscal Years ending June 30

This exhibit is based on information from the sources indicated and assumptions provided and adopted by MAA management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected and the variations could be material.

D-100

Base Case Passengers		Historical						Forecast			
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Calculation of Pledged Revenues											
Airline revenues		\$ 136,808,323	\$ 135,689,938	\$ 121,263,677	\$ 142,588,167	\$ 147,249,551	\$ 158,553,817	\$ 170,056,000	\$ 184,161,000	\$ 199,389,000	\$ 207,746,000
Nonairline revenues		139,346,112	115,557,728	73,937,164	134,937,371	164,330,630	162,830,372	199,991,000	208,439,000	220,151,000	225,835,000
Revenue deferral		-	(13,227,258)	13,227,258	-	-	-	-	-	-	-
Subtotal Operating Revenues (a)		\$ 276,154,435	\$ 238,020,408	\$ 208,428,099	\$ 277,525,538	\$ 311,580,181	\$ 321,384,189	\$ 370,047,000	\$ 392,600,000	\$ 419,540,000	\$ 433,581,000
Plus: Investment Earnings (b)		-	-	424,000	673,000	673,000	1,490,722	989,000	989,000	989,000	989,000
Pledged Revenues	[A]	\$ 276,154,435	\$ 238,020,408	\$ 208,852,099	\$ 278,198,538	\$ 312,253,181	\$ 322,874,911	\$ 371,036,000	\$ 393,589,000	\$ 420,529,000	\$ 434,570,000
Calculation of Operating Expenses											
Operating Expenses before grants (c)		\$ 188,612,782	\$ 179,483,455	\$ 191,560,073	\$ 205,371,895	\$ 219,205,949	\$ 234,038,270	\$ 232,905,000	\$ 243,490,000	\$ 263,203,000	\$ 273,885,000
Less: COVID-19 relief grants		-	(63,220,281)	(770,283)	(1,994,487)	(109,740)	-	-	-	-	-
Operating Expenses	[B]	\$ 188,612,782	\$ 116,263,174	\$ 190,789,790	\$ 203,377,408	\$ 219,096,209	\$ 234,038,270	\$ 232,905,000	\$ 243,490,000	\$ 263,203,000	\$ 273,885,000
Calculation of Bond Debt Service Requirements											
Bond Debt Service before grants (d)		\$ 33,007,289	\$ 32,941,280	\$ 12,173,497	\$ 2,351,845	\$ 29,106,845	\$ 29,110,259	\$ 37,721,000	\$ 48,504,000	\$ 57,383,000	\$ 57,385,000
Less: COVID-19 relief grants		-	(14,302,036)	(1,295,357)	(2,058,650)	-	-	-	-	-	-
Bond Debt Service Requirements	[C]	\$ 33,007,289	\$ 18,639,244	\$ 10,878,140	\$ 293,195	\$ 29,106,845	\$ 29,110,259	\$ 37,721,000	\$ 48,504,000	\$ 57,383,000	\$ 57,385,000
Priority for Application of Pledged Revenues											
Bond Debt Service Requirements	[C]	\$ 33,007,289	\$ 18,639,244	\$ 10,878,140	\$ 293,195	\$ 29,106,845	\$ 29,110,259	\$ 37,721,000	\$ 48,504,000	\$ 57,383,000	\$ 57,385,000
Debt Service Reserve Funds		-	-	-	-	-	-	-	-	-	-
Operating Expenses	[B]	188,612,782	116,263,174	190,789,790	203,377,408	219,096,209	234,038,270	232,905,000	243,490,000	263,203,000	273,885,000
Other Obligations (e)	[D]	1,683,094	592,819	4,615,374	5,469,905	5,466,055	5,487,005	5,500,000	3,777,000	3,777,000	3,779,000
Transportation Trust Fund		52,851,270	102,525,171	2,568,795	69,058,030	58,584,072	54,239,377	94,910,000	97,818,000	96,166,000	99,521,000
Pledged Revenues	[A]	\$ 276,154,435	\$ 238,020,408	\$ 208,852,099	\$ 278,198,538	\$ 312,253,181	\$ 322,874,911	\$ 371,036,000	\$ 393,589,000	\$ 420,529,000	\$ 434,570,000
Calculation of Debt Service Coverage											
Pledged Revenues	[A]	\$ 276,154,435	\$ 238,020,408	\$ 208,852,099	\$ 278,198,538	\$ 312,253,181	\$ 322,874,911	\$ 371,036,000	\$ 393,589,000	\$ 420,529,000	\$ 434,570,000
Less: Operating Expenses	[B]	(188,612,782)	(116,263,174)	(190,789,790)	(203,377,408)	(219,096,209)	(234,038,270)	(232,905,000)	(243,490,000)	(263,203,000)	(273,885,000)
Net Pledged Revenues	[E]	\$ 87,541,653	\$ 121,757,234	\$ 18,062,309	\$ 74,821,130	\$ 93,156,972	\$ 88,836,641	\$ 138,131,000	\$ 150,099,000	\$ 157,326,000	\$ 160,685,000
Less: Other Obligations (e)	[D]	(1,683,094)	(592,819)	(4,615,374)	(5,469,905)	(5,466,055)	(5,487,005)	(5,500,000)	(3,777,000)	(3,777,000)	(3,779,000)
Net Pledged Revenues after Other Obligations	[F]	\$ 85,858,559	\$ 121,164,415	\$ 13,446,935	\$ 69,351,225	\$ 87,690,917	\$ 83,349,636	\$ 132,631,000	\$ 146,322,000	\$ 153,549,000	\$ 156,906,000
Bond Debt Service Requirements	[C]	33,007,289	18,639,244	10,878,140	293,195	29,106,845	29,110,259	37,721,000	48,504,000	57,383,000	57,385,000
Debt service coverage	[F/C]	260.1%	650.1%	123.6%	23653.6%	301.3%	286.3%	351.6%	301.7%	267.6%	273.4%
Rate Covenant requirement					125.0%	125.0%	125.0%	125.0%	125.0%	125.0%	125.0%

(a) See Exhibit E.

(b) Investment income on Debt Service Reserve Funds for MDOT Revenue Bonds.

(c) See Exhibit D.

(d) See Exhibit C.

(e) Debt Service Requirements of MDOT Certificates of Participation and MDTA loans. See Exhibit C. Amount for FY 2020 is net of CARES Act grant of \$2.5 million.

Exhibit G-1

**SUMMARY OF FORECAST FINANCIAL RESULTS: BASE CASE PASSENGERS**

Maryland Aviation Administration

For Fiscal Years ending June 30

This exhibit is based on information from the sources indicated and assumptions provided and adopted by MAA management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected and the variations could be material.

		Historical (a)						Forecast													
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028										
D-101	Base Case Passengers																				
	Operating Revenues																				
	Flight activity fees	\$	68,153,431	\$	63,803,472	\$	53,872,442	\$	68,585,456	\$	72,862,829	\$	72,501,868	\$	74,431,000	\$	77,212,000	\$	80,049,000	\$	82,631,000
	Terminal rentals and use fees		68,654,892		71,886,466		67,391,235		74,002,711		74,386,722		86,051,949		95,625,000		106,949,000		119,340,000		125,115,000
	Terminal concession revenues		21,276,570		17,362,420		9,271,846		20,031,443		22,198,375		25,871,092		27,502,000		28,795,000		31,361,000		32,806,000
	Parking and ground transportation revenues		90,271,647		67,005,343		39,397,812		87,468,864		102,989,128		108,190,481		139,247,000		142,681,000		146,147,000		149,662,000
	Other operating revenues		27,797,895		31,189,965		25,267,506		27,437,064		39,143,127		28,768,799		33,242,000		36,963,000		42,643,000		43,367,000
	Revenue deferral		-		(13,227,258)		13,227,258		-		-		-		-		-		-		-
	Total Operating Revenues		\$276,154,435		\$238,020,408		\$208,428,099		\$277,525,538		\$311,580,181		\$321,384,189		\$370,047,000		\$392,600,000		\$419,540,000		\$433,581,000
	Enplaned passengers		13,415,606		10,034,304		6,645,250		10,694,176		12,365,276		13,496,059		14,000,000		14,300,000		14,600,000		14,900,000
	Annual percent change		-0.9%		-25.2%		-33.8%		60.9%		15.6%		9.1%		3.7%		2.1%		2.1%		2.1%
	Landed weight (1,000-pound units)		15,868,192		13,883,904		11,203,101		13,372,573		15,355,748		16,667,631		16,720,000		17,080,000		17,440,000		17,800,000
	Airline payments per enplaned passenger		\$9.28		\$12.17		\$16.17		\$11.95		\$10.73		\$10.61		\$10.95		\$11.61		\$12.37		\$12.63
	Investment Earnings		\$ -		\$ -		\$ 424,000		\$ 673,000		\$ 673,000		\$ 1,490,722		\$ 989,000		\$ 989,000		\$ 989,000		\$ 989,000
	Pledged Revenues		\$276,154,435		\$238,020,408		\$208,852,099		\$278,198,538		\$312,253,181		\$322,874,911		\$371,036,000		\$393,589,000		\$420,529,000		\$434,570,000
	Application of Pledged Revenues																				
	Bond Debt Service Requirements		\$	33,007,289	\$	18,639,244	\$	10,878,140	\$	293,195	\$	29,106,845	\$	29,110,259	\$	37,721,000	\$	48,504,000	\$	57,383,000	\$
Operating Expenses			188,612,782		116,263,174		190,789,790		203,377,408		219,096,209		234,038,270		232,905,000		243,490,000		263,203,000		273,885,000
Other Obligations			1,683,094		592,819		4,615,374		5,469,905		5,466,055		5,487,005		5,500,000		3,777,000		3,777,000		3,779,000
Transportation Trust Fund			52,851,270		102,525,171		2,568,795		69,058,030		58,584,072		54,239,377		94,910,000		97,818,000		96,166,000		99,521,000
Total application		\$276,154,435		\$238,020,408		\$208,852,099		\$278,198,538		\$312,253,181		\$322,874,911		\$371,036,000		\$393,589,000		\$420,529,000		\$434,570,000	
Debt Service Coverage																					
Pledged Revenues	[A]	\$276,154,435		\$238,020,408		\$208,852,099		\$278,198,538		\$312,253,181		\$322,874,911		\$371,036,000		\$393,589,000		\$420,529,000		\$434,570,000	
Less: Operating Expenses	[B]	(188,612,782)		(116,263,174)		(190,789,790)		(203,377,408)		(219,096,209)		(234,038,270)		(232,905,000)		(243,490,000)		(263,203,000)		(273,885,000)	
Less: Other Obligations	[C]	(1,683,094)		(592,819)		(4,615,374)		(5,469,905)		(5,466,055)		(5,487,005)		(5,500,000)		(3,777,000)		(3,777,000)		(3,779,000)	
Net Pledged Revenues after																					
Other Obligations	[D]	\$	85,858,559	\$	121,164,415	\$	13,446,935	\$	69,351,225	\$	87,690,917	\$	83,349,636	\$	132,631,000	\$	146,322,000	\$	153,549,000	\$	156,906,000
Bond Debt Service Requirements	[C]		33,007,289		18,639,244		10,878,140		293,195		29,106,845		29,110,259		37,721,000		48,504,000		57,383,000		57,385,000
Debt service coverage	[D/C]		260.1%		650.1%		123.6%		23653.6%		301.3%		286.3%		351.6%		301.7%		267.6%		273.4%

Source: See preceding exhibits and accompanying text.

Exhibit G-2

**SUMMARY OF PROJECTED FINANCIAL RESULTS: STRESS TEST PASSENGERS**

Maryland Aviation Administration

For Fiscal Years ending June 30

This exhibit is based on information from the sources indicated and assumptions provided and adopted by MAA management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected and the variations could be material.

		Historical (a)						Forecast				
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
D-102	Stress Test Passengers											
	Operating Revenues											
	Flight activity fees	\$ 68,153,431	\$ 63,803,472	\$ 53,872,442	\$ 68,585,456	\$ 72,862,829	\$ 72,501,868	\$ 74,431,000	\$ 77,212,000	\$ 80,178,000	\$ 82,894,000	
	Terminal rentals and use fees	68,654,892	71,886,466	67,391,235	74,002,711	74,386,722	86,051,949	95,625,000	106,949,000	119,487,000	125,417,000	
	Terminal concession revenues	21,276,570	17,362,420	9,271,846	20,031,443	22,198,375	25,871,092	27,502,000	24,164,000	26,420,000	27,741,000	
	Parking and ground transportation revenues	90,271,647	67,005,343	39,397,812	87,468,864	102,989,128	108,190,481	139,247,000	128,707,000	132,419,000	136,177,000	
	Other operating revenues	27,797,895	31,189,965	25,267,506	27,437,064	39,143,127	28,768,799	33,242,000	36,963,000	42,643,000	43,367,000	
	Revenue deferral	-	(13,227,258)	13,227,258	-	-	-	-	-	-	-	
	Total Operating Revenues	\$276,154,435	\$238,020,408	\$208,428,099	\$277,525,538	\$311,580,181	\$321,384,189	\$370,047,000	\$373,995,000	\$401,147,000	\$415,596,000	
	Enplaned passengers	13,415,606	10,034,304	6,645,250	10,694,176	12,365,276	13,496,059	14,000,000	12,000,000	12,300,000	12,600,000	
	Annual percent change	-0.9%	-25.2%	-33.8%	60.9%	15.6%	9.1%	3.7%	-14.3%	2.5%	2.4%	
	Landed weight (1,000-pound units)	15,868,192	13,883,904	11,203,101	13,372,573	15,355,748	16,667,631	16,720,000	14,550,000	14,910,000	15,270,000	
	Airline payments per enplaned passenger	\$9.28	\$12.17	\$16.17	\$11.95	\$10.73	\$10.61	\$10.95	\$13.76	\$14.62	\$14.90	
	Investment Earnings	\$ -	\$ -	\$ 424,000	\$ 673,000	\$ 673,000	\$ 1,490,722	\$ 989,000	\$ 989,000	\$ 989,000	\$ 989,000	
	Pledged Revenues		\$276,154,435	\$238,020,408	\$208,852,099	\$278,198,538	\$312,253,181	\$322,874,911	\$371,036,000	\$374,984,000	\$402,136,000	\$416,585,000
	Application of Pledged Revenues											
	Bond Debt Service Requirements		\$ 33,007,289	\$ 18,639,244	\$ 10,878,140	\$ 293,195	\$ 29,106,845	\$ 29,110,259	\$ 37,721,000	\$ 48,504,000	\$ 57,383,000	\$ 57,385,000
	Operating Expenses		188,612,782	116,263,174	190,789,790	203,377,408	219,096,209	234,038,270	232,905,000	243,490,000	263,728,000	274,952,000
	Other Obligations		1,683,094	592,819	4,615,374	5,469,905	5,466,055	5,487,005	5,500,000	3,777,000	3,777,000	3,779,000
Transportation Trust Fund		52,851,270	102,525,171	2,568,795	69,058,030	58,584,072	54,239,377	94,910,000	79,213,000	77,248,000	80,469,000	
Total application		\$276,154,435	\$238,020,408	\$208,852,099	\$278,198,538	\$312,253,181	\$322,874,911	\$371,036,000	\$374,984,000	\$402,136,000	\$416,585,000	
Debt Service Coverage												
Pledged Revenues	[A]	\$276,154,435	\$238,020,408	\$208,852,099	\$278,198,538	\$312,253,181	\$322,874,911	\$371,036,000	\$374,984,000	\$402,136,000	\$416,585,000	
Less: Operating Expenses	[B]	(188,612,782)	(116,263,174)	(190,789,790)	(203,377,408)	(219,096,209)	(234,038,270)	(232,905,000)	(243,490,000)	(263,728,000)	(274,952,000)	
Less: Other Obligations	[C]	(1,683,094)	(592,819)	(4,615,374)	(5,469,905)	(5,466,055)	(5,487,005)	(5,500,000)	(3,777,000)	(3,777,000)	(3,779,000)	
Net Pledged Revenues after												
Other Obligations	[D]	\$ 85,858,559	\$121,164,415	\$ 13,446,935	\$ 69,351,225	\$ 87,690,917	\$ 83,349,636	\$132,631,000	\$127,717,000	\$134,631,000	\$137,854,000	
Bond Debt Service Requirements	[C]	33,007,289	18,639,244	10,878,140	293,195	29,106,845	29,110,259	37,721,000	48,504,000	57,383,000	57,385,000	
Debt service coverage	[D/C]	260.1%	650.1%	123.6%	23653.6%	301.3%	286.3%	351.6%	263.3%	234.6%	240.2%	

Source: See preceding exhibits and accompanying text.

## DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the Department and the Underwriters believe to be reliable, but neither the Department nor the Underwriters takes any responsibility for the accuracy thereof.

### *The Depository Trust Company*

The Depository Trust Company New York, New York (“DTC” or, together with any successor securities depository for the Series 2024A Bonds, the “Securities Depository”), will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate of the Series 2024A Bonds will be issued for each maturity of the Series 2024A Bonds in principal amount equal to the aggregate principal amount of the Series 2024A Bonds of such maturity and will be deposited with DTC or its agent.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under New York Banking Law, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of United States and non-United States equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both United States and non-United States securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). The DTC rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission (the “SEC”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

### ***Ownership of Series 2024A Bonds***

Purchases of the Series 2024A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024A Bond (the "Beneficial Owner") is in turn to be recorded on the Direct Participants and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of their transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Series 2024A Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of the Beneficial Owners. *Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024A Bonds except in the event that use of the book-entry only system for the Series 2024A Bonds is discontinued under the circumstances described below under "Discontinuance of Book-Entry Only System."*

To facilitate subsequent transfers, all Series 2024A Bonds deposited by Direct Participants and Indirect Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024A Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2024A Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Series 2024A Bonds may wish to ascertain that the nominee holding the Series 2024A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

*So long as a nominee of DTC is the registered owner of the Series 2024A Bonds, references herein to the Bondholders or the holders or owners of the Series 2024A Bonds shall mean DTC and shall not mean the Beneficial Owners of the Series 2024A Bonds. The Department and the Trustee will recognize DTC or its nominee as the holder of all of the Series 2024A Bonds for all purposes, including the payment of the principal or redemption price of and interest on, and the purchase price of, the Series 2024A Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders under the Trust Agreement. Neither the Department nor the Trustee will have any responsibility or obligation to*



*Direct or Indirect Participants or Beneficial Owners with respect to payments or notices to Direct or Indirect Participants or Beneficial Owners.*

### ***Payments on and Redemption or Purchase of Series 2024A Bonds***

So long as the Series 2024A Bonds are held by DTC under a book-entry system, principal and interest payments on the Series 2024A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding information from the Trustee on the applicable payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Trustee or the Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Department or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

So long as the Series 2024A Bonds are held by DTC under a book-entry only system, the Trustee will send any notice of redemption or purchase with respect to the Series 2024A Bonds only to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant or of any Direct or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the proceedings for the redemption or purchase of the Series 2024A Bonds or of any other action premised on such notice. If fewer than all of the Series 2024A Bonds are selected for redemption or purchase, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed or purchased, except as otherwise directed by the Department.

*None of the Department, the Trustee or the Underwriters can give any assurances that DTC or the Direct or Indirect Participants will distribute payments of the principal or redemption price of and interest on or the purchase price of, the Series 2024A Bonds paid to DTC or its nominee, as the registered owner of the Series 2024A Bonds, or any redemption, purchase or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.*

### ***Discontinuance of Book-Entry Only System***

DTC may discontinue its services as a securities depository for the Series 2024A Bonds at any time by giving reasonable notice to the Department and the Trustee, or the Department may discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor Securities Depository is not obtained, Series 2024A Bonds are required to be printed and delivered in fully certificated form to the Direct Participants shown on the records of DTC provided to the Trustee or, to the extent requested by any Direct Participant, to the Beneficial Owners of the Series 2024A Bonds shown on the records of such Direct Participant provided to the Trustee.

## **Registration and Exchange of Series 2024A Bonds**

So long as the Series 2024A Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2024A Bonds will be made as described above under “Book-Entry Only System.” If the book-entry only system is discontinued, any Series 2024A Bond may be exchanged for an equal aggregate principal amount of Series 2024A Bonds of the same maturity and bearing interest at the same rate of authorized denominations, and the transfer of any Series 2024A Bond may be registered, upon presentation and surrender of such Series 2024A Bond at the designated office of the Trustee, together with an assignment duly executed by the registered owner or his attorney or legal representative. The Department and the Trustee may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith. Neither the Department nor the Trustee shall be required to register the transfer of any Series 2024A Bond or make any such exchange of any Series 2024A Bond (a) during the 15 days preceding the date of mailing of any notice of redemption, or (b) after a notice of redemption of such Series 2024A Bond or any portion thereof has been mailed.

## **APPENDIX F**

### **SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$        in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By \_\_\_\_\_  
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)





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