

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law (1) assuming compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (a) interest on the 2025A Bonds (i) is excludable from gross income for federal income tax purposes, and (ii) is not an item of tax preference for purposes of the federal individual alternative minimum tax, (b) interest on the 2025B Bonds (i) is excludable from gross income for federal income tax purposes, except for interest on a 2025B Bond for any period during which such 2025B Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code, and (ii) is an item of tax preference for purposes of the federal individual alternative minimum tax, and (c) interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations; and (2) interest on the 2025 Bonds is exempt from State of North Carolina income taxation. See "TAX TREATMENT" herein.



\$291,000,000

CITY OF CHARLOTTE, NORTH CAROLINA
Charlotte Douglas International Airport

\$265,595,000

Airport Revenue Bonds
Series 2025A (NON-AMT)

\$25,405,000

Airport Revenue Bonds
Series 2025B (AMT)

Dated: Date of Issuance

Due: As shown on inside cover

This Official Statement has been prepared by the City of Charlotte, North Carolina (the "City") to provide information on the above referenced bonds offered hereby (the "2025 Bonds"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Security:

THE 2025 BONDS ARE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE FROM NET REVENUES. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2025 BONDS ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE CITY, NOR DO THE 2025 BONDS CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE ON ANY OF ITS PROPERTY OR ON ANY OF ITS INCOME, RECEIPTS OR REVENUES, EXCEPT AS PROVIDED IN THE BOND ORDER OR THE 2025 RESOLUTION (EACH AS DEFINED HEREIN) PURSUANT TO WHICH THE 2025 BONDS ARE ISSUED. NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2025 BONDS, AND NO OWNER HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT UNDER THE BOND ORDER OR THE 2025 RESOLUTION.

The 2025 Bonds will be issued and secured under the Bond Order on a parity with the City's outstanding Prior Bonds (as defined herein) and any Additional Bonds (as defined herein) that may be issued, from time to time.

Redemption:

The 2025 Bonds will be subject to redemption as described herein.

Issued Pursuant to:

The 2025 Bonds will be issued pursuant to the Bond Order and the 2025 Resolution.

Purpose:

The City is issuing the 2025 Bonds to obtain funds to (1) acquire and construct certain improvements to the Charlotte Douglas International Airport, (2) refund in advance of their stated maturities the Refunded Bonds (as defined herein), (3) fund capitalized interest, (4) fund a deposit to the debt service reserve fund and (5) pay the costs of issuance of the 2025 Bonds.

Interest Payment Dates:

January 1 and July 1 of each year, commencing January 1, 2026.

Denomination:

\$5,000 or integral multiples thereof.

Closing/Delivery Date:

2025 Bonds: On or about June 11, 2025.

Registration:

Full book-entry only; The Depository Trust Company. See **APPENDIX G** hereto.

Trustee:

U.S. Bank Trust Company, National Association, Charlotte, North Carolina.

City Financial Advisor:

DEC Associates, Inc., Charlotte, North Carolina.

Airport Financial Advisor:

Frasca & Associates, LLC, New York, New York.

Bond Counsel:

Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina

Interim City Attorney:

Anthony Fox, Esq., Charlotte, North Carolina.

Underwriter's Counsel:

McGuireWoods LLP, Charlotte, North Carolina.

BofA Securities

J.P. Morgan

Siebert Williams Shank

\$265,595,000
Airport Revenue Bonds Series 2025A (NON-AMT)

MATURITY SCHEDULE

\$133,060,000 Serial 2025A Bonds (NON-AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP** (161036)	Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP** (161036)
2026	\$4,175,000	5.00%	2.950%	WN4	2036	\$5,025,000	5.00%	3.680%*	WY0
2027	4,495,000	5.00	2.980	WP9	2037	5,280,000	5.00	3.790*	WZ7
2028	4,715,000	5.00	2.990	WQ7	2038	5,540,000	5.00	3.910*	XA1
2029	8,525,000	5.00	3.040	WR5	2039	5,820,000	5.00	3.980*	XB9
2030	7,330,000	5.00	3.070	WS3	2040	6,110,000	5.00	4.070*	XC7
2031	8,365,000	5.00	3.120	WT1	2041	6,415,000	5.00	4.180*	XD5
2032	9,815,000	5.00	3.240	WU8	2042	6,735,000	5.00	4.290*	XE3
2033	7,695,000	5.00	3.270	WV6	2043	7,075,000	5.00	4.410*	XF0
2034	7,770,000	5.00	3.420	WW4	2044	7,425,000	5.00	4.490*	XG8
2035	4,785,000	5.00	3.520	WX2	2045	9,965,000	5.00	4.550*	XH6

\$27,950,000 5.00% Term 2025A Bonds Due July 1, 2050, Yield 4.760%*, CUSIP** 161036 XJ2
\$30,000,000 5.25% Term 2025A Bonds Due July 1, 2050, Yield 4.720%*, CUSIP** 161036 XK9
\$74,585,000 5.25% Term 2025A Bonds Due July 1, 2055, Yield 4.820%*, CUSIP** 161036 XL7

\$25,405,000
Airport Revenue Bonds Series 2025B (AMT)

\$25,405,000 Serial 2025B Bonds (AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP** (161036)	Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP** (161036)
2027	\$1,345,000	5.00%	3.540%	XM5	2036	\$1,370,000	5.00%	4.290%*	XW3
2028	925,000	5.00	3.590	XN3	2037	1,435,000	5.25	4.370*	XX1
2029	975,000	5.00	3.670	XP8	2038	1,515,000	5.25	4.440*	XY9
2030	1,020,000	5.00	3.750	XQ6	2039	1,590,000	5.25	4.500*	XZ6
2031	1,075,000	5.00	3.820	XR4	2040	1,675,000	5.25	4.580*	YA0
2032	1,125,000	5.00	3.920	XS2	2041	1,765,000	5.25	4.680*	YB8
2033	1,180,000	5.00	3.970	XT0	2042	1,855,000	5.25	4.760*	YC6
2034	1,240,000	5.00	4.090	XU7	2043	1,955,000	5.25	4.830*	YD4
2035	1,305,000	5.00	4.170	XV5	2044	2,055,000	5.25	4.900*	YE2

* Yield to the first call date of July 1, 2035 at par.

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright©2025 CUSIP Global Services. All rights reserved. The CUSIP data herein is provided solely for the convenience of reference only. None of the City or the Underwriters is responsible for selection or use of these CUSIP numbers, and no representation is made as to their correctness on the 2025 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2025 Bonds as a result of various subsequent actions.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement and its electronic distribution does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any offer or sale of the 2025 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by the Underwriters and is not to be construed as a representation by the Underwriters.

NONE OF THE 2025 BONDS, THE BOND ORDER OR THE 2025 RESOLUTION (AS DEFINED HEREIN) HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 304(A)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2025 BONDS AND THE BOND ORDER IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2025 BONDS AND THE BOND ORDER HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. 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 information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2025 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City or the Airport since the date hereof.

The information set forth herein has been obtained from sources which are believed to be reliable and is in a form deemed final by the City for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 (as defined herein).

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 a part of, their respective 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.

TABLE OF CONTENTS

(continued)

	Page
INTRODUCTION	1
THE 2025 BONDS	3
General	3
Book-Entry-Only Form.....	4
Redemption.....	4
Ownership of Bonds	6
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	6
Source of Payment	6
Revenue Bond Reserve Account	7
Rate Covenant.....	8
Additional Bonds	9
Special Purpose Facilities Bonds	10
FLOW OF FUNDS.....	11
THE PLAN OF FINANCE	14
The 2025 Projects	14
The Refunding	14
ESTIMATED SOURCES AND USES OF FUNDS	15
DEBT SERVICE REQUIREMENTS.....	16
THE CITY	17
General	17
Management and Personnel	17
Environmental, Social, and Governance (ESG).....	18
THE AIRPORT	21
General	21
Management and Personnel	21
Physical Facilities	23
Air Service Area	23
Airlines Serving the Airport.....	24
Historical Enplaned Passengers	25
Airline Market Shares	27
Projected Air Traffic.....	28
Role of the Airport as a Hub for American Airlines.....	28
Airline Information	28

TABLE OF CONTENTS

(continued)

	Page
Transportation Network Companies	28
Parking	29
Impact of the COVID-19 Pandemic on the Airport	29
CAPITAL IMPROVEMENT PROGRAM	31
PASSENGER FACILITY CHARGES	32
FEDERAL AND STATE GRANTS	33
Federal Airport Improvement Program	33
BIL Grants	34
North Carolina Airport Improvement Program	34
THE AIRLINE AGREEMENT	34
General	34
Airport Fees and Charges	35
Terminal Building Charges	35
Landing Fees	36
Sharing of Net Remaining Terminal Complex Revenues	36
Extraordinary Coverage Protection	36
Pre-Approved Capital Projects and MII Approvals	36
AIRPORT FINANCIAL INFORMATION	37
Historical Revenues and Expenses	37
Historical Debt Service Coverage	38
Historical Airline Cost Per Enplaned Passenger	39
Liquidity and Financial Position	40
REPORT OF THE AIRPORT CONSULTANT	41
INVESTMENT CONSIDERATIONS	41
General Factors Affecting Level of Airline Traffic and Revenues	41
Uncertainties of the Airline Industry	42
Airline Bankruptcies	44
Consolidations and Mergers	44
Other Commercial Service Airports	45
Growth of Low-Cost Carriers	45
Aircraft Manufacturing and Availability	45
Aircraft Supply Chain Constraints	46
Certain Risks Related to Market Dominance by American Airlines	46

TABLE OF CONTENTS
(continued)

	Page
Effect of Contractual Counterparty Bankruptcy	46
National and International Economic and Political Conditions	47
Capacity and Reliability of National Air Traffic Control and Airport Systems	48
Industry Workforce Shortages	48
Air Carrier Service and Routes	48
Air Travel Security	48
Public Health and Worldwide Health Concerns	49
Passenger Facility Charges	50
Federal Regulation Regarding Rates and Charges Disputes.....	51
Regulations and Restrictions Affecting the Airport.....	51
Cost of Capital Improvement Program	52
Force Majeure Events Affecting the City and the Airport.....	52
Additional Federal Authorization and Funding Considerations	53
Structural Changes in the Travel Market	53
Alternative Transportation Modes and Future Parking Demand	54
Future and Proposed Legislation	54
Natural Disasters and Climate Change	54
Risk of Tax Audit	55
Cybersecurity	55
Municipal Bankruptcy	55
Assumptions in the Report of the Airport Consultant.....	56
Forward-Looking Statements.....	57
FINANCIAL STATEMENTS	57
UNDERWRITING	57
LEGAL MATTERS	58
Litigation.....	58
Opinions of Counsel	58
Related Parties	58
TAX TREATMENT	59
General	59
Original Issue Premium	60
CONTINUING DISCLOSURE OBLIGATION	61
FORWARD-LOOKING STATEMENTS	63

TABLE OF CONTENTS

(continued)

	Page
MISCELLANEOUS	63
Ratings	63
Financial Advisors	64
Approval	64
APPENDIX A - CITY OF CHARLOTTE, NORTH CAROLINA AUDITED FINANCIAL STATEMENTS OF THE AIRPORT FOR THE YEAR ENDED JUNE 30, 2024...	A-1
APPENDIX B - REPORT OF THE AIRPORT CONSULTANT	B-1
APPENDIX C - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS	C-1
APPENDIX D - FORM OF OPINION OF BOND COUNSEL.....	D-1
APPENDIX E - THE CITY OF CHARLOTTE	E-1
APPENDIX F - THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA	F-1
APPENDIX G - BOOK-ENTRY SYSTEM	G-1

[THIS PAGE INTENTIONALLY LEFT BLANK]



STATE AND LOCAL GOVERNMENT FINANCE DIVISION
LOCAL GOVERNMENT COMMISSION

OFFICIAL STATEMENT

relating to

\$291,000,000

**CITY OF CHARLOTTE, NORTH CAROLINA
Charlotte Douglas International Airport**

\$265,595,000

**Airport Revenue Bonds
Series 2025A (NON-AMT)**

\$25,405,000

**Airport Revenue Bonds
Series 2025B (AMT)**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices, provides certain information concerning the City of Charlotte, North Carolina (the "City"), the Charlotte Douglas International Airport (the "Airport") and certain other information in connection with the issuance by the City of \$265,595,000 Airport Revenue Bonds, Series 2025A (Non-AMT) (the "2025A Bonds") and \$25,405,000 Airport Revenue Bonds, Series 2025B (AMT) (the "2025B Bonds" and collectively with the 2025A Bonds, the "2025 Bonds"). For further information about the City, see "**APPENDIX E – THE CITY OF CHARLOTTE**".

The 2025 Bonds are being issued pursuant to The State and Local Government Revenue Bond Act, as amended; a Bond Order adopted by the City Council on April 24, 2017, which restated, supplemented and amended the bond order originally adopted by the City Council on November 18, 1985, as amended and supplemented by Supplemental Bond Order Number 1 adopted by the City Council on March 22, 2021 (the "Bond Order"), and the Series Resolution regarding the 2025 Bonds adopted by the City Council on April 28, 2025 (the "2025 Resolution"). The proceeds of the 2025 Bonds will be used, with other available funds, to (1) refund in advance of their maturities a portion of the City's Airport Refunding Revenue Bonds Series 2014A (Non-AMT) (the "2014A Bonds"), (2) pay the costs of acquisition, rehabilitation, renovation, expansion and construction of certain improvements to the Airport (the "2025 Projects"), (3) fund capitalized interest, (4) fund a deposit to the debt service reserve fund, and (5) pay the costs of issuance of the 2025 Bonds.

The sale of the 2025 Bonds will be made by and with the approval of the Local Government Commission of North Carolina (the "Local Government Commission"). The Local Government Commission approved the issuance of the 2025 Bonds on May 6, 2025. See "**APPENDIX F – LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA**".

The previously issued revenue bonds which remain Outstanding under the Bond Order are:

Series of Bonds	Initial Par Amount	Principal Currently Outstanding ^{1, 2}
Airport Refunding Revenue Bonds, Series 2014A (non-AMT) (the "2014A Bonds")	\$74,290,000	\$64,975,000
Airport Revenue Bonds, Series 2017A (non-AMT) (the "2017A Bonds")	167,385,000	149,915,000
Airport Revenue Bonds, Series 2017B (AMT) (the "2017B Bonds")	16,345,000	14,815,000
Airport Revenue Refunding Bonds, Series 2017C (non-AMT) (the "2017C Bonds" and collectively with the 2017A and 2017B Bonds, the "2017 Bonds")	119,050,000	93,720,000
Airport Revenue Bonds Series 2019A (non-AMT) (the "2019A Bonds")	142,220,000	131,300,000
Airport Revenue Bonds Series 2019B (AMT) (the "2019B Bonds", and collectively with the 2019A Bonds, the "2019 Bonds")	36,145,000	33,545,000
Airport Revenue Bonds, Series 2021A (the "2021A Bonds")	271,525,000	253,195,000
Airport Revenue Bonds Series 2021B (AMT) (the "2021B Bonds", and collectively with the 2021A Bonds, the "2021 Bonds")	108,420,000	95,050,000
Airport Revenue Bonds, Series 2022A (non-AMT) (the "2022A Bonds")	298,705,000	290,270,000
Airport Revenue Bonds Series 2022B (AMT) (the "2022B Bonds", and collectively with the 2022A Bonds, the "2022 Bonds")	74,225,000	72,160,000
Airport Revenue Bonds, Series 2023A (non-AMT) (the "2023A Bonds")	256,875,000	256,875,000
Airport Revenue Bonds Series 2023B (AMT) (the "2023B Bonds", and collectively with the 2023A Bonds, the "2023 Bonds")	<u>110,285,000</u>	<u>110,285,000</u>
Subtotal	\$1,675,470,000	\$1,566,105,000
Airport Revenue Bond Anticipation Note, Series 2023 (the "2023 Note") ³	Maximum 280,000,000	Maximum 280,000,000
Total	<u>\$1,955,470,000</u>	<u>\$1,846,105,000</u>

¹ As of May 1, 2025.

² Includes the 2014A Bonds which are expected to be refunded in whole or in part with a portion of the proceeds of the 2025A Bonds as well as other available funds.

³ As of May 1, 2025, the 2023 Note is outstanding in the principal amount of approximately \$21,614,000.

After the issuance of the 2025 Bonds and the refunding of the Refunded Bonds (as defined below), the unrefunded 2014A Bonds, the 2017 Bonds, the 2019 Bonds, the 2021 Bonds, the 2022 Bonds, and the 2023 Bonds will be the "Prior Bonds".

After the issuance of the 2025 Bonds and the refunding of the Refunded Bonds, Bonds in the principal amount of \$2,085,540,000 will be authorized to be Outstanding under the Bond Order, consisting

of the Prior Bonds in the aggregate principal amount of \$1,514,540,000, the 2025 Bonds in the aggregate principal amount of \$291,000,000 and the 2023 Note in the maximum authorized principal amount of \$280,000,000. The 2023 Note has a maturity of September 28, 2029 and is held by Bank of America, N.A. As of May 1, 2025, the outstanding principal amount of the 2023 Note was approximately \$21,614,000.

The 2025 Bonds will be secured by and payable from the Net Revenues on a parity with the Prior Bonds, the 2023 Note and any Additional Bonds Outstanding from time to time under the Bond Order.

A portion of the debt service on the 2025 Bonds, the 2023 Note and the Prior Bonds which meet the definition of PFC Eligible Bonds (as defined in the Bond Order) may also be paid by certain PFC Revenues (as defined in the Bond Order) for PFC Eligible Projects (as defined in the Bond Order). Under the Aviation Safety and Capacity Act of 1990 (the "PFC Act"), as modified by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR-21") and pursuant to 14 CFR Part 158, airports may apply to the Federal Aviation Administration (the "FAA") for authorization to impose a fee on every enplaning revenue passenger ("Passenger Facility Charge" or "PFC") at the sponsored airport and to use the revenues derived from any such PFC to pay the allowable costs of PFC Eligible Projects. The FAA has granted the City authority to impose a \$4.50 PFC, collect therefrom PFC Revenues in an aggregate amount of \$4,273,485,000, and use such PFC Revenues to pay the cost of PFC Eligible Projects. As of June 30, 2024, \$1,118,804,000 of this PFC authority had been received. The City is permitted to use PFC revenues to pay debt service on a portion of the Prior Bonds. See also **"PASSENGER FACILITY CHARGES"** for a discussion on the Airport's intention to seek FAA approval to increase the PFC imposed by the City.

Pursuant to the Bond Order, the proceeds received by the City from PFCs will be applied by the City (although not legally and contractually pledged as Revenues) to the following: (1) by transfer to the Bond Fund to pay debt service on PFC Eligible Bonds, (2) to pay the capital costs of PFC Eligible Projects and (3) as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs. See **"PASSENGER FACILITY CHARGES"** and **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Source of Payment"**.

On March 22, 2021, the City Council adopted a Supplemental Bond Order, Number 1 to include the previously "Excluded Cost Centers" in "Included Cost Centers" effective July 1, 2021. For a discussion on the previously defined Included Cost Centers and Excluded Cost Centers see **"THE BOND ORDER"** in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

Unless otherwise indicated, capitalized terms used in this Official Statement have the meanings established in the Bond Order and the 2025 Resolution. See **"APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions of Certain Terms"**.

THE 2025 BONDS

General

The 2025 Bonds will be dated their date of issuance and will bear interest from their date payable semiannually on each January 1 and July 1, commencing January 1, 2026, at the rates shown on the inside cover page (computed on the basis of a 360-day year of twelve 30-day months).

Principal of the 2025 Bonds will be payable, subject to redemption as described herein, on July 1 in the years and amounts shown on the inside cover page. The 2025 Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof. U.S. Bank Trust Company, National Association, is the Trustee and Bond Registrar for the 2025 Bonds.

Book-Entry-Only Form

The 2025 Bonds will be delivered as fully registered certificates in book-entry-only form without physical delivery of certificates to the beneficial owners of the 2025 Bonds. The Trustee will make payments of principal of and interest on the 2025 Bonds to DTC, which will in turn remit such payments to its direct participants for subsequent distribution to the beneficial owners of the 2025 Bonds. See **APPENDIX G** hereto.

Redemption

Optional Redemption of 2025 Bonds

The 2025 Bonds maturing on or after July 1, 2036, may be redeemed prior to their maturities, at the option of the City, from any funds that may be available for such purpose, in whole or in part, on any date on or after July 1, 2035, at a redemption price equal to the principal amount of 2025 Bonds to be redeemed, together with accrued interest, if any, to the redemption date, without premium.

Extraordinary Optional Redemption

The 2025 Bonds are subject to redemption, in whole or in part on any date, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, upon instructions from the City, from the Net Proceeds of insurance or Eminent Domain that are deposited in the related subaccount of the Revenue Bond Redemption Account as provided in the Bond Order and the 2025 Resolution.

Sinking Fund Redemption

The 2025A Bonds maturing on July 1, 2050 and bearing interest at 5.00% are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from money required to be deposited in the Series 2025A Subaccount of the Revenue Bond Sinking Fund Account, at a redemption price equal to the principal amount of the 2025A Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	Principal Amount
2046	\$5,060,000
2047	5,315,000
2048	5,575,000
2049	5,855,000
2050*	6,145,000

* Maturity

The 2025A Bonds maturing on July 1, 2050 and bearing interest at 5.25% are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from money required to be deposited in the Series 2025A Subaccount of the Revenue Bond Sinking Fund Account, at a redemption price equal to the principal amount of the 2025A Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	Principal Amount
2046	\$5,400,000
2047	5,685,000
2048	5,985,000
2049	6,300,000
2050*	6,630,000

* Maturity

The 2025A Bonds maturing on July 1, 2055 are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from money required to be deposited in the Series 2025A Subaccount of the Revenue Bond Sinking Fund Account, at a redemption price equal to the principal amount of the 2025A Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	Principal Amount
2051	\$13,435,000
2052	14,135,000
2053	14,875,000
2054	15,660,000
2055*	16,480,000

* Maturity

Notice of Redemption

Notice of redemption of any 2025 Bonds will be given by the Trustee not less than 30 days nor more than 60 days before the date fixed for redemption (1) to the North Carolina Local Government Commission by mail, electronic or facsimile transmission, (2)(a) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or as otherwise permitted by DTC's rules and procedures or (b) if DTC or its nominee is no longer the Owner of the 2025 Bonds, by mail to the then-registered Owners of 2025 Bonds to be redeemed at the last address shown on the registration books kept by the Bond Registrar and (3) to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB.

Selection of 2025 Bonds for Redemption

If less than all of the 2025 Bonds are called for redemption, the City will select the series of the 2025 Bonds and the maturity or maturities of the 2025 Bonds within a series to be redeemed and DTC will select the 2025 Bonds within the same maturity of a series pursuant to its rules and procedures or if a book-entry system is no longer in effect, the Bond Registrar will select the 2025 Bonds to be redeemed by lot in such manner as the Bond Registrar in its discretion may deem proper. If a 2025 Bond subject to redemption is in a denomination larger than \$5,000, a portion of such 2025 Bonds may be redeemed, but only in a principal amount such that the unredeemed portion of such 2025 Bond is equal to \$5,000 or an integral multiple thereof. If a portion of a 2025 Bond is called for redemption, a new 2025 Bond of such series in principal amount equal to the unredeemed portion thereof shall be issued to the Owner thereof upon surrender thereof.

Effect of Redemption

On the date fixed for redemption, notice having been given in the manner and under the conditions described above, the 2025 Bonds or portions thereof called for redemption will be due and payable at the Redemption Price provided therefor, plus accrued interest to the redemption date. If money or non-callable Government Obligations (that have maturity dates or redemption dates which, at the option of the holder of such Government Obligations, are not later than the dates on which money will be required to effect such redemption), or a combination of both, sufficient to pay the Redemption Price of the 2025 Bonds or portions thereof to be redeemed, plus accrued interest thereon to the redemption date, are held by the Trustee in trust for the Owners of the 2025 Bonds to be redeemed, interest on the 2025 Bonds or portions thereof called for redemption will cease to accrue; such 2025 Bonds or portions thereof will cease to be entitled to any benefits or security under the Bond Order or to be deemed Outstanding; and the Owners of such 2025 Bonds or portions thereof will have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the redemption date.

If an Event of Default occurs and is continuing, there will be no redemption of less than all of the 2025 Bonds Outstanding.

Ownership of Bonds

The person in whose name any 2025 Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium, if any, and interest on, any such 2025 Bonds will be made only to or upon the order of the Owner thereof as its name and address appear on the registration books kept by the Bond Registrar at the close of business on the Record Date. All such payments will be valid and effectual to satisfy and discharge the liability upon such 2025 Bond to the extent of the sum or sums so paid. So long as the 2025 Bonds are issued in book-entry-only form, Cede & Co., as nominee for DTC, will be deemed and regarded as the absolute owner thereof for all purposes. See "**THE 2025 Bonds – Book-Entry-Only Form**".

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Source of Payment

Pledge of Net Revenues

Pursuant to the Bond Order, the City irrevocably pledges to the payment of the principal of, interest on, Credit Support Payment Amounts for, sinking fund requirements for and any premium required to be paid on the redemption of all Bonds Outstanding under the Bond Order (the "Bonds"), including the 2025 Bonds and the 2023 Note: (i) Net Revenues and (ii) the City's right to receive Net Revenues. In addition, the City irrevocably pledges (i) to the payment of the principal of, interest on, sinking fund requirements for and any premium required to be paid on the redemption of the 2025A Bonds, all funds in the Series 2025A Subaccount of the Revenue Bond Fund and (ii) to the payment of the principal of, interest on, sinking fund requirements for and any premium required to be paid on the redemption of the 2025B Bonds, all funds in the Series 2025B Subaccount of the Revenue Bond Fund. Under the Bond Order, "Net Revenues" for any period means the excess, if any, of Revenues over Current Expenses for such period. See "**APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS OF CERTAIN TERMS**" for the definitions of Revenues and Current Expenses. Neither the PFCs nor the land and facilities comprising the Airport have been pledged to secure payment of the 2025 Bonds, the 2023 Note or the Prior Bonds.

All Bonds Outstanding under the Bond Order, including the 2025 Bonds, are special obligations of the City. The principal of and interest and premium, if any, on the 2025 Bonds, the 2023 Note and the Prior Bonds are not payable from the general funds of the City, nor do the 2025 Bonds, the 2023 Note or the Prior Bonds constitute a legal or equitable pledge, charge, lien or encumbrance on any of its property or on any of its income, receipts or revenues, except as provided in the Bond Order or the 2025 Resolution. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of or interest and premium, if any, on the 2025 Bonds, the 2023 Note or the Prior Bonds and no Owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Bond Order or the 2025 Resolution.

PFCs

The City has the authority to impose PFCs in accordance with the terms of the FAA approval. The FAA has granted the City authorization to collect \$4,855,067,883 in PFCs. The City's PFC authorizations permit the City to use revenues derived from its existing \$4.50 PFC to fund PFC Eligible Projects and to pay debt service on a portion of the Prior Bonds used to finance PFC Eligible Projects. See also "**PASSENGER FACILITY CHARGES**" for a discussion on the Airport's intention to seek FAA approval to increase the PFC imposed by the City.

The Bond Order creates a category of PFC revenues defined as "Pledged PFC Revenues". Under the Bond Order, PFC Revenues will be applied by the City (although not legally and contractually pledged as Revenues) to the following: (1) by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds, (2) to pay the capital costs of PFC Eligible Projects, and (3) as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs. However, if the PFC Revenues are Pledged PFC Revenues, Pledged PFC Revenues would be pledged to the payment of a particular series of Bonds and would be applied by the City first, to the payment of such Bonds, second to pay the capital costs of PFC Eligible Projects, and third, as otherwise permitted by federal statute or the regulations promulgated by the FAA. PFC Revenues have not been pledged to the payment of the 2025 Bonds. See "**PASSENGER FACILITY CHARGES**".

Revenue Bond Reserve Account

The Bond Order provides for the creation of the Revenue Bond Reserve Account within the Revenue Bond Fund and further provides that the respective supplemental series resolution for each series of Bonds issued under the Bond Order may provide for the creation of a separate subaccount or common reserve subaccount of the Revenue Bond Reserve Account to be used for such series. The series resolution for the 2014A Bonds provided that a Common Reserve Subaccount of the Revenue Bond Reserve Account be established and maintained as additional security for (1) the 2014A Bonds in an amount equal to the reserve requirement for the 2014A Bonds and (2) any Additional Bonds as may be authorized in a subsequent resolution (the "Common Reserve Subaccount"). In accordance with the series resolutions for the 2017 Bonds, the 2019 Bonds, the 2021 Bonds, the 2022 Bonds, and the 2023 Bonds, the 2017 Bonds, the 2019 Bonds, the 2021 Bonds, the 2022 Bonds and the 2023 Bonds are Common Reserve Bonds and are secured by the Common Reserve Subaccount.

The 2025 Resolution provides that the 2025 Bonds will be Common Reserve Bonds and will be secured by the Common Reserve Subaccount. The Trustee shall use money deposited in the Common Reserve Subaccount of the Revenue Bond Reserve Account solely for the purpose of paying the principal of and the interest on each Series of Common Reserve Bonds whenever and to the extent that (1) money in the applicable Subaccount of the Revenue Bond Interest Account created with respect to such Series of Common Reserve Bonds is insufficient to pay the interest on such Series of Common Reserve Bonds or (2) money in the applicable Subaccount of the Revenue Bond Principal Account or the applicable

Subaccount of the Revenue Bond Sinking Fund Account created with respect to such Series of Common Reserve Bonds is insufficient to pay the principal of such Series of Common Reserve Bonds. With respect to the 2025 Bonds, the Trustee shall withdraw such money in accordance with the order of priorities set forth in the 2025 Resolution, and with respect to any subsequent Series of Common Reserve Bonds, the Trustee shall withdraw such money in accordance with the order of priorities set forth in the corresponding section of the applicable Common Reserve Series Resolution; *provided, however*, if there is insufficient money in the Common Reserve Subaccount of the Revenue Bond Reserve Account to satisfy all deposits required by the 2025 Resolution, then any amounts remaining in the Common Reserve Subaccount of the Revenue Bond Reserve Account will be used to satisfy the deposits between each subaccount on a *pro rata* basis in accordance with the Outstanding aggregate principal amount of each corresponding Series of Common Reserve Bonds. If on any Interest Payment Date the amount on deposit in an account of the Common Reserve Subaccount of the Revenue Bond Reserve Account exceeds the Reserve Requirement therefor, the Trustee shall transfer such excess to (1) the applicable Subaccount of the Revenue Bond Interest Account created with respect to each Series of Common Reserve Bonds on a *pro rata* basis based on the Outstanding aggregate principal amount of each corresponding Series of the Common Reserve Bonds or (2) as the City otherwise directs as required by the City's arbitrage and tax regulatory agreement executed and delivered in connection with any Series of Common Reserve Bonds. See "**APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS OF CERTAIN TERMS**" for the definition of "Reserve Requirement".

EACH SEPARATE SUBACCOUNT OF THE REVENUE BOND RESERVE ACCOUNT PROVIDES ADDITIONAL SECURITY SOLELY FOR ITS DEDICATED SERIES OF BONDS. NO OTHER SERIES OF BONDS IS ENTITLED TO THE BENEFITS OF A DIFFERENT SERIES' SUBACCOUNT OF THE REVENUE BOND RESERVE ACCOUNT.

Under the 2025 Resolution, there may be deposited to the credit of the Common Reserve Subaccount certain surety bonds or other insurance policies meeting the requirements of the Bond Order in lieu of or in substitution for all of the money or securities then to the credit of such subaccount.

Currently the Common Reserve Subaccount of the Revenue Bond Reserve Account is the sole Subaccount in the Revenue Bond Reserve Account. Prior to the issuance of the 2025 Bonds, the requirement for the Common Reserve Subaccount of the Revenue Bond Reserve Account is \$115,220,476.57. The Common Reserve Subaccount of the Revenue Bond Reserve Account is currently funded with cash and eligible securities in the amount of the Reserve Requirement for the Common Reserve Subaccount. The Reserve Requirement is calculated based on when the City makes deposits with the Trustee, as required by the Bond Order.

Under the Bond Order, the City may, but is not required to, establish a reserve for a series of Bonds issued thereunder. See "**APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**".

Rate Covenant

In the Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenues in each Fiscal Year at least equal to the sum of the deposits required to be made in each Fiscal Year to (1) the Operating Fund, (2) the Revenue Bond Fund, and (3) the amount of all other deposits to the funds and accounts required by the Bond Order, plus an amount, if any, which provides an amount on deposit in the Revenue Fund as of the opening of business on the first day of the next Fiscal Year, equal to the Coverage Factor for such preceding Fiscal Year. The Coverage Factor for any Fiscal Year is defined as an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenues into the Revenue Bond Interest Account, the Revenue Bond Principal Account and the Revenue

Bond Sinking Fund Account for such Fiscal Year. Revenues for a Fiscal Year are deemed to include amounts retained by the City in the Revenue Fund as of the end of such Fiscal Year (the "Rate Covenant").

Additional Bonds

The City may issue additional obligations on a parity with all Bonds outstanding under the Bond Order, including the 2025 Bonds, for Additional Facilities only if one of the following conditions is met:

(1) taking all outstanding Bonds (excluding any Bonds to be refunded by the Bonds to be issued) and Subordinate Indebtedness and the Bonds then to be issued into account as if they had been issued at the beginning of the most recent Fiscal Year for which audited financial statements are available, the Net Revenues, excluding any transfers from the Airport Discretionary Fund, for such Fiscal Year were sufficient to meet the Rate Covenant not less than 1.50 times the Long-Term Debt Service Requirement with respect to all outstanding Bonds and the Bonds to be issued plus all other amounts sufficient to meet the deposits required by the Bond Order; or

(2) (A) taking into account all outstanding Bonds, but not the Bonds then to be issued, and Subordinated Indebtedness for the most recent Fiscal Year for which audited financial statements are available, the requirements of the Rate Covenant have been satisfied; and (B) an Airport Consultant reports that the requirements of the Rate Covenant, excluding any transfers from the Airport Discretionary Fund) taking the Long-Term Debt Service Requirements of the proposed Bonds into account, for (I) in the case of the Bonds to finance Additional Facilities, each of the first two full Fiscal Years succeeding the date on which such Additional Facilities are expected to be completed and in operation or (II) in the case of Bonds not financing Additional Facilities, each of the first two Fiscal Years succeeding the date on which such Bonds are issued, are projected to be satisfied.

In addition, Bonds may be issued for the purposes of refunding all or any part of any Outstanding Bonds without meeting any other test if either of the following are satisfied:

(1) the Long-Term Debt Service Requirement due in each Fiscal Year on the Bonds remaining Outstanding after the issuance of the refunding Bonds will decrease in the corresponding Fiscal Years that the principal and interest on the Bonds being refunded would have been due as a result of such refunding; or

(2) the maximum annual Long-Term Debt Service Requirement on the Bonds (by Fiscal Year) after the issuance of the refunding Bonds does not exceed the maximum annual Long-Term Debt Service Requirement on the Bonds (by Fiscal Year) before the issuance of the refunding Bonds for any Fiscal Year.

Completion Bonds may be incurred without meeting the earnings test described above if the principal amount thereof does not exceed 15% of the principal amount of the Bonds initially issued therefor, and in excess of 15% of such principal amount, but only if any of the tests set forth above are met.

Short-Term Bonds may be issued in the ordinary course of business if, immediately after the issuance of such Short-Term Bonds, the outstanding principal amount of all Short-Term Bonds does not exceed 10% of Total Operating Revenues for the most recent Fiscal Year preceding the date of issuance of such Short-Term Bonds for which audited financial statements are available; provided, however, that for a period of 20 consecutive calendar days in each Fiscal Year no such Short-Term Bonds may be outstanding.

Special Purpose Facilities Bonds

The Bond Order provides that the City may finance the acquisition, construction or improvement of any Special Facilities secured by the income and revenues of the Special Facilities on delivery to the Trustee of the following items prior to such financing:

(1) a certificate of the Finance Director (a) designating the new or existing facility as a Special Facility, (b) stating the amount of indebtedness the City will incur related to the Special Facility, (c) stating that the City reasonably expects to be able to pay the principal of and interest of the indebtedness to be issued from the income and revenues of the Special Facility and (d) stating that no Event of Default has occurred and is continuing under the Bond Order;

(2) to the extent that the income and revenues to be pledged to the financing for the Special Facilities have been existing Revenues prior to the financing of the acquisition, construction or improvement of the Special Facilities, evidence that the City has met the requirements for such income and revenues to become Released Revenues; and

(3) a certificate of an Airport Consultant (which may be included in information provided under (2) above) to the effect that the requirements of the Rate Covenant, taking into account the financing of the proposed Special Facilities, are projected to be satisfied for each of the next three complete Fiscal Years immediately following the financing of the acquisition, construction or improvement of the Special Facilities.

The City may also refinance any financing of Special Purpose Facilities without having to meet the tests above if either of the following are satisfied:

(1) the aggregate principal and interest due in each Fiscal Year on indebtedness for the Special Purpose Facilities remaining outstanding after the refinancing will decrease in the corresponding Fiscal Years that the aggregate principal and interest on the original indebtedness being refunded would have been due as a result of such refinancing; or

(2) the maximum annual principal and interest requirements on the indebtedness for the Special Purpose Facilities (by Fiscal Year) after the refinancing does not exceed the maximum annual principal and interest requirements on the indebtedness for the Special Purpose Facilities (by Fiscal Year) before refinancing for any Fiscal Year.

If the conditions set forth in this Section are satisfied, then the income and revenues pledged to the financing of the Special Purpose Facilities will not be considered Revenues while such financing is outstanding.

FLOW OF FUNDS

The Bond Order creates a special fund designated the Revenue Fund into which the City is required to set aside and deposit all Revenues on receipt thereof by the City. The Bond Order requires that money on deposit in the Revenue Fund be applied solely at such times and in accordance with the priorities established by the Bond Order.

In addition to the Revenue Fund, the Bond Order creates the following funds and accounts:

- Operating Fund
- Bond Fund
 - Interest Account
 - Principal Account
 - Sinking Fund Account
 - Capitalized Interest Account
 - Redemption Account
 - Reserve Account
- Airport Insurance and Condemnation Award Fund
- Airport Construction Fund
- Airport PFC Revenue Account
- Airport Discretionary Fund

Subaccounts, as applicable, are to be created for each account in the Revenue Bond Fund with respect to each Series of Bonds. The 2025 Resolution creates the following subaccounts with respect to the 2025 Bonds:

2025 Additional Facilities Account of the Construction Account

- (a) Series 2025A Subaccount of the Series 2025 Additional Facilities Account; and
- (b) Series 2025B Subaccount of the Series 2025 Additional Facilities Account.

2025A Bonds

- (a) Series 2025A Subaccount of the Revenue Bond Interest Account;
- (b) Series 2025A Subaccount of the Revenue Bond Principal Account;
- (c) Series 2025A Subaccount of the Revenue Bond Redemption Account;
- (d) Series 2025A Subaccount of the Revenue Bond Sinking Fund Account; and
- (e) Series 2025A Subaccount of the Revenue Bond Capitalized Interest Account.

2025B Bonds

- (a) Series 2025B Subaccount of the Revenue Bond Interest Account;
- (b) Series 2025B Subaccount of the Revenue Bond Principal Account;
- (c) Series 2025B Subaccount of the Revenue Bond Redemption Account;
- (d) Series 2025B Subaccount of the Revenue Bond Sinking Fund Account; and
- (e) Series 2025B Subaccount of the Revenue Bond Capitalized Interest Account.

Money in the Bond Fund is held by U.S. Bank Trust Company, National Association, a national banking association, as trustee (the "Trustee") for the Owners of the Bonds.

On the 25th day of each month, money in the Revenue Fund is required by the Bond Order to be transferred and credited to the following funds and accounts at the following times and in the following order of priority:

(1) to the Operating Fund, an amount sufficient to bring the balance in the Operating Fund to equal 1/12th of the amount shown by the Annual Budget as Current Expenses for the then current Fiscal Year plus the amount of encumbered funds from previous budgets (excluding the amount set aside in the Operating Reserve Account under the Bond Order);

(2) to the subaccounts of the Interest Account on all Bonds after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, an amount equal to 1/6th of the next maturing interest installment on Outstanding Bonds less any amount transferred from the Capitalized Interest Account for such series of Bonds; provided, however, that for the 2023 Note, such amount is to be deposited on the 25th day of each month immediately preceding an Interest Payment Date into the applicable subaccount of the Revenue Bond Interest Account in an amount necessary to pay the next maturing installment of interest on the 2023 Note;

(3) to the subaccounts of the Principal Account for such Bonds, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, an amount which is equal to 1/12th of the next maturing principal installment on such Bonds; provided, however, that for the 2023 Note, to have funds on hand to pay in full the principal amount of the 2023 Note then Outstanding at maturity;

(4) to the subaccounts of the Sinking Fund Account for such Bonds, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, an amount which is equal to 1/12th of the next Sinking Fund Requirement for such Bonds;

(5) in the event that there is not on deposit in any subaccount of the Reserve Account an amount equal to the Reserve Requirement for such subaccount, to such subaccount the amount equal to 1/24th of such deficiency if it has occurred by reason of a change in valuation of investments in such subaccount of the Reserve Account or 1/12th of such deficiency if it has occurred by reason of the withdrawal of funds from such subaccount in order to make payment of interest or principal on any Bonds;

(6) in any month in which payment of any principal, premium, if any, or interest on any Subordinate Indebtedness is due or any other amount is due and payable with respect to Subordinate Indebtedness, to the person entitled to such amount; and

(7) if the Operating Fund is less than 25% of Current Expenses set forth in the Annual Budget for the Fiscal Year the City will deposit in a separate account of the Operating Fund 1/12 of the amount of such deficiency.

If, as of the opening of business on the first day of each Fiscal Year, there are any funds on deposit in the Revenue Fund in excess of the Coverage Factor, such excess will be transferred to the Airport Discretionary Fund on the 25th day of each Fiscal Year.

On or prior to the date that the City provides the Trustee with written notice of redemption, to the subaccount of the Redemption Account for such Bonds to be redeemed, an amount equal to the principal of, and premium, if any, on such Bonds so called for redemption.

Amounts deposited to the various funds and accounts described above will be applied as provided in the Bond Order and the 2025 Resolution. See **"APPENDIX C – SUMMARY OF PRINCIPAL**

LEGAL DOCUMENTS". Generally, amounts on deposit in the Operating Fund will be used to pay Current Expenses; amounts on deposit in the subaccounts of the Capitalized Interest Account and the Interest Account will be used to pay interest on the Bonds on each Interest Payment Date; amounts on deposit in the subaccounts of the Principal Account and the Sinking Fund Account will be used to pay principal of the Bonds when due; amounts on deposit in the subaccounts of the Reserve Account will be used to pay principal of and interest on the applicable Series of Bonds when due to the extent amounts otherwise on deposit for such purpose are insufficient therefor; and amounts on deposit in the Airport Discretionary Fund may be used for any lawful purpose.

Amounts on deposit in the Airport PFC Revenue Account will be applied by the City (although not legally and contractually pledged as Revenues) to the following: (1) by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds (2) to pay the capital costs of PFC Eligible Projects and (3) as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

The Bond Order and the 2025 Resolution provide that all interest earned or profit or loss realized on investments or deposits of money for all funds and accounts, except the Rebate Account, if any, the Airport Construction Fund, and the Airport Discretionary Fund (which funds or accounts retain their own earnings), will be credited or charged to the Revenue Fund.

[The remainder of the page is intentionally left blank]

THE PLAN OF FINANCE

The proceeds of the 2025 Bonds will be used, with other available funds, to (1) refund in advance of their maturities a portion of the 2014A Bonds, (2) pay the costs of acquisition, rehabilitation, renovation, expansion and construction of certain improvements to the Airport, including (i) the Concourse D Renovation and (ii) the Fourth Parallel Runway (the "2025 Projects"), (3) fund capitalized interest, (4) fund a deposit to the debt service reserve fund, and (5) pay the costs of issuance of the 2025 Bonds.

The 2025 Projects

The Concourse D Renovation includes the renovation of public areas including corridors, holdrooms, restrooms and all finishes on the ticketing level. In addition, this renovation includes certain major system upgrades including a new fire protection, sprinkler system, new air handling units and a new redundant power source to protect against an electrical system failure. The Concourse D Renovation is expected to cost approximately \$67.9 million and to be completed in October of 2026.

The Fourth Parallel Runway project includes the design, site preparation and construction of a fourth parallel runway, along with associated taxiway system, an aircraft hold pad, and an Aircraft Rescue and Fire Fighting (ARFF) Station. The Fourth Parallel Runway has been identified as Runway 1/19 in the Airport's Master Plan Update Phase I dated February 2016, Fourth Parallel Runway Benefit Cost Analysis dated September 2022, and FAA Letter of Intent request dated February 2023, the FAA commitment for which is pending. The Fourth Parallel Runway will be 10,000 feet long and 150 feet wide and will be constructed of concrete and capable of serving Aircraft Approach Category D and Airplane Design Group VI aircraft. The runway has been identified as a primary departure runway, but its placement between the two existing runways provides for future flexibility for arrivals and departures. The taxiway system serving the Fourth Parallel Runway Program will include end around taxiways, high-speed exit taxiways, a full parallel taxiway, an extension of Taxiway V and connector taxiways. This project will also include the construction of an aircraft hold pad of approximately 470,000-square feet of concrete to provide space for aircraft queueing and staging and a new ARFF Station to meet emergency response times due to the additional runway crossings with new Runway 1/19. The Fourth Parallel Runway will also require the relocation of approximately one mile of West Boulevard, where traffic will be rerouted on the existing roads of Piney Top Drive and Byrum Drive.

The Fourth Parallel Runway is expected to cost approximately \$1.0 billion and to be completed in the fall of 2027.

See corresponding discussions in "**APPENDIX B – REPORT OF THE AIRPORT CONSULTANT**" attached hereto for a more complete list of the projects to be financed.

The Refunding

A portion of the proceeds of the 2025 Bonds will be used, with other available funds, to refund the 2014A Bonds maturing on July 1, 2026, through 2029, inclusive, 2030 (5.00% coupon), 2031 (5.00% coupon), 2032, 2033 (5.00% coupon) and 2034 (5.00% coupon) (the "Refunded Bonds").

The Refunded Bonds will be redeemed on the date the 2025 Bonds are issued at a price equal to 100% of the outstanding principal amount of the Refunded Bonds, plus accrued interest to the date of redemption. On such date, the City will transfer from other available funds of the City to DTC the accrued interest on the Refunded Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents how the proceeds of the 2025 Bonds and certain Airport funds are expected to be applied.

SOURCES OF FUNDS	2025A Bonds	2025B Bonds	Total
Par Amount	\$265,595,000	\$25,405,000	\$291,000,000
Original Issue Premium	14,922,209	1,317,974	16,240,183
Trustee Held Funds	11,286,574	0	11,286,574
Total	\$291,803,783	\$26,722,974	\$318,526,757
USES OF FUNDS			
Deposit to Construction Account	\$216,104,945	\$23,003,055	\$239,108,000
Capitalized Interest	1,693,428	1,377,355	3,070,783
Refund the Refunded Bonds	52,710,889	0	52,710,889
Deposit to Common Reserve Subaccount	19,078,188	2,135,113	21,213,301
Costs of Issuance ¹	2,216,333	207,451	2,423,785
Total	\$291,803,783	\$26,722,974	\$318,526,757

¹ Includes various professional fees and other financing costs, including underwriters' discount.

DEBT SERVICE REQUIREMENTS

The following table presents information on the City's debt service obligations on the 2025 Bonds and the Prior Bonds. The City's debt service obligations are shown based on when the City makes deposits with the Trustee, as required by the Bond Order. All amounts have been rounded to the nearest whole dollar. The City's draw schedule for the remainder of the 2023 Note is uncertain at this time. Under the resolution with respect to the 2023 Note, the City will pay interest only on the 2023 Note until September 28, 2026, by which time the City expects to refinance the outstanding principal amount of the 2023 Note with a long-term financing. The maximum authorized principal amount of the 2023 Note is \$280,000,000.

Fiscal Year Ending June 30	Prior Bonds Total ¹	2025A Bonds		2025B Bonds		Total
		Principal	Interest	Principal	Interest	
2025	\$114,676,913	-	-	-	-	\$114,676,913
2026	107,973,288	\$4,175,000	\$14,293,502	-	\$1,377,355	127,819,144
2027	107,997,288	4,495,000	13,332,463	\$1,345,000	1,304,863	128,474,613
2028	106,456,038	4,715,000	13,107,713	925,000	1,237,613	126,441,363
2029	107,982,788	8,525,000	12,871,963	975,000	1,191,363	131,546,113
2030	104,952,788	7,330,000	12,445,713	1,020,000	1,142,613	126,891,113
2031	104,297,188	8,365,000	12,079,213	1,075,000	1,091,613	126,908,013
2032	103,260,938	9,815,000	11,660,963	1,125,000	1,037,863	126,899,763
2033	105,907,838	7,695,000	11,170,213	1,180,000	981,613	126,934,663
2034	106,215,638	7,770,000	10,785,463	1,240,000	922,613	126,933,713
2035	102,132,575	4,785,000	10,396,963	1,305,000	860,613	119,480,150
2036	102,149,925	5,025,000	10,157,713	1,370,000	795,363	119,498,000
2037	102,163,925	5,280,000	9,906,463	1,435,000	726,863	119,512,250
2038	95,465,275	5,540,000	9,642,463	1,515,000	651,525	112,814,263
2039	95,490,275	5,820,000	9,365,463	1,590,000	571,988	112,837,725
2040	89,398,025	6,110,000	9,074,463	1,675,000	488,513	106,746,000
2041	89,400,175	6,415,000	8,768,963	1,765,000	400,575	106,749,713
2042	84,009,275	6,735,000	8,448,213	1,855,000	307,913	101,355,400
2043	84,008,075	7,075,000	8,111,463	1,955,000	210,525	101,360,063
2044	84,004,900	7,425,000	7,757,713	2,055,000	107,888	101,350,500
2045	84,003,950	9,965,000	7,386,463	-	-	101,355,413
2046	84,007,700	10,460,000	6,888,213	-	-	101,355,913
2047	84,000,800	11,000,000	6,351,713	-	-	101,352,513
2048	71,781,025	11,560,000	5,787,500	-	-	89,128,525
2049	71,796,988	12,155,000	5,194,538	-	-	89,146,525
2050	60,579,850	12,775,000	4,571,038	-	-	77,925,888
2051	60,569,588	13,435,000	3,915,713	-	-	77,920,300
2052	48,197,925	14,135,000	3,210,375	-	-	65,543,300
2053	25,444,238	14,875,000	2,468,288	-	-	42,787,525
2054	-	15,660,000	1,687,350	-	-	17,347,350
2055	-	16,480,000	865,200	-	-	17,345,200
Total	\$2,588,325,188	\$265,595,000	\$251,703,465	\$25,405,000	\$15,409,267	\$3,146,437,919

Note: Totals may not tie due to rounding.

- 1 The Prior Bonds Total includes the following fixed rate bonds: the unrefunded portion of the 2014A Bonds, the 2017 Bonds, the 2019 Bonds, the 2021 Bonds, the 2022 Bonds and the 2023 Bonds. The table excludes (a) the Refunded Bonds and (b) the 2023 Note.

THE CITY

General

The City, a municipal corporation of the State located in Mecklenburg County (the "County"), is the 15th most populated city in the United States. The City was incorporated in 1768, became the County seat in 1774, and has grown from an initial 360 acres to a present area covering 308 square miles of the 527 square-mile County.

For further information about the City, see "APPENDIX E – THE CITY OF CHARLOTTE".

The 2025 Bonds are special obligations of the City, payable from Net Revenues. The principal of, premium, if any, and interest on the 2025 Bonds are not payable from the general funds of the City, nor do the 2025 Bonds constitute a legal or equitable pledge, charge, lien or encumbrance on any of its property or on any of its income, receipts or revenues, except as provided in the Bond Order or the 2025 Resolution (each as defined herein) pursuant to which the 2025 Bonds are issued. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of, premium, if any, or interest on the 2025 Bonds, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Bond Order or the 2025 Resolution.

Management and Personnel

Marcus D. Jones is the City Manager for the City. The City Manager maintains fiscal stewardship over the City's \$4.17 billion budget in addition to operations of the City's 20 departments. These responsibilities include community safety; economic development; trash collection; water, sewer and storm water; construction and maintenance of streets; public transit (bus and light rail) as well as the Airport. Mr. Jones' previous 28 years of public service experience includes 11 years with the City of Norfolk – serving as budget director, Assistant City Manager and City Manager, the Deputy Chief Administrative Officer for Richmond, Virginia, and the Deputy Secretary of finance for two governors in the Commonwealth of Virginia.

Mr. Jones is actively engaged with the City community and holds board positions with Charlotte Regional Business Alliance (and Executive Committee and the Board of Trustees), Charlotte Center City Partners, Charlotte Sports Foundation, LISC Charlotte and Leading on Opportunity Task Force. He earned his bachelor's degree in public administration from James Madison University and a master's degree in public administration from Virginia Commonwealth University.

Teresa T. Smith, CPA, is the Chief Financial Officer for the City. In such capacity, she is responsible for maintaining the City's general ledger, billing and collection of utility payments, accounts payable and receivable, debt management, revenue receipts and managing the City's investment portfolio and internal controls. Prior to becoming the Chief Financial Officer in July 2021, Ms. Smith served in several fiscal roles for the City of Charlotte, including Deputy Chief Financial Officer for five years and Chief Accountant for over ten years. Ms. Smith holds two bachelor's degrees in business, one with a concentration in accounting and one with a concentration in international business both from The University of North Carolina at Charlotte. Ms. Smith is also a North Carolina Certified Local Government Finance Officer.

Ms. Smith is currently serving as a member of the Government Finance Officers Association's Committee on Economic Development and Capital Planning. She also served a previous term on the

Association's Accounting, Auditing and Financial Reporting Committee. Ms. Smith also serves on the Board of Trustees of the Charlotte Firefighters Retirement System.

Teresa T. Smith has announced her intent to retire as the City Chief Financial Officer as of July 31, 2025. The City is in the process of a search for a new Chief Financial Officer.

Environmental, Social, and Governance (ESG)

Strategic Energy Action Plan

In 2016, Charlotte City Council adopted a Sustainable Facility Policy, which directs City departments to design, construct, and operate City buildings in alignment with the City's goals of (1) reducing energy consumption, (2) enabling more on-site renewable energy generation in the form of solar energy, (3) preparing for the transition to electric vehicles and (4) providing a mechanism to track progress toward the 2030 zero carbon buildings goal. Further in December of 2018, Charlotte City Council adopted the Strategic Energy Action Plan ("SEAP"). The purpose of the SEAP is to provide a framework for the City to reach low carbon goals by 2050. The SEAP also commits to source 100% of energy use in City-owned buildings and fleet from zero carbon sources by 2030. The goals are focused in the areas of transportation, facilities, energy production, workforce development, and policy development for both City operations and the community. The approach to reaching these goals is influenced by technological advancements, operational compatibility, risk management, and the availability of appropriate resources and funding. The City is focused on furthering SEAP implementation by aligning the plan with other major initiatives.

In December 2020, the City announced the hiring of its first Chief Sustainability & Resiliency Officer to oversee the City's Office of Sustainability & Resiliency. The Office of Sustainability & Resiliency is charged with implementing the City's energy and sustainability initiatives. The SEAP calls for the City's Office of Sustainability & Resiliency to work closely with the Planning, Design and Development Department to incorporate the SEAP into the City's 2040 Comprehensive Plan and the Unified Development Ordinance ("UDO"). Current projects that are aligned in these major initiatives include electric vehicle infrastructure and charging stations; energy efficient facilities; accessible and safe transit, bike lanes, and sidewalks; and increased use of renewable energy and renewable energy production.

A total of 23 City buildings have received green building certification, with 16 buildings certified or recertified in 2023. Green building certification includes buildings that are certified by a third party to have been built and/or operated more sustainably. For purposes of green building certifications, sustainability may take into consideration building materials, renewable energy, and energy efficiency to lower carbon emissions. Some of these buildings have received Leadership in Energy and Environmental Design ("LEED"), Energy Star, and Green Globes certifications.

In the first few years since adopting the SEAP, the City continues to implement projects aimed at reaching the SEAP 2030 and 2050 goals. In 2023, the number of electric vehicles ("EV") increased by 24% since 2022. The City has 112 EVs which account for 3% of total City fleet, which includes 9% of bus fleet that are battery electric bus ("BEB").

The City has also published two new sustainable fleet policies, revised the sustainable facilities policy, and continued its focus on community engagement to promote sustainable and resilient technology and workforce opportunities.

The City Council has adopted a priority of Well-Managed Government, Great Neighborhoods, Safe Communities, Transportation and Planning, and Workforce and Business Development.

Climate Resiliency

Numerous scientific studies on global climate demonstrate that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent because of increasing global temperatures attributable to atmospheric pollution. In the coming years, such extreme events and conditions are expected to increasingly disrupt and damage critical infrastructure and property as well as regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages, supply chain delays, and service disruptions.

The City's geographical location in the Piedmont of North Carolina and only a few hours from North Carolina's Coast increases its vulnerability to flooding, including storm water flooding, and periods of extreme heat. In addition to flooding and extreme heat, the City faces other threats due to climate change, including droughts and damaging wind that could become more severe and frequent. The City cannot accurately predict the timing, extent or severity of climate change and its impact on the City's and System's operations and finances.

Mecklenburg County Storm Water Services ("*County Storm Water Services*") has a program entitled the Floodplain Buyout (Acquisition) Program. County Storm Water Services has determined that buying and removing buildings in the floodplain is one of the most cost-effective ways to reduce long-term flood damage and create other community benefits. County Storm Water Services takes floodplain acquisitions and creates community recreational and open space areas. Over time, the local building stock shifts from older buildings in vulnerable areas, to newer code-compliant buildings in more sustainable locations within Mecklenburg County. Since 1999, County Storm Water Services has contributed towards purchasing 487 flood-prone houses, apartment buildings and businesses that were in floodplains throughout Charlotte-Mecklenburg. Over 800 families and businesses have moved to less vulnerable locations outside of local floodplains. Approximately 199 acres of public open space has been "undeveloped" to allow the floodplain to function during heavy rain and provide a long-term community asset. County Storm Water Services also estimates these buyouts have avoided over \$50 million in losses and will ultimately avoid over \$300 million in future losses. While the program is a County operated program, the City is located within the County and therefore benefits from the program.

Affordable Housing

Charlotte continues to consider the provision of affordable housing options for its residents a top priority. The City completed a review and update to its Housing Trust Fund Program, expanding it to include additional funding sources and new ways to leverage City funding. The Housing Trust Fund and other housing development funds together is now referred to as "Housing Development Funds." This approach leverages public, private, and non-profit dollars to increase the supply and accessibility of housing in the community. Since its inception, over 13,000 units and shelter beds have been created and preserved through the Housing Trust Fund Program. The Housing Trust Fund Program has provided \$218.8 million in gap financing for affordable housing since the fund was established in 2001.

The newly approved Unified Development Ordinance provides several incentives to increase affordable housing supply options, such as enhanced development in Transit-Oriented Development zoning districts in exchange for an increased supply of low to moderate-income housing. These incentives allow developers who want to build at greater density to have options that also increase the supply of low to moderate-income housing units, including paying a fee-in-lieu ("FIL") to the City. Funds from these fees are programmed to support additional affordable housing investment.

Corridors of Opportunity

Beautiful, safe and prosperous communities are places where families can grow strong and build legacies for the future. Corridors are vital to the health of Charlotte's communities, serving as links that connect people to the resources and businesses they need to live and thrive. With an investment of more than \$95 million, the City of Charlotte is renewing its commitment to six key corridors: Beatties Ford/Rozzelles Ferry, Central/Albemarle, Freedom/Wilkinson, I-85/West Sugar Creek, North Tryon/Graham, and West Boulevard.

Since Summer 2020, the City of Charlotte has embarked on transformational work in six historically under-invested corridors. The pivotal work includes collaboration among City departments, Mecklenburg County, non-profit organizations and for-profit corporations working together to make systemic changes and build economic opportunity in each corridor. Project types include affordable housing, community safety, infrastructure, transportation, workforce and business development, and urban design.

In 2020-2021, in the face of the pandemic, the initiative gained speed with implementation in West Boulevard and Beatties Ford Road. Strategic engagement began along two more corridors: Albemarle Road and West Sugar Creek Road.

In 2022, two corridor playbooks and road maps (strategic plan documents) were completed for Albemarle and West Sugar Creek. In 2023 North Tryon/North Graham and Freedom/Wilkinson Corridor playbook (strategic plan document) were complete. In the coming years the focus will intensify on implementing corridor-specific strategies for public safety, infrastructure and mobility, workforce development, housing and community identity.

In 2024, the Corridors team implemented programs, projects and partnerships across all six corridors to continue advancing the goals of the Charlotte 2040 Plan. The program leveraged strong community partnerships to accomplish new initiatives through community engagement, private and federal dollar leverage and communications to uplift Corridors stories.

Moving forward, the City is working on the implementation and strategic planning for all six corridors. The Corridors Core Team looks forward to working with residents, business owners and community members to create and measure long-lasting, positive impact.

Airport

The Airport continues to follow through with its comprehensive sustainability plan (the "Sustainability Plan") that was adopted in 2020, which was developed to be in line with the City's Strategic Energy Action Plan. The Sustainability Plan has guided Airport leadership and staff in setting sustainability goals and targets for 20 years and is focused on six areas: waste; health; energy and emissions; water, stormwater and landscape; transportation; and community and economic development. In 2021, the Airport achieved One Green Globes certificates for Concourse A Expansion Phase I that opened in 2019. In 2022, the Airport reached a new sustainable goal, achieving Level I status for Airports Council International Airport Carbon Accreditation. This achievement is the first of six levels to address and reduce carbon dioxide emissions in the airport environment. In 2022, the Airport achieved Two Green Globes for the Central Energy Plant. The Airport continues to design and upgrade the facilities to be more sustainable, including improved HVAC, reduced water waste, and improved lighting.

In addition, the Airport is in the process of converting its approximately 69 bus fleet to full electric buses over the next five to seven years. The first 17 electric buses are currently in operation with another

16 buses ordered and expected to be operational the next two years. In the terminal, there are several sustainability initiatives including 85 smart waste and recycling stations and dynamic glass panes which are made to adjust to the outside weather thereby lowering heating, cooling and lighting related energy costs.

The Airport has partnered with Hidden Disabilities Sunflower Organization to make the Airport more accessible for passengers with hidden disabilities. Commencing June 30, 2021, passengers are able to request sunflower-branded items at the terminal, which discreetly indicate to Airport staff, colleagues and health professionals that the passenger may need additional support, help or a little more time.

As a major hub airport receiving financial AIP (as defined below) funding on various projects through federal grants, the Airport is responsible for maintaining a program called the Limited English Proficiency Program ("LEP"). This program ensures that LEP individuals are provided with meaningful access to air travel and other important Airport services and is enforced with the FAA's Title VI legal requirements. The Airport fulfills LEP requirements by conducting periodic four-factor analyses and by offering accessibility through services and programs such as symbol-based signage, multi-lingual staff, a phone interpretation service, and text-based translation/captioning.

The Airport convened a group of neighboring community leaders that is called the Airport Neighborhood Committee ("ANC"). The ANC was created to get community input into the Airport related discussions, with an emphasis on collaboration and positive problem-solving. The Airport utilizes the ANC to identify strengths, challenges and opportunities of living in close proximity to the Airport.

THE AIRPORT

General

The Airport is owned by the City and operated by the City of Charlotte Aviation Department. It is classified as a large hub commercial service airport by the FAA. In 2024, the Airport was the seventh busiest airport in the nation as measured by enplaned passengers according to the Airport Council International. The Airport is one of only two network airline hubs (Hartsfield-Jackson Atlanta International Airport being the other) in the southeast and was the second busiest hub for American Airlines ("American"), as measured by enplaned passengers for 2024, behind Dallas Fort Worth International Airport.

Management and Personnel

Haley Gentry was appointed Chief Executive Officer of Charlotte Douglas International Airport in June 2021, becoming the first woman to lead the Airport. She oversees the Aviation Department's daily operations, managing nearly 900 employees, a \$303.9 million annual budget, and \$491 million in annual revenue for fiscal year 2025. The Airport, owned and operated by the City of Charlotte, is the 7th busiest airport in the world, contributing \$40 billion annually to the Carolinas' economy and welcoming a record-breaking 58.8 million passengers in 2024. Ms. Gentry manages the Airport's 6,000-acre campus, which includes the airfield, a 2.4 million-square-foot terminal, a general aviation and charter terminal, a military base for the 145th Airlift Wing of the N.C. Air National Guard, and an air cargo center. Prior to this appointment, Ms. Gentry served as the Chief Business and Innovation Officer, responsible for complete oversight of four of the Airport's divisions, which include Business and Revenue, Information Technology, Economic & Community Affairs and Innovation & Experience. Ms. Gentry began as an airport intern and has worked in Operations, Public Affairs, Administration and the Office of the Aviation Director. She has over 30 years of experience at the Airport and is active in AAAE, ACI, and Women in Aviation International. Locally, she serves on the Renaissance West Community Initiative board and is a trustee of

the Sullenberger Aviation Museum. Ms. Gentry earned her bachelor of science degree from Appalachian State University.

Jack L. Christine, Chief Infrastructure Officer, is responsible for complete oversight of three of the Airport's divisions, which include Development, Planning and Facilities. He began his career with the Airport in 1997 as a planning assistant and has worked on numerous development projects. In his current role, Mr. Christine has been charged with implementing the Airport's capital improvement program that includes planning, design and construction of expansions of the terminal building, concourse, and the fourth parallel runway. Mr. Christine received a master's degree in public administration from the University of North Carolina at Charlotte and a bachelor of science degree in airport management and aviation safety from Embry-Riddle Aeronautical University. He is an Accredited Airport Executive through American Association of Airport Executives (AAAE) and serves as a steering group member of Airport International – North America's (ACI-NA) Operations and Technical Affairs Working Group.

Michael D. Hill, Jr., Chief Financial Officer, oversees all financial, accounting procurement, risk management/safety and health, administration and information technology activities for the department. He is responsible for the preparation and development of the Aviation Department's \$300 million annual operating budget, airline rates and charges program, development of its Annual Financial Report, the financial implementation of the department's Destination CLT, a \$3 billion capital improvement program and management of its \$1.6 billion debt portfolio. He also leads Aviation's Information Technology workgroup, including business systems, the Airport IT network and the IT Help Desk. Mr. Hill has 28 years of professional airport experience and received a bachelor of science degree in airport management and business administration from Indiana State University. He is a Certified Member of the American Association of Airport Executives (AAAE).

Ted Kaplan, Chief Business and Innovation Officer, is responsible for oversight of three of the Airport's divisions: Business and Revenue, Commercial & Community Engagement and Innovation & Experience. Mr. Kaplan is responsible for managing the Aviation Department's multi-million-dollar Airport revenue portfolio. This portfolio includes airlines, in-terminal concessions, rental cars, fixed base operator and various parking products. He is also responsible for the development of non-aeronautical revenues and the implementation of the Aviation Department's commercial development strategy. Prior to Mr. Kaplan's appointment as Chief Business and Innovation Officer, he served as the Business and Revenue Director, a role he assumed in 2017. Previously, Mr. Kaplan worked as a Senior Assistant City Attorney assigned to the Airport for eight years and a commercial litigator for the Charlotte office of K&L Gates (formerly Kennedy Covington Lobdell & Hickman). Mr. Kaplan received a bachelor of arts from Davidson College, a master's in public administration from UNC-Chapel Hill and a juris doctor from UNC-Chapel Hill. He is a Certified Member of the American Association of Airport Executives (AAAE) and a member of the Mecklenburg County Bar and the North Carolina Bar Association.

Jerome Woodard, Chief Operating Officer, is responsible for oversight of the Airport's Operations divisions which include Airside, Landside, Security and Terminal Operations along with the Emergency Management and Joint Operations Center groups. Within this capacity, Mr. Woodard oversees a team of more than 300 employees responsible for the safe and efficient movement of all of the Airport's passengers. Along with the movement of the passengers, Mr. Woodard has regulatory compliance responsibility for Airport Operations under the guidance of the Federal Aviation Administration and Transportation Security Administration. Prior to Mr. Woodard's appointment as the Chief Operating Officer for the Airport, he served as an Assistant General Manager for the Hartsfield-Jackson Atlanta International Airport. Mr. Woodard received a bachelor of science degree in Aviation Management from Southern Illinois University – Carbondale and a master's in business administration from Walden University. He is a Certified Member (CM) of the American Association of Airport Executives (AAAE) and an Airport Certified Employee (ACE) in both Operations and Security.

Physical Facilities

The Airport occupies approximately 6,000 acres of land within the City, located approximately seven miles west of the City's central business district. The Airport currently has three runways, all equipped with precision instrument landing systems. Three of the Airport's runways are parallel and have lengths of 10,000 feet, 9,000 feet and 8,646 feet. Simultaneous independent departures and arrivals are authorized on these parallel runways. The former fourth runway was 7,500 feet long was decommissioned and reconstructed as a taxiway which opened in February 2025.

The terminal complex consists of the passenger terminal building, aircraft parking apron, fuel farm, parking facilities, a consolidated rental car facility, roadways, and the FAA air traffic control tower. The passenger terminal building was constructed in 1982 and has been renovated and expanded to include approximately 2.4 million square feet, comprising of five concourses and 122 passenger boarding gates.

Automobile parking facilities include both surface and multi-level garage facilities, which provide approximately 24,000 public parking spaces. A consolidated rental car facility, completed in 2015, provides approximately 2,900 ready-return and quick turn-around spaces.

Air Service Area

The Airport serves a large and growing air service area. The City is the core of the Charlotte-Concord, NC-SC Combined Statistical Area, a region with over 3.5 million people in 2024, that includes the Charlotte-Concord-Gastonia, NC-SC metropolitan statistical area (the "MSA"), the Albemarle, NC micropolitan statistical area, and the Shelby, NC micropolitan statistical area. The City is also part of a larger geographic area, identified by the Bureau of Economic Analysis as the Charlotte-Gastonia-Salisbury NC-SC Economic Area, which encompasses 20 counties in North Carolina and South Carolina, namely Alexander, Anson, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, McDowell, Mecklenburg, Rowan, Rutherford, Stanly, and Union Counties in North Carolina, and Chester, Chesterfield, Lancaster, and York Counties in South Carolina. This 20-county area has been identified as the primary air service area ("ASA") for the Airport.

The City and the ASA have experienced significant population growth over the past several decades. Population totals for the City and the ASA have been estimated as follows:

	2000	2010	2015	2020	2024
City	540,828	731,424	809,958	940,144	1,028,689
ASA	2,398,851	2,934,259	3,126,193	3,359,275	3,463,043

Sources: City population – United States Department of Commerce, Bureau of the Census (2000, 2010, 2015 and 2020); City of Charlotte Fiscal Year 2024 Annual Comprehensive Financial Report
ASA population – Woods & Poole Economics, Inc.

The combination of population growth and location reinforces the City's role as a regional center of the Southeast. The nature and location of the major cities of origin and destination for passengers using the Airport underline the central location of the Airport. The Airport's local demand base is diverse, comprising the other major metropolitan areas of the U.S. The Airport's 25 largest origin-and-destination markets, as listed on the following page, comprise approximately 69.5% of total origin and destination enplanements at the Airport in Fiscal Year 2024. These destinations are those in which airlines serving the Airport enplaned at least 90,000 passengers, and all but eight are less than 1,000 miles from the Airport. See Table IV-7 "Top 25 Origin and Destination Markets" in "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT".

Top 25 Origin and Destination Markets

Fiscal Year 2024

Market	Distance from Airport (miles)	Percent of Total Domestic O&D Enplanements
New York Area ¹	543	9.9%
South Florida, FL ²	650	4.8
Chicago, IL ³	599	4.4
Washington, DC Area ⁴	360	4.3
Orlando, FL	468	4.3
Boston, MA	727	4.0
Dallas, TX ⁵	937	3.9
Los Angeles, CA ⁶	2,125	3.7
Denver, CO	1,338	3.0
Philadelphia, PA	447	3.0
Las Vegas, NV	1,917	2.8
Houston, TX ⁷	913	2.5
Phoenix, AZ	1,774	2.2
Tampa, FL	508	2.0
Minneapolis/St. Paul, MN	930	1.8
Detroit, MI	500	1.7
Nashville, TN	329	1.7
San Francisco, CA ⁸	2,296	1.7
San Diego, CA	2,077	1.2
Seattle, WA	2,279	1.2
Austin, TX	1,033	1.1
Salt Lake City, NV	1,727	1.1
Atlanta, GA	227	1.1
St. Louis, , MO	575	1.1
Cleveland, OH	430	1.0
Total		69.5%

¹ LaGuardia (LGA), John F. Kennedy (JFK), Newark Liberty (EWR) and Westchester County (HPN) airports

² Fort Lauderdale (FLL) and Miami (MIA) airports

³ O'Hare (ORD) and Midway (MDW) airports

⁴ Ronald Reagan Washington National (DCA), Dulles (IAD) and Baltimore (BWI) airports

⁵ Dallas Fort Worth (DFW) and Dallas Love Field (DAL) airports

⁶ Los Angeles (LAX), John Wayne (SNA), Ontario (ONT), Long Beach (LGB) and Hollywood-Burbank (BUR) airports

⁷ George Bush Intercontinental (IAH) and Hobby (HOU) airports

⁸ San Francisco (SFO), Mineta San Jose (SJC) and Oakland (OAK) airports

Source: Charlotte Douglas International Airport

Airlines Serving the Airport

As of January 2025, the Airport had scheduled passenger air service provided by eight U.S. mainline passenger air carriers, ten regional domestic carriers and four foreign flag carriers. As of July 2024, the airlines serving the Airport operated non-stop service to 152 domestic and 37 international airports for a total of 189 non-stop destinations served from the Airport. The Airport is also served by three cargo airlines and is the base for approximately 60 general aviation aircraft. The Airport operates the single fixed base operator at the Airport. A unit of the North Carolina Air National Guard and other aviation support facilities are also located at the Airport.

Airlines Serving the Airport ^{1, 2}

<u>Domestic</u>	<u>Foreign Flag</u>
American Airlines	Air Canada
Delta Air Lines	Lufthansa German Airlines
Frontier Airlines	Viva
Southwest Airlines	Volaris
Spirit Airlines ³	
United Airlines	
Contour Airlines	
Sun Country Airlines ⁴	

¹ As of January 2025.

² Service may be provided by regional affiliates. The table does not list these airlines separately.

³ On November 18, 2024, Spirit Airlines filed for Chapter 11 bankruptcy. Spirit Airlines annual market share of enplaned passengers at the Airport has been less than 1% for the past five fiscal years, and the Airport does not believe the bankruptcy will have a material impact on the Airport. Spirit exited bankruptcy on March 13, 2025.

⁴ Sun Country began serving the Airport in April 2023.

Source: Charlotte Douglas International Airport

Historical Enplaned Passengers

The City's central location on the eastern seaboard makes it a natural connecting point in the national aviation system. In 1981, Piedmont Airlines, which merged into US Air (later renamed US Airways) and ultimately American, began to develop its primary hub at the Airport. Since the merger, the Airport has been American's second largest hub as measured by passengers, seats and flights, behind only Dallas/Fort Worth International Airport ("DFW"), the airline's headquarters.

According to Diio Mi's Schedules database, for Fiscal Year 2019, the Airport accounted for approximately 20% of American's total (i.e., departing and arriving) seat capacity (DFW accounted for 27%). For Fiscal Year 2024, the Airport's share increased to 22% of American's seat capacity (DFW accounted for 30%).

Historical patterns of passenger enplanements at the Airport were briefly, but drastically, disrupted by the COVID-19 pandemic beginning in March 2020. See "**Impact of the COVID-19 Pandemic on the Airport**" below.

The following table sets forth historical enplaned passenger traffic at the Airport:

Total Airport Enplanements¹
(Thousands)

Fiscal Year	Origin-and-Destination ("O&D")	Annual % Change	Connecting	Annual % Change	Total	Annual % Change
2015	5,643	3.7%	15,980	-0.8%	21,623	0.3
2016	6,143	8.9	15,711	-1.7	21,853	1.1
2017	6,554	6.7	15,080	-4.0	21,635	-1.0
2018	6,851	4.5	15,318	1.6	22,169	2.5
2019	7,281	6.3	15,786	3.1	23,067	4.1
2020 ²	5,732	-21.3	12,908	-18.2	18,640	-19.2
2021	3,879	-32.3	12,228	-5.3	16,107	-13.6
2022	6,951	79.2	15,344	25.5	22,295	38.4
2023	8,104	16.6	17,339	13.0	25,443	14.1
2024	9,157	13.0	19,483	12.4	28,640	12.6

¹ See Table IV-4 "Historical CLT Originating and Connecting Enplanements" and the corresponding discussions in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**. The Report sources enplanement information from BTS, which only includes revenue passengers in its enplanement numbers. The Airport includes both revenue and non-revenue passengers in its enplanement numbers.

² See **"Impact of the COVID-19 Pandemic on the Airport"** below.

Source: Charlotte Douglas International Airport

As noted in the Report of the Airport Consultant, there are differences in the enplaned passenger data reported by the airlines to the Airport in comparison to the data reported by the airlines to the Bureau of Transportation Statistics (BTS), with the primary difference being that airlines do not report nonrevenue passengers to the BTS.

While the Airport is primarily a domestic connecting hub, it also serves as an international gateway with nonstop service to Canada, the Caribbean, Latin America, and Europe. International enplanements comprised 7.1% of the total for Fiscal Year 2024, compared with 7.2% in Fiscal Year 2019 (pre-pandemic) and 6.5% in Fiscal Year 2013 (prior to the American-US Airways merger).

See Table IV-3 "Domestic and International Passenger Enplanements" and the corresponding discussions in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

The Airport's enplaned passenger traffic of 28.6 million in Fiscal Year 2024 was 12.6% more than the amount for Fiscal Year 2023 and 19.5% more than that for Fiscal Year 2019.

Airline Market Shares

American, including their regional affiliates operating as American Eagle, enplaned 90.2% of the passengers at the Airport in Fiscal Year 2023. In Fiscal Year 2024, this share decreased slightly to 88.8% as other airlines grew faster than American.

Historical Enplaned Passengers and Market Share

Airline	Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	Actual FY 2023	Market Share	Actual FY 2024	Market Share	CAGR FY 20-24
SIGNATORY AIRLINES											
American Airlines	17,682,466	91.1%	15,703,982	94.3%	21,175,318	91.9%	22,960,478	90.2%	25,438,110	88.8%	9.5%
Delta Air Lines	596,152	3.1	327,873	2.0	733,033	3.2	754,855	3.0	844,554	2.9	9.1
United Airlines	371,272	1.9	221,597	1.3	349,302	1.5	545,117	2.1	632,822	2.2	14.3
Southwest Airlines	249,584	1.3	177,028	1.1	299,731	1.3	365,118	1.4	389,621	1.4	11.8
Frontier Airlines	186,914	1.0	102,390	0.6	194,040	0.8	244,108	1.0	354,890	1.2	17.4
JetBlue Airways ⁽¹⁾	90,691	0.5	12,304	0.1	48,116	0.2	69,342	0.3	60,366	0.2	-9.7
Spirit Airlines	146,152	0.8	82,531	0.5	162,555	0.7	347,198	1.4	724,206	2.5	49.2
Subtotal Signatory	19,323,231	99.6%	16,627,705	99.9%	22,962,095	99.7%	25,286,216	99.4%	28,444,569	99.3%	10.1%
NON-SIGNATORY AIRLINES											
Lufthansa German Airlines	50,286	0.3%	-	0.0%	39,061	0.2%	70,964	0.3%	70,890	0.2%	9.0%
Air Canada	17,434	0.1	-	0.0	3,207	0.0	23,722	0.1	37,723	0.1	21.3
Other Domestic ⁽²⁾	13,550	0.1	15,884	0.1	26,127	0.1	54,164	0.2	85,358	0.3	58.4
ASIG/Charter	4,133	0.0	1,336	0.0	3,052	0.0	7,803	0.0	1,282	0.0	-25.4
Subtotal Non-Signatory	85,403	0.4%	17,220	0.1%	71,447	0.3%	156,653	0.6%	195,253	0.7%	23.0%
AIRPORT TOTAL	19,408,634	100.0%	16,644,925	100.0%	23,033,542	100.0%	25,442,869	100.0%	28,639,822	100.0%	10.2%

Source: Charlotte Douglas International Airport

⁽¹⁾ JetBlue Airways ceased service at the Airport on October 26, 2024.

⁽²⁾ Includes Sun Country, Contour Airlines and other domestic airlines.

See Table IV-5 "Historical Enplaned Passengers and Market Share" and the corresponding discussions in "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT".

Projected Air Traffic

The projections of future growth of airline traffic during the period beginning July 1, 2025 and ending June 30, 2032 were prepared by Newton & Associates, Inc. and appear in "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT" (the "Report"). In the Report of the Airport Consultant, total enplanements (origin and destination enplanements plus connecting enplanements) were projected to increase at an average annual rate of 2.00% per year during such period. See Table IV-13 "Forecast of Enplaned Passengers" and the corresponding discussions of such projections and the assumptions and rationale underlying such projections in "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT".

Role of the Airport as a Hub for American Airlines

American is one of the three primary network airlines in the U.S. The Airport currently serves as the second largest hub airport for American, after Dallas/Fort Worth International and ahead of the airline's other 8 hub airports at Miami, Chicago, Phoenix, Philadelphia, Washington, D.C. (Reagan National) and New York (John F. Kennedy and LaGuardia). See "American Airlines and the Role of the Airport as a Connecting Hub" in "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT".

American (including regional affiliates operating as American Eagle) served 88.8% of the Airport's enplaned passengers in Fiscal Year 2024, 90.2%. This share was a decrease from 91.1% in Fiscal Year 2020. The following table provides the number of domestic and foreign airports served by the combined airlines from the Airport as of January 2021, 2022, 2023, 2024, and 2025.

	<u>January 2021</u>	<u>January 2022</u>	<u>January 2023</u>	<u>January 2024</u>	<u>January 2025</u>
Domestic	138	143	140	137	140
Foreign	26	32	37	38	36

Airline Information

The Signatory Airlines and certain other airlines operating at the Airport under the jurisdiction of the SEC (or their respective parent corporations) file reports and other information (collectively, the "SEC Reports") with the United States Securities and Exchange Commission (the "SEC"). Certain information, including financial information, as of particular dates concerning each of the Signatory Airlines (or their respective parent corporations) is included in the SEC Reports. The SEC Reports can be read and copied at the SEC's Public Reference Rooms, which can be located by calling the SEC at 1-800-SEC-0330. In addition, electronically filed SEC Reports can be obtained from the SEC's web site at <http://www.sec.gov>. Each Signatory Airline and certain other airlines are required to file periodic reports of financial and operating statistics with the United States Department of Transportation. Such reports can be inspected at the Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, Room 4201, 400 Seventh Street S.W., Washington, DC 20590, and copies of such reports can be obtained from the Department of Transportation at prescribed rates. Non-U.S. airlines also provide certain information concerning their operations and financial affairs, which may be obtained from the respective airlines.

Transportation Network Companies

Transportation network companies ("TNCs"), such as Uber, Lyft, Wingz, Turo and others, offer transportation services at the request of customers through smartphone applications. Since the launch of transportation service by Lyft and Uber in 2012, TNCs have rapidly become a widely used transportation service in the United States and internationally.

Uber and Lyft began operating at the Airport in 2017 pursuant to a license awarded by the City on April 1, 2017, and amended January 10, 2018. Under the license, both companies are required to pay the Airport a fee for each trip onto Airport property to pick up or discharge passengers. As of July 1, 2019, the per trip fare increased from \$1.50 to \$3.25. During the initial term of the contract (2017 to 2019), the Airport was able to adjust the per trip fare annually, subject to a cap of 5%. Under the current contractual terms, the Airport is able to adjust the per trip fare at any time without the 5% cap or any other limitations. Effective July 1, 2022, the per trip fare increased from \$3.25 to \$3.50. Total TNC revenues to the Airport were approximately \$3.93 million (unaudited) for the first five months of Fiscal Year 2025.

Turo is a peer-to-peer carsharing company that allows private car owners to rent out their vehicles via an online and mobile interface, and currently operates at the Airport. The Airport has negotiated an agreement with Turo under which the company pays the Airport 10% of gross revenues, similar to the provisions for car rental concessions. Total revenues to the Airport were approximately \$248,000 (unaudited) for the first five months of Fiscal Year 2025.

Total TNC Revenue for Fiscal Year 2024 was approximately \$7.1 million, for Fiscal Year 2023 was approximately \$6.6 million. The Airport estimates TNC Revenue for Fiscal Year 2025 is estimated at \$9.5 million. Since each trip could involve more than one passenger, it is not possible to correlate TNC volume with Airport passenger traffic. It is possible that the increasing popularity of TNCs may result in a decrease in parking and rental car transactions at the Airport, but the potential financial impact of TNC activity on Airport Revenue is currently unknown. See "Transportation Network Companies Revenue" in "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT".

Parking

The Airport offers approximately 24,000 public parking spaces, comprising both structured and surface parking. Structured parking consists of four garages (express, hourly, and two daily garages) with a total of approximately 12,350 spaces, excluding rental car parking. Surface parking includes two long-term lots with a total of approximately 10,250 spaces. Additionally, a cell phone lot with 730 spaces is available for temporary parking for drivers picking up arriving passengers at no charge. Valet parking is also available for \$45 per day.

Many parking options are available for booking in advance online. Additionally, the Airport has recently launched a loyalty program which rewards active account holders with loyalty points for booking parking at the Airport. Parking rates are reviewed annually with the most recent rate increase having occurred in November 2023.

Impact of the COVID-19 Pandemic on the Airport

The information and data contained in this section are being provided solely for the purpose of describing the impacts of the COVID-19 pandemic on the Airport, its operations and its financial condition. The City is under no obligation to update the information and data contained herein and such information and data shall not be deemed to be "Annual Financial Information" under the City's Rule 15c2-12 undertakings under the 2025 Resolution. See "CONTINUING DISCLOSURE OBLIGATION".

For additional information on the impact of COVID-19 on the Airport see "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT" attached hereto.

Background

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a public health emergency on January 30, 2020 and a global pandemic on March 11, 2020 by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the pandemic. On May 11, 2023, the Centers for Disease Control and Prevention marked the end of the federal COVID-19 public health emergency.

The COVID-19 pandemic and the responsive measures taken in connection therewith, at international and U.S. federal, state and local levels, depressed demand for domestic and international travel and travel-related industries. Airports in the United States were acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. Airlines reported unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes which, in turn, resulted in a significant reduction in scheduled service.

Prospective investors should be aware that the restrictions and limitations related to any future outbreak or pandemic, and the impact to the air travel industry and the national and global economies, may have an adverse impact on the operations and revenues of the Airport. See **"INVESTMENT CONSIDERATIONS – Public Health and Worldwide Health Concerns"**.

Federal Relief Efforts

The United States government, the Federal Reserve Board and foreign governments took legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020, provided \$10 billion of grant assistance to airports. On April 14, 2020, the FAA announced that it had allocated approximately \$135.6 million of grant assistance under the CARES Act to the Airport. On December 27, 2020, the President signed the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 ("CRRSA"), which provided approximately \$2 billion in economic relief to airports to mitigate, prepare for, and respond to the COVID-19 pandemic, including relief for concessions from rent and minimum annual guarantees ("MAG"). The City received an additional allocation of \$40.9 million through the CRRSA, of which the City was required to allocate approximately \$5.2 million to concession relief. The American Rescue Plan Act of 2021 ("ARPA"), signed into law by the President on March 11, 2021, included \$8 billion in funds awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. To distribute these funds, the FAA established the Airport Rescue Grants. The FAA made grants to all airports that are part of the national airport system, including all commercial service airports. The City received an additional allocation of \$168.2 million through the ARPA, of which the City was required to allocate approximately \$20.7 million to concession relief.

Impact of COVID-19 on Enplanements at the Airport

As a result of various measures implemented by various federal and state authorities to curtail the spread of COVID-19, the Airport, similar to most other airports across the nation, experienced steep declines in passenger volumes. Enplanements improved throughout 2021 and 2022 as a result of the development and subsequent approval of several COVID-19 vaccines. Throughout the course of 2021 and 2022, domestic air travel recovered at a faster pace than international travel nationwide due to continued restrictions related to testing and quarantine requirements. For Fiscal Year 2022, the Airport's enplanements recovered to approximately 96.1% of Fiscal Year 2019 enplanement levels. The Airport has recovered from the

pandemic. Total enplanements for Fiscal Year 2024 represented approximately 119.5% of the total for Fiscal Year 2019.

Impact on Certain Non-Airline Revenues

With the decrease in enplaned passengers, there was corresponding decreases in demand for parking, rental cars, TNCs and passenger terminal concessions. As enplanements have rebounded, the demand for parking, rental cars, TNCs and passenger terminal concessions and the resulting revenues have increased. For Fiscal Year 2024, the City total public parking revenues were \$115.3 million. Airport management anticipates public parking demand and revenues will continue to increase with increases in passenger enplanement activity at the Airport. Total rental car, food, beverage and retail concession revenues for Fiscal Year 2024 were \$88.9 million.

CAPITAL IMPROVEMENT PROGRAM

The Aviation Department maintains a rolling, five-year capital improvement program to accommodate existing and forecast passenger demand at the Airport. This ongoing program is derived from the Airport's master plan and is updated annually to reflect changes in market conditions, funding capacity, and the Airport's strategic priorities. Construction of the first capital improvements recommended by the master plan commenced in 2017. The Airport's five-year capital improvement program is adopted annually by City Council in connection with the adoption of the Airport's annual operating budget. The program consists of on-going and future projects in varying stages of execution, including some projects for which costs were partially funded in prior years. The estimated aggregate project costs to be funded between Fiscal Year 2026 and Fiscal Year 2030 totals \$1.8 billion; combining estimated funding requirements for Fiscal Year 2025, the total program cost is approximately \$2.3 billion. Together, these costs are referred to as the "FY 2026 Capital Improvement Program". The capital expenditures for the FY 2026 Capital Improvement Program by cost center is as follows: \$513.1 million in terminal cost center expenditures, \$1.37 billion in airfield cost center expenditures, and \$371.2 million in other cost center expenditures.

The actual timing of construction or implementation of projects will depend in part on circumstances outside the Airport's control including actual demand levels or need and the receipt of required regulatory, environmental, and airline approvals. The FY 2026 Capital Improvement Program is expected to be funded through a combination of the proceeds of 2025 Bonds, the 2023 Note, other Outstanding Bonds, Additional Bonds, federal grants, PFC Revenues, CFC Revenues and other Airport funds. The actual cost of the projects may change, and the Airport may elect to defer or change the funding plan for any of the projects.

The Airport reassesses its capital needs at least annually and will modify the FY 2026 Capital Improvement Program as necessary to accommodate demand-driven traffic activity, security needs, and other factors, which could result in increases or decreases to the FY 2026 Capital Improvement Program, including changes to the scope, cost and timing of certain projects. This process also involves the internal preparation of detailed long-term financial forecasts that evaluate the financial implications of proposed capital improvements on key metrics. These forecast metrics are compared with financial planning guidelines adopted as part of the Airport's most recent master planning effort, which include target metrics for liquidity (at least 800 days cash on hand) and debt service coverage (at least 2.00x coverage per the Bond Order calculation and 1.50x per an industry-standard cash flow calculation based on gross debt service in which all sources of debt service payments are included in the numerator of the coverage ratio). See **"INVESTMENT CONSIDERATIONS"** herein.

Major projects in the FY 2026 Capital Improvement Program (inclusive of expenditures incurred prior to 2026 and therefore not included in the FY 2026 Capital Improvement Program) include (a) the

Fourth Parallel Runway, including associated end-around taxiways and ARFF station (\$1,006.0 million); (b) phase 1 of an expansion of the Terminal Complex apron to the south (\$346.1 million); and (c) Phase III of the Concourse A expansion (\$250.0 million). The FY 2026 Capital Improvement Program includes the 2025 Projects.

The following table provides a summary of the Airport's current expectations regarding the funding sources for the various portions of the FY 2026 Capital Improvement Program (\$ in thousands).

Federal AIP and State Grants ¹	Federal BIL AIG Grants	PFC Pay-as-You-Go	Airport Revenue Bonds		Airport Cash and Other ⁴	Total Funding Sources
			Series 2025 Bonds ²	Additional Bonds ³		
\$406,175	\$148,161	\$370,193	\$199,508	\$744,628	\$389,011	\$2,257,678

¹ Includes Airport Improvement Program Letter of Intent (LoI) grants for the Fourth Parallel Runway to be paid through FY 2034.

² Excludes \$56,581 in reimbursements for 2024 and prior expenditures. The total amount of project costs to be funded with the Series 2025 Bonds is \$256,089.

³ Additional Bonds are expected to be issued in 2026, 2028, and 2030.

⁴ Includes \$6,000 in CFC pay-as-you-go.

For more information regarding the 2025 Projects, see **"THE PLAN OF FINANCE – THE 2025 Projects"** and **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

PASSENGER FACILITY CHARGES

PFCs are available to airports to finance specific eligible projects that (1) preserve or enhance capacity, safety or security of the national air transportation system, (2) reduce noise resulting from an airport or (3) furnish opportunities for enhanced competition among air carriers. PFCs may also be used to pay PFC eligible debt service on outstanding bonds. The level of PFC which may be charged can vary from \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50 depending upon the authorization requested by the sponsor and approved by the FAA. The City has received FAA approval to impose and use the revenues derived from a \$4.50 PFC to pay the PFC eligible costs of the PFC Eligible Projects.

The City began collecting PFCs on November 1, 2004. In accordance with the PFC approvals, the City's PFC authority as of July 1, 2024, was \$4,855,067,833 and the current estimated charge expiration date is October 1, 2058. The FAA approved a PFC collection rate of \$4.50 effective June 1, 2024.

The Administrator of the Federal Aviation Administration (the "Administrator") may terminate a public agency's authority to impose PFCs if the Administrator determines a public agency is in violation of certain provisions of the Airport Noise and Capacity Act (the "Noise Act") relating to noise and access restrictions or if the Administrator determines that the PFC Revenue is excessive or cannot determine that such revenue is being used for approved projects in accordance with the approval or with the PFC Act, or, if project implementation does not commence within the time period specified in the PFC Act or if the public agency is otherwise in violation of the PFC Act. PFCs do not constitute Revenues under the Bond Order and are not pledged to the payment of any Bonds outstanding under the Bond Order. See **"INVESTMENT CONSIDERATIONS – Passenger Facility Charges"**.

Historical PFC Collections

Fiscal Year	PFC Revenue (Dollars in \$000's)		
	Collections	Interest	Total
2004-2012	\$355,995	\$16,356	\$372,351
2013	51,662	1,050	52,712
2014	63,530	1,190	64,719
2015	56,062	1,446	57,508
2016	63,676	1,321	64,997
2017	59,015	1,815	60,830
2018	60,302	1,879	62,181
2019	62,619	3,458	66,077
2020	55,777	5,446	61,223
2021	43,321	2,446	45,767
2022	60,895	678	61,573
2023	65,842	4,081	69,923
2024	76,957	10,654	87,611
Total	\$1,075,653	\$51,820	\$1,127,473

Source: Charlotte Douglas International Airport

See Table V-8 "Forecast of Passenger Facility Charge Collections" and the corresponding discussions in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

FEDERAL AND STATE GRANTS

Federal Airport Improvement Program

The FAA's Airport Improvement Program ("AIP") consists of entitlement funds and discretionary funds. Entitlement funds are distributed through grants by a formula based on the number of enplanements and the amount of landed weight of arriving cargo at individual airports. Discretionary funds are distributed based on the FAA's assessment of national priorities. The FAA Reauthorization Act of 2024 (Public Law 118-63) was signed into law on May 16, 2024, and extends the authorization of the AIP through federal Fiscal Year 2028. See **"INVESTMENT CONSIDERATIONS – National and International Economic and Political Conditions"** in the Official Statement.

In Fiscal Years 2023 and 2024, the Airport received \$12.9 million and \$38.7 million, respectively, in AIP grants primarily to reimburse for ramp expansion, taxiway reconstruction, electric buses and environmental assessment/impact studies. The Airport has received over \$100 million in AIP grants for two key airfield project over the past five fiscal years. The North End Around Taxiway and the Taxiway F Extension, Deice Pad & Taxiway South Crossfield projects are scheduled to open in 2025.

The Airport has received an FAA Letter of Intent (LOI) for \$290 million AIP entitlement and discretionary grant funding for the Fourth Parallel Runway Program. The LOI grant funds will be received over a ten-year period, beginning in federal Fiscal Year 2025. As this commitment is funded on an annual basis, it requires continual FAA funding authorization.

BIL Grants

The Infrastructure Investment and Jobs Act (known as the "Bipartisan Infrastructure Law"), enacted in 2021, provides \$25 billion of investment in the nation's air transportation system, comprising \$15 billion of formula-based airport infrastructure grants for airport infrastructure improvements, \$5 billion of discretionary grants for improvements of the physical condition of the FAA's air traffic control facilities, and \$5 billion of competitive grants for passenger terminal facilities improvements. The program funds \$5 billion annually for five years, commencing Fiscal Year 2022.

Based on the same apportionment system used by the FAA to allocate AIP entitlement grant funds (as described in "– Federal Airport Improvement Program" above), the Airport will be allocated an estimated \$220 million of airport BIL funds over the five-year grant program. From Fiscal Year 2022 through Fiscal Year 2025, the Airport received approximately \$174.5 million in BIL program grant funds and in Fiscal Year 2026 the Airport expects to receive the final \$45 million. The Airport has used or intends to use these funds for airfield projects currently in the CIP. Approximately \$190 million has been or will be applied towards the North End Around Taxiway and the South Ramp airfield projects.

Competitive grants for passenger terminal facilities, under the Bipartisan Infrastructure Law ("BIL") Airport Terminal Program (ATP), are awarded to eligible airports for airport terminal development projects that address the aging infrastructure of the nation's airports. In 2022, the Airport was awarded a \$32 million grant under the BIL ATP Program for the Concourse E Renovation project, currently under construction. The Airport has since received a total of \$42 million to replace passenger boarding bridges the past two ATP program cycles.

North Carolina Airport Improvement Program

In 2015, the State of North Carolina Airport System Plan was adopted by the North Carolina General Assembly into law. The General Assembly funds are recurring on an annual basis with an allocation to the Airport of between \$25-38 million. The City has received funding from this program the past seven years and has applied it to cover non-PFC related debt service, property acquisition, and capital projects at the Airport. This program is authorized by the General Assembly as part of their annual budget process. For budgeting purposes, the City takes a conservative approach and only projects this funding for two years into the future.

THE AIRLINE AGREEMENT

General

The City entered into a new Airline Use and Lease Agreement effective July 1, 2016 (the "Airline Agreement"), with American, Delta Air Lines, JetBlue Airways, Southwest Airlines, and United Airlines. In Fiscal Year 2020, Frontier Airlines and Spirit Airlines became signatories to the Airline Agreement. JetBlue Airways ceased service at the Airport on October 26, 2024 and is no longer a Signatory Airline as of December 31, 2024. The remaining six airlines are currently classified under the Airline Agreement as "Signatory Airlines," which are defined as any operator of an air transport system at the Airport that have signed the Airline Agreement. The term of the Airline Agreement expires June 30, 2026. The City is currently negotiating a new airline use and lease agreement with the Signatory Airlines.

For Fiscal Year 2024, the Signatory Airlines accounted for approximately 28.44 million enplanements at the Airport or 99.3% of the Airport's total enplanements.

The Airline Agreement substantially maintained the rates and charges methodology already in place under the prior agreement, while modernizing terminal facility usage provisions and adding additional bondholder protections. The Airline Agreement establishes a framework for management to provide for adequate recovery of capital investments during the implementation of the Airport's 2017 Master Plan. It is an industry-standard agreement presenting lease terms and formulas that enhance airport access, airline competition, and provide the Airport the opportunity to recover certain terminal operating costs that were not recoverable under the prior airport agreement. The Airline Agreement eliminates exclusive-use gates, provides the Airport control over common use gates and ticket counters, permits the Airport to recapture underutilized preferential gates, and prescribes the capital project approval process. The Airline Agreement also provides additional bondholder protections, including a 25% debt service coverage factor included in annual airline rates and charges, which is rebated to the airlines at year-end, if not needed. Additionally, the Airline Agreement includes an extraordinary debt service coverage provision obligating the Signatory Airlines to make additional payments to the City in any Fiscal Year in which the amount of Net Revenues (as defined by the Bond Order) are forecasted to be less than 125% of Revenue Bond Debt Service.

Airport Fees and Charges

The Airline Agreement defines Airport Fees and Charges as all rents, charges and fees payable by all Signatory Airlines and Affiliates for the Fiscal Year. The Airline Agreement provides for the rate setting methodologies, types of fees and charges, annual adjustments and settlements, and sharing of Net Remaining Terminal Complex Revenues.

Terminal Building Charges

Under the Airline Agreement, each Signatory Airline is required to pay Terminal Building Charges for its use of the terminal building. The Terminal Building Charges effective July 1st of each Fiscal Year are determined according to the rate setting methodology contained in the Airline Agreement. Each Signatory Airline is required to pay a Terminal Rental Rate for any Exclusive Use Premises, Preferential Use Premises, Common Use Premises, and Joint Use Premises assigned to such Airline.

The Airline Terminal Revenue Requirement is calculated by computing the sum of the following budgetary items for each Fiscal Year:

- The Operations & Maintenance (O&M) Expenses and Capital Equipment Depreciation allocable to the Terminal Building, excluding costs billed directly to and paid by Air Carriers; *plus*
- Fifty percent (50%) of the change in the O&M Reserve; *plus*
- 1.25 times the Revenue Bond Debt Service allocable to the Terminal Building; *plus*
- Amortization of City Investment allocable to Terminal Building Capital Improvement Projects; *plus*
- The Airport Services Facilities Costs allocable to the Terminal Building; *minus*
- The FIS Facility Requirement (to be recovered through the FIS Facility Fee); *minus*
- The costs of the Shared Use Terminal Equipment (to be recovered through the Common Use Gate and PLB Fee).

The Gross Terminal Rental Rate is determined by dividing the Total Terminal Revenue Requirement by total Rentable Terminal Space. The Airline Terminal Revenue Requirement shall be determined by multiplying the Gross Terminal Rental Rate by total Airline Leased Terminal Space, and then subtracting the Inline Baggage Handling System Requirement and the Passenger Loading Bridge Requirement.

Landing Fees

The Airline Agreement authorizes the City to charge the Signatory Airlines a landing fee each time a Signatory Airline lands an aircraft at the Airport. The landing fee is equal to the product of the maximum certificated gross landed weight of that aircraft multiplied by the landing fee rate then in effect. The landing fee rate is determined by dividing the Airfield Revenue Requirement for the Fiscal Year by the total of the maximum certificated gross landed weight (1,000 pound units) of all aircraft landed by Signatory Airlines during the Fiscal Year.

Under the Airline Agreement, the Airfield Revenue Requirement is calculated by computing the sum of the following budgetary items for each Fiscal Year:

- The O&M Expenses and Capital Equipment Depreciation allocable to the Airfield; *plus*
- Fifty percent (50%) of the change in the O&M Reserve; *plus*
- 1.25 times the Revenue Bond Debt Service (net of PFCs) allocable to the Airfield; *plus*
- Amortization of City Investments allocable to Airfield Capital Improvement Projects; *plus*
- The Airport Services Facilities Costs allocable to the Airfield; *minus*

Sharing of Net Remaining Terminal Complex Revenues

The Airline Agreement obligates the City to pay to each Signatory Airline its pro-rata share of forty percent (40%) of Net Remaining Terminal Complex Revenue (if any) for each Fiscal Year in connection with the City's annual settlement with each Airline. Each Signatory Airline's pro-rata share is determined by dividing the total amount of such Signatory Airline's payments made by the total amount of all such payments made by all Signatory Airlines during the immediately preceding Fiscal Year. Each Airline's pro-rata amount, if any, owed by the City to the Airline for each Fiscal Year is determined at the time of the Final Audit for such Fiscal Year. The City has the right to set off against any such pro-rata amount the amounts, if any, then due and owing by the Airline to the City under the Airline Agreement or otherwise owing by the Airline to the City.

Extraordinary Coverage Protection

In addition to the Landing Fees and Terminal Building Charges established in the Airline Agreement, each Signatory Airline is required to make extraordinary coverage protection payments in any Fiscal Year in which the amount of Revenues (as defined in the Bond Order) less O&M Expenses is forecasted to be less than one hundred twenty-five percent (125%) of the Revenue Bond Debt Service or is otherwise insufficient to make any deposit required by the Bond Order. Any such amounts shall be allocated in a fair and not unjustly discriminatory manner to the Airfield Revenue Requirement or the Airline Terminal Revenue Requirement or both in the reasonable discretion of the Aviation Director. Should Extraordinary Coverage Protection payments be made in any given Fiscal Year, the City is obligated to refund to the Signatory Airlines such payments made by the Signatory Airlines as soon as uncommitted funds become available in the Airport Discretionary Fund (as defined in the Bond Order).

Pre-Approved Capital Projects and MII Approvals

The Airline Agreement includes a list of Capital Improvements Projects approved by the Signatory Airlines (the "Pre-Approved Projects") at an estimated cost of \$500 million. The City may proceed with the Pre-Approved Projects without further review or approval of a majority-in-interest ("MII Approval") of the Signatory Airlines, unless there is a material change in the scope or budget for such Pre-Approved Projects. The majority of the Pre-Approved projects under the Airline Agreement have been completed.

The Airline Agreement requires that a Capital Improvement Project shall be subject to MII Approval by the Signatory Airlines unless defined as a Pre-Approved Project or an Exempt Project. Additionally, as provided by 49 U.S.C. §40117(f), no Capital Improvement Project shall be subject to MII Approval to the extent such project is financed by PFCs or PFC-backed bonds. If a Capital Improvement Project does not receive MII Approval, the City may proceed with such project if one or more Signatory Airlines agree to pay the costs associated with such project using their own funds. The Airline Agreement does not have specific restrictions on the City's ability to issue airport revenue bonds to fund the costs of designing, constructing and equipping Capital Improvement Projects and related financing costs and costs of issuance; however, Capital Improvement Projects to be financed with airport revenue bonds need to be a Pre-Approved Project, an Exempt Project or a project with MII Approval for the City to be able to include such revenue bond debt service in the rate setting methodologies under the Airline Agreement. By providing MII Approval for a Capital Improvement Project, Signatory Airlines have stated that the City has the right to proceed with the approved project and the financing thereof, which ultimately will have an impact on the rate setting methodology for rents, charges and fees payable under the Airline Agreement.

The City has obtained MII Approval from the Signatory Airlines to fund the Capital Improvements comprising the 2025 Projects that are not Pre-Approved Projects or Exempt Projects under the Airline Agreement and related financing costs to be funded by the proceeds of the 2025 Bonds.

AIRPORT FINANCIAL INFORMATION

Historical Revenues and Expenses

Revenues

Historical Airport revenues for the Fiscal Year 2020 through Fiscal Year 2024 were prepared by Newton & Associates, Inc. and appear in "**APPENDIX B – REPORT OF THE AIRPORT CONSULTANT**". The Report of the Airport Consultant indicates that Total Revenues increased from approximately \$228.0 million in Fiscal Year 2020 to approximately \$431.7 million in Fiscal Year 2024, a compound annual growth rate of 17.30%. Because of the impact of the COVID-19 pandemic beginning in Fiscal Year 2020, the Report of the Airport Consultant also documents financial performance trends during the pandemic and made observations regarding them when relevant.

See Table V-1 "Historical Airport Revenue" and the corresponding discussions in "**APPENDIX B – REPORT OF THE AIRPORT CONSULTANT**".

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	CAGR 2020 – 2024
Airline Cost Centers Revenue:						
Terminal Revenue	\$92,300	\$75,920	\$117,356	\$122,619	\$162,200	15.1%
Other Terminal Complex Revenue	75,170	46,321	116,422	136,928	160,962	20.9
Airfield Revenue	31,323	23,078	39,830	43,167	52,953	14.0
Sub-Total	\$198,793	\$145,319	\$273,608	\$302,714	\$376,116	17.2%
Non-Airline Cost Center Revenue:	\$29,215	\$26,065	\$45,377	\$50,792	\$55,578	17.4%
Total Revenues	\$228,008	\$171,384	\$318,984	\$353,506	\$431,694	17.3%

Source: Charlotte Douglas International Airport
Compiled by Newton & Associates, Inc.
(Dollars in 000's)

Expenses

Historical Airport expenses for the Fiscal Year 2020 through Fiscal Year 2024 were prepared by Newton & Associates, Inc. and appear in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**. Total Airport expenses increased from approximately \$174.2 million in Fiscal Year 2020 to \$256.3 million in Fiscal Year 2024, or a compound annual growth rate of 10.1%. See Table V-2 "Historical Airport Expenses" and the corresponding discussions in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	CAGR 2020 – 2024
Airport Expenses						
Terminal Complex	\$93,015	\$86,233	\$98,477	\$118,474	\$138,774	10.9%
Airfield	10,955	11,173	14,549	14,739	17,435	12.3
Airline Service Facilities	32,680	36,368	38,291	41,501	51,631	12.1
Non-Airline Cost Centers	37,507	21,090	41,604	43,175	48,492	6.6
Total Airport Expenses	\$174,157	\$154,864	\$192,922	\$217,889	\$256,332	10.1%

Source: Charlotte Douglas International Airport
Compiled by Newton & Associates, Inc.
(Dollars in \$000's)

Historical Debt Service Coverage

A presentation of historical application of revenues under the provisions of the Bond Order for the Fiscal Years 2020 through 2024 was prepared by Newton & Associates, Inc. and appears in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**. From Fiscal Year 2020 to Fiscal Year 2024 total operating revenues increased at a compounded annual growth rate of 17.3% and current expenses increased at a compounded annual growth rate of 10.1%. Further, during this time period Debt Service Coverage reached a high of 7.63 times in Fiscal Year 2024 and was at its lowest in Fiscal Year 2021 at 3.83 times. See Table V-3 "Historical Application of Revenue Under Provisions of the Bond Order" and the corresponding discussions in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

(Dollars in \$000's)		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Application of Revenues		2020	2021	2022	2023	2024
Revenues						
Operating revenues		\$198,793	\$145,319	\$318,984	\$353,506	\$431,694
Nonoperating revenues		27,984	24,892	18,259	78,274	110,331
Coverage Factor ^{1,2}		13,595	13,595	16,429	23,102	25,043
Total revenues		\$240,372	\$183,806	\$353,672	\$454,882	\$567,068
Expenses						
Included operating expense ²		\$136,650	\$133,773	\$192,922	\$217,889	\$256,332
Grants applied to operating expenses ³		0	(45,900)	(10,314)	(11,800)	(9,690)
Change in operating fund reserve ⁴		1,187	0	6,004	6,858	8,466
Debt service fees ⁵		32	138	213	46	184
Total expenses		\$137,869	\$88,011	\$188,825	\$212,993	\$255,292
Net revenues available for revenue bond debt service						
	[A]	\$102,503	\$95,795	\$164,847	\$241,889	\$311,776
Gross revenue bond debt service		\$54,382	\$48,669	\$65,714	\$92,408	\$102,966
Less: PFC's applied		(28,264)	(23,678)	(34,570)	(52,113)	(62,127)
Requirement for Revenue Bond Fund ⁶	[B]	\$26,118	\$24,991	\$31,144	\$40,295	\$40,839
Debt Service Coverage ⁷	[A/B]	3.92x	3.83x	5.29x	6.00x	7.63x

¹ Coverage Factor equal to 25% of the Gross Revenue Bond Debt Service from prior Fiscal Year.

² The City elected to recognize all former Excluded Cost Centers (Non-Airline Cost Centers) revenue and operating expenses as revenue and current expenses as of July 1, 2021. Fiscal Years 2020 does not include amounts from Excluded Cost Centers.

³ NCAIP and Federal COVID Relief Grant funds applied to the payment of operating expenses.

⁴ Increases required per Bond Order to the operating fund reserve to maintain reserve equal to 25% of operating expense.

⁵ Trustee, remarketing and other revenue bond debt service fees.

⁶ Scheduled principal and interest payments without regard to early redemptions of principal, if any.

⁷ FY 2020 – FY 2021's debt service coverage calculations did not include Non-Airline Cost Center Revenue or Expense.

Source: Charlotte Douglas International Airport Fiscal Year 2024 Annual Comprehensive Financial Report

Historical Airline Cost Per Enplaned Passenger

The table set forth below shows the cost per enplaned passenger for the Fiscal Year 2020 through Fiscal Year 2024. In Fiscal Year 2024, the CPE was \$1.78.

Cost Per Enplaned Passenger¹					
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2020	2021	2022	2023	2024
Cost Per Enplaned Passenger	\$2.26	\$1.77	\$1.57	\$1.45	\$1.78

¹ CPE is net of revenue sharing and excludes FIS fees and reimbursements for baggage handling system maintenance and operation. The City does not include these payments in its calculation of cost per enplaned passenger due to the fact that at some airports these amounts are paid directly by the airlines to service providers and not to the airport operator. See the discussion in "Airline Cost Per Enplaned Passenger" "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT".

Source: Charlotte Douglas International Airport

Liquidity and Financial Position

As of June 30, 2024, the Airport had \$667.2 million in unrestricted and discretionary reserves. Based upon \$256.3 million in O&M Expenses, the Airport's days of cash on hand ("DCOH") was 950 as of June 30, 2024. Through the first six months of Fiscal Year 2025, the Airport's DCOH is estimated at 850 (unaudited). The Airport has a DCOH management target of at least 800 DCOH.

In addition, the Airport maintains significant restricted reserves which may be available to fund debt service, such as \$224.7 million in PFC fund balance, \$7.8 million in contract facility charges ("CFC") reserves and \$35.1 million in cash and cash equivalents held by the bond trustee as of June 30, 2024. The FAA approved the City's application to increase its PFC collection rate from \$3.00 to \$4.50 on June 1, 2024. See "**PASSENGER FACILITY CHARGES**" for a discussion on the Airport's intention to seek FAA approval to increase the PFC imposed by the City.

See Table V-10 "Historical Airport Unrestricted Cash" and the corresponding discussions in "**APPENDIX B – REPORT OF THE AIRPORT CONSULTANT**".

	<u>Airport Liquidity</u>				
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Balances (in 000's)					
Cash & Cash Equivalents	\$941,942	\$936,113	\$1,008,808	\$1,078,010	\$1,093,460
Restricted Funds					
Cash and cash equivalents held by trustee	70,610	45,295	46,136	71,192	35,103
Passenger facility charges	214,260	235,914	267,567	263,760	224,650
Contract facility charges	35,535	1,788	10,505	6,621	7,794
Operating fund reserve	41,105	41,105	47,109	53,967	62,433
Coverage factor	13,595	13,595	16,429	23,102	25,043
Cannon Estate	6,339	6,384	6,414	6,525	1,969
CFC stabilization reserve	2,000	2,000	2,000	2,000	2,000
Renewal & improvement fund	1,500	1,500	1,500	1,500	1,500
CFC repair and replacement reserve	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total Restricted Funds	\$385,444	\$348,081	\$398,160	\$429,167	\$360,992
Non-airline terminal revenue distribution	24,554	19,122	46,098	56,165	65,229
Total Reductions	409,998	367,203	444,258	485,332	426,221
Unrestricted Cash, June 30	\$531,944	\$568,910	\$564,550	\$592,678	\$667,239
Days Cash on Hand Calculation					
Total airport cash on hand, June 30	\$531,944	\$568,910	\$564,550	\$592,678	\$667,239
Total Current Expense	<u>174,158</u>	<u>154,864</u>	<u>192,922</u>	<u>217,889</u>	<u>256,332</u>
Days Cash on Hand	1,115	1,341	1,068	993	950

Source: City of Charlotte Fiscal Year 2024 Annual Comprehensive Financial Report

REPORT OF THE AIRPORT CONSULTANT

Newton & Associates, Inc. prepared the Report of the Airport Consultant which is included as **APPENDIX B**. The Report of the Airport Consultant describes key factors that will affect future air traffic, presents airline traffic and financial forecasts for the Fiscal Year 2026 through Fiscal Year 2032 and sets forth the assumptions upon which the forecasts are based. The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. See **"INVESTMENT CONSIDERATIONS"**.

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of Newton & Associates, Inc. as an airport feasibility consultant.

INVESTMENT CONSIDERATIONS

The following section describes certain risk factors affecting the payment of and security for all Bonds outstanding under the Bond Order, including the 2025 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the 2025 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors along with all other information described elsewhere or incorporated by reference in this Official Statement in evaluating the 2025 Bonds.

General Factors Affecting Level of Airline Traffic and Revenues

Pursuant to the Bond Order, the principal of and interest on all Bonds outstanding under the Bond Order, including the Prior Bonds and the 2025 Bonds, are payable solely from Net Revenues. The ability to pay debt service on the Prior Bonds and the 2025 Bonds will depend on the receipt of sufficient Net Revenues. In addition, the Bond Order provides that the proceeds received by the City from PFCs will be applied by the City (although not legally and contractually pledged as Revenues) to the following: (1) by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds, (2) to pay the capital costs of PFC Eligible Projects and (3) as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

The City's ability to generate Net Revenues or any potential PFC Revenues from its operation of the Airport depends upon many factors which affect the airlines' operations at the Airport, many of which are outside the City's control, including (i) population growth and the economic and political conditions of the region and the nation, (ii) the financial health of the airline industry and of individual airlines, (iii) airline service and route networks, (iv) capacity of the national air traffic control system and of the Airport and other competing airports, (v) national and international disasters and hostilities, (vi) safety concerns arising from international conflicts, the possibility of terrorist or other attacks, and (vii) various other local, regional, national and international economic, political and other factors. See **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**. If aviation activity at the Airport does not meet forecast levels, a corresponding reduction in Net Revenues may occur.

Uncertainties of the Airline Industry

Generally

Historically, the financial performance of the airline industry generally has correlated with the strength of the national and global economy. Local, state, national and global economies are impacted by political instability, international hostilities, and world health concerns. The short- and long-term effects of these developments on the broader economy are not known at this time. There can be no assurances that weakness in international, national, state and/or local economies will not have an adverse effect on the air transportation industry, and on the Airport and its Revenues. Certain factors that may materially affect the Airport and the airlines include, but are not limited to, (i) growth of population and the economic health of the region and the nation, (ii) airline service and route networks, (iii) national and international economic and political conditions, (iv) changes in demand for air travel, (v) service and cost competition, (vi) mergers and bankruptcy of any airlines, (vii) the availability and cost of aviation fuel and other necessary supplies, (viii) levels of air fares, fixed costs and capital requirements, (ix) the cost and availability of financing, (x) the capacity of the national air traffic control system, (xi) national and international disasters and hostilities, (xii) public health concerns, such as the spread of COVID-19, influenza, severe acute respiratory syndrome, and other communicable diseases, (xiii) the cost and availability of employees and labor relations within the airline industry, (xiv) regulation by the federal government, (xv) environmental risks, noise abatement concerns and regulation, (xvi) acts of war or terrorism, (xvii) aviation accidents, and (xviii) other risks. As a result of these and other factors, many airlines have operated at a loss in the past and many (including some that served the Airport) have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, the so-called legacy carriers have taken many actions to restructure and reduce costs including reducing their workforce, renegotiating their labor agreements, reducing routes served, consolidating connecting activity and replacing mainline jets with regional jets. The City cannot predict the likelihood of future terrorist incidents or air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

Financial Condition of Airlines Serving the Airport

The economic condition of the airline industry is volatile, and in recent years the industry has undergone significant changes, including major restructuring, bankruptcy, mergers, acquisitions and closures. The COVID-19 pandemic severely and negatively affected domestic and international air travel in 2020 and 2021. Various travel restrictions, stay-at-home orders, and social distancing guidelines due to COVID-19, and the resulting reduced demand for air travel, had material adverse financial and operating impacts on the airlines serving the Airport. The losses in 2020 and 2021 as a result of the COVID-19 pandemic led many airlines to subsequently reduce flights and routes, and reduce passengers and flight loads per flight. Having rebounded from the COVID-19 pandemic, the Airport enplanements in Fiscal Year 2024 were approximately 119.5% compared to 2019 enplanements. See **"THE AIRPORT – Impact of the COVID-19 Pandemic on the Airport"** and **"– Public Health and Worldwide Health Concerns"** below.

Airlines operating at the Airport have filed for bankruptcy protection in the past and may do so in the future. See **"– Airline Bankruptcies"** below. Even absent an airline bankruptcy filing, the City may encounter significant delays and non-payment of amounts owed to it under its agreement with an airline.

The airline industry is cyclical and subject to intense competition and variable demand. Traffic volumes are responsive to economic circumstances and seasonal patterns. Other factors, such as fuel and regulatory costs, can also have a significant impact on the industry. As a result, financial performance can fluctuate dramatically from one reporting period to the next.

Current and future financial and operational difficulties encountered by the airlines serving the Airport (most notably American Airlines and its regional affiliates, which accounted for approximately 94 percent of the enplaned passengers at the Airport in Fiscal Year 2021 and approximately 92 percent of the enplaned passengers at the Airport in Fiscal Year 2022), could have a material adverse effect on operations at, and the financial condition of, the Airport. If American Airlines were to cease operations at the Airport for any reason or eliminate or reduce the Airport status as a connecting hub, the current level of activity of such airline may not be replaced by other airlines.

Availability and Cost of Aviation Fuel

Airline earnings are significantly affected by the price of aviation fuel. According to Airlines for America (an airline trade association, formally known as Air Transportation of America), fuel, along with labor costs, is one of the largest cost components of airline operations and continues to be an important and uncertain determinant of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, worldwide political instability (particularly in the oil-producing nations in the Middle East, North Africa and Russia), Organization of Petroleum Exporting Countries policy, the rapid growth of economies such as China and India, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and natural disasters. Future significant and prolonged increases in the cost of aviation fuel would likely have an adverse impact on the profitability of the air transportation industry and hamper the recovery plans and cost-cutting efforts of certain airlines.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. However, there is widespread agreement that fuel prices are likely to increase over the long term as global energy demand increases in the face of finite oil supplies that are becoming more expensive to extract. Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. The price of oil and the associated cost of jet fuel is the largest single cost affecting the airline industry. Since 2016, jet fuel prices generally increased until the COVID-19 pandemic when jet fuel consumption decreased. In 2021, jet fuel prices increased beyond pre-COVID-19 levels. Fuel costs are expected to remain volatile and may affect future increases in passenger traffic, which depend on stable international conditions as well as national and global economic growth. Any resumption of financial losses could force airlines to further retrench, merge, consolidate, seek bankruptcy protection, discontinue marginal operations, or liquidate. The restructuring, merging, or liquidation of one or more of the large network airlines could drastically affect air service at many connecting hub airports, offer business opportunities for the remaining airlines, and change air travel patterns throughout the U.S. and the world aviation system.

Although fuel cost is of major importance to the airline industry, future prices and availability are uncertain and fluctuate based on numerous factors. These can include supply-and-demand expectations, geopolitical events, fuel inventory levels, monetary policies, regulatory efforts to reduce aircraft emissions and economic growth estimates. Historically, certain airlines have also employed fuel hedging as a practice to provide some protection against future fuel price increases. While fuel hedging has generally not been used by airlines in recent years, it remains as a potential option to mitigate fuel cost risk.

Airline Bankruptcies

The Airport derives a substantial portion of its operating revenues from landing, facility rental and concession fees. The financial strength and stability of the airlines using the Airport, together with numerous other factors, influence the level of aviation activity and revenues at the Airport. In addition, individual airline decisions regarding level of service, particularly hubbing activity at the Airport and aircraft size such as use of regional jets, can affect total enplanements.

American Airlines and other airlines operating at the Airport have emerged from bankruptcy reorganization in the past. The cessation of operations by an airline with significant operations at the Airport, such as American Airlines, could have a material adverse effect on operations, Revenues (with the resultant effect on repayment of the 2025 Bonds) and the cost to the other airlines of operating at the Airport.

On November 18, 2024, Spirit Airlines filed for Chapter 11 bankruptcy. Spirit Airlines annual market share of enplaned passengers at the Airport has been less than 1% for the past five fiscal years, and the Airport does not believe the bankruptcy will have a material impact on the Airport.

In the event of bankruptcy proceedings involving one or more of the airlines operating at the Airport, the debtor or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Airline Agreement or other lease agreements or operating agreements. In the event of assumption, the debtor would be required to cure any prior defaults and to provide adequate assurance of future performances under the relevant agreements. Rejection of a lease or an executory contract by any of such airlines would give rise to an unsecured claim of the Airport for damages, the amount of which in the case of a lease is limited by the Bankruptcy Code.

Consolidations and Mergers

In response to competitive pressures and increased costs, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive. In 2009, Delta merged with Northwest Airlines. In 2010, United Airlines and Continental Airlines merged. In April 2015, American Airlines and US Airways completed their merger, which created the largest airline in the world in terms of operating revenue and revenue passenger miles. In 2016, Alaska Airlines merged with Virgin America. In 2022, JetBlue and Spirit Airlines had proposed to merge, but after opposition by the U.S. Department of Justice and an order entered by a U.S. District Court judge in early 2024, the airlines announced on March 4, 2024 that the proposed merger had been terminated. In January 2025, Frontier Airlines made an offer to purchase Spirit Airlines but Spirit Airlines has rejected the offer. In September 2024, Alaska Air Group acquired Hawaiian Airlines. Alaska Air Group and Hawaiian Airlines does not currently service the Airport.

In addition, many of the large U.S. airlines are members of alliances with foreign-flag airlines, which alliances, and other marketing arrangements, provide airlines with many of the advantages of mergers. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines.

It is possible that the airlines servicing the Airport could further consolidate operations through acquisition, merger or alliance. Further airline consolidation could change airline service patterns, particularly at the connecting hub airports of the merged airlines. The Airport cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport.

Other Commercial Service Airports

The Airport competes with other U.S. airports for both domestic and international passengers. A portion of the Airport's ASA is also served by Concord-Padgett Regional Airport. Concord-Padgett Regional Airport is owned by the City of Concord, North Carolina. Concord-Padgett Regional Airport covers an area of 697 acres and has two runways. Allegiant Air is currently the only airline that services the airport. In calendar year 2024, Concord-Padgett Regional Airport served approximately 115,600 passengers domestically and none internationally.

There are ten commercial service primary airports in North Carolina. The Airport is the largest of these ten airports. The Raleigh-Durham International Airport is the second largest commercial service airport with approximately 7.4 million enplanements in fiscal year 2024 and is located approximately 160 miles from the Airport.

Growth of Low-Cost Carriers

Low-cost carriers ("LCCs") are carriers that take advantage of an operating cost structure that is significantly lower than the cost structure of the network carriers. These advantages can include lower labor costs, greater labor flexibility, a streamlined aircraft fleet (i.e., fewer different types of aircraft in a given airline's fleet) and generally more efficient operation. These low costs suggest that LCCs can offer a lower fare structure to the traveling public than network carriers while still maintaining profitability.

As the larger U.S. carriers consolidated and became more focused on capacity discipline, fare increases took hold. LCCs began to emerge in larger markets where passenger levels were high enough for the LCCs to overcome certain barriers to entry caused by the larger carriers, such as control of the majority of airport gates and slots. The cost structure of LCCs allows for lower fares, which has stimulated traffic and driven LCCs into more and larger markets. One result of the consolidation of carriers and their capacity discipline and the associated fare increases is that certain price-sensitive travelers are flying less. Recently, these budget conscious flyers have emerged as an underserved segment which has helped to expand the LCC market to include the ultra-low-cost carriers, such as JetBlue Airways and Spirit Airlines. JetBlue Airways ceased operations at the Airport on October 26, 2024.

In Fiscal Year 2024 approximately 5.3% of the Airport's enplanements were from LCCs. See **"THE AIRPORT – Airlines Serving the Airport"** and **"HISTORICAL ENPLANED PASSENGERS"** herein for more information about historical airline market shares at the Airport. In April 2023, Sun Country, another LCC, began servicing the Airport.

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. These manufacturing delays have impacted fleet planning, route adjustments, operating costs and future growth plans at various airlines.

The Boeing MAX 8 aircraft was ground 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 the MAX 8 aircraft obtain FAA airworthiness and expert airworthiness certificates 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 fourteen recommendations for the FAA to implement and improve the certification process for future new planes. While the grounding did not cause significant flight cancellations at the Airport, safety concerns of travelers and future aircraft grounding could, in the future, impact airlines serving the Airport.

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 the aircraft was 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 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 is ongoing. 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 audit 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 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 Airport with different magnitudes.

Certain Risks Related to Market Dominance by American Airlines

American Airlines accounted for approximately 88.8% of the Airport's approximately 690 daily flights in Fiscal Year 2024. The City does not have any knowledge of, nor can it predict, any challenges for American Airlines; however, as a result of the market dominance by the airline, any such challenge could adversely impact the Airport.

Effect of Contractual Counterparty Bankruptcy

A number of concessionaires or contractual counterparties that served or are currently serving the Airport have filed for bankruptcy protection in the past and may do so in the future. In 2020, Hertz, Thrifty Car Rental, and Dollar Rent-A-Car each filed for Chapter 11 bankruptcy protection and emerged from bankruptcy in 2021. In addition, Advantage Rent-A-Car filed for Chapter 11 bankruptcy protection in 2020. The City cannot predict the impact that any ongoing bankruptcy proceedings may have on the ability of a counterparty to fulfill its respective financial obligations under the agreements to which it is a party.

Future bankruptcies, restructurings and liquidations of other concessionaires or contractual counterparties may occur. While it is not possible to predict the impact on the Airport of future bankruptcies, restructurings and liquidations by concessionaires or counterparties, if such concessionaire or counterparty had significant operations or contractual obligations at the Airport, its bankruptcy, restructuring or liquidation could have a material adverse effect on the Revenues of the Airport, operations at the Airport

and could increase the costs of other contractual counterparties to operate at the Airport. In addition, there can be no assurance that other additional concessionaires or contractual counterparties would be available to provide the Revenues, services or operations at the Airport of any bankrupt or terminating concessionaire or counterparty.

National and International Economic and Political Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. Past recessions in the U.S. economy and associated high unemployment reduced discretionary income and negatively impacted airline travel demand. With the globalization of business and the increased importance of international trade and tourism, the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities all influence passenger traffic at major U.S. airports. Aviation security precautions and safety concerns arising from international political conflicts can also affect air carrier travel demand.

As a result of the conflicts in the Middle East and related terrorist threats immediately following the events of September 11, 2001, airlines significantly reduced the number of transatlantic flights and consequently, airline revenues and cash flow were adversely affected. In 2020 and 2021, the COVID-19 pandemic materially and adversely impacted local, state, national and global economies and severely and negatively affected domestic and international air travel. As a result of Russia's invasion of the Ukraine on February 24, 2022 certain countries announced travel advisories and warnings with respect to traveling to Russia and some countries imposed bans on traveling to and from Russia.

Uncertainty associated with war, conflict and unrest in the Middle East, reduction of economic activities in Europe, the threats of future terrorist attacks and global pandemics may have an adverse impact on air travel in the future. In addition, to the extent travel advisories and warnings or travel bans are imposed by governments domestically or internationally such actions may have an adverse impact on air travel in the future.

The City receives federal funding for the Airport not only in connection with FAA AIP Grants and PFC authorizations, but also in the form of funding for the TSA, air traffic control and other FAA staffing and facilities. Administrative and legislative actions at the federal and state level, and economic conditions and legislative response thereto, including any future federal government shutdown, may reduce or eliminate federal funds available for such federal assistance to the City and the Airport. Additionally, federal policies involving taxation, appropriations, borrowing, trade, immigration, education, environmental matters, and other topics can shift, from one presidential administration or Congress to another. From time to time, such shifts can result in significant fluctuations in the level of federal funding for various policy priorities, leading to unpredictability for state and local governments and other funding recipients. Recently, several such policy shifts have been proposed or promulgated through presidential executive orders and other official and unofficial actions at the federal level that involve, among other things, (a) delaying or canceling various grants and other appropriations, (b) reducing the federal workforce through early buyouts and terminations, (c) eliminating certain federal agencies and departments, (d) imposing new or increased tariffs for certain imported goods and materials, and (e) increasing immigration enforcement actions. Certain of these actions have been the subject of judicial challenges. The City cannot predict the outcome or duration of such proposals and other actions, nor the potential impacts of any future such changes in federal policy. The City's CIP planning and evaluation process allows for projects to be adjusted for various factors leading to cost pressures, including but not limited to, inflation, tariffs, supply chain and labor markets.

Capacity and Reliability of National Air Traffic Control and Airport Systems

Capacity limitations of the national air traffic control system have caused aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and assisting in the development of additional airfield capacity through the construction of new runways and the more effective use of existing runways. However, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future, such as delays that occurred during the 2024 summer travel season.

Industry Workforce Shortages

General labor shortages, including pilots, mechanics, and air traffic controllers, have been impacting, and may continue to impact, the Airport and the airline industry. As a result of COVID-19, many airlines offered buyouts, early retirement, and severance packages to reduce staffing costs in their effort to mitigate the effects of reduced passenger traffic. Pilot shortages have been an industry-wide issue, especially 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 airlines' fleets 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 few 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 (1) pilot education and recruitment, (2) aviation maintenance technical workers, and (3) 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 Airport cannot predict the impact of these measures on industry labor shortages.

Air Carrier Service and Routes

While passenger demand at an airport depends on the population and the economy of the region served, air carrier service and the number of passengers enplaned also depend on the route networks of the air carriers serving that airport. Domestic air carriers are free to enter or leave individual air traffic markets, and to increase or decrease service, at will.

Air Travel Security

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks and increased threat levels declared by the Department of Homeland Security may influence passenger travel behavior and air travel demand. Travel behavior may also be affected by anxieties about the safety of flying and the inconveniences and delays associated with more stringent security screening procedures, which could lead to the avoidance of airline travel or the use of alternate modes of transportation. Prospective investors should take into consideration the impact that such developments may have on activity levels at the Airport and the potential financial impact on the airlines that serve the Airport.

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 the Airport could result in temporary delay or cancellation of flights to or from the Airport. Though no such incursion has occurred to date, there can be no assurance that, in the future, unauthorized UAV activity will not adversely affect the Airport's operations.

Public Health and 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. The rapidly spreading outbreak of the COVID-19 was declared a pandemic by the World Health Organization ("WHO"). With the most significant impacts occurring in 2020 and 2021, the outbreak had an adverse effect on domestic and international travel and a number of travel-related industries, and has severely and broadly disrupted local and global economies. Some of the impacts to date are discussed in **"THE AIRPORT – Impact of the COVID-19 Pandemic on the Airport"**.

While a significant portion of passenger traffic has returned, future outbreaks, pandemics or events outside the City's control may reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Revenues.

As viruses continue to spread, including the novel coronavirus, the City cannot predict (i) the duration or extent of another outbreak or pandemic; (ii) future restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what additional short or long-term effects the restrictions and warnings imposed as a result of the COVID-19 pandemic or another outbreak may have on air travel, including to and from the Airport, the retail and services provided by Airport concessionaires, Airport costs or City revenues; (iv) to what extent another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, or other City operations; (v) the extent to which another outbreak or pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally; (vi) whether or to what extent the City may provide additional adjustments, mitigation or other changes to the City's arrangements with its tenants and Airport concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the City and the Airport.

Other previous travel alerts or advisories include the 2016 travel alert by the U.S. 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, WHO and the U.S. 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 the Airport and a corresponding decline in 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 City's operations, or the operations of the airlines operating at the Airport.

Passenger Facility Charges

Application

The Bond Order provides that the proceeds received by the City from PFCs will be applied by the City (although not legally and contractually pledged as Revenues) to the following: (1) by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds (2) to pay the capital costs of PFC Eligible Projects and (3) as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs. However, federal law dictates that PFC revenues may only be used to pay for, or provide reimbursement for the payment of, projects specifically authorized in the application authorizing the collection and use of the PFCs ("PFC Eligible Projects"). As a result, notwithstanding the City's option to use PFC revenues, those revenues may only be applied to pay all or a portion of the debt service on the Prior Bonds or the 2025 Bonds to the extent that such proceeds are or have been used to pay for PFC Eligible Projects.

Sufficiency

The City's ability to collect PFC revenues will vary depending on the actual number of passenger enplanements at the Airport. If the number of enplaned passengers at the Airport falls below the estimate used by the Airport Consultant to project annual PFC revenues to be collected in the future, actual PFC revenues will fall short of projections. Such a shortfall in PFC collections could have an adverse impact on the timely payment of principal of or interest on the 2025 Bonds. This adverse impact could be direct, or indirect, which could occur if the PFC shortfall resulted in a sufficient increase in landing fees to impact negatively the Airport's desirability to the airline industry, thus ultimately impacting the City's collection of landing fees. There can be no assurance as to what passenger traffic, and revenues of the Airport, will be in the future.

Availability

The authority to impose and use PFCs is subject to the terms and conditions of the PFC Act, AIR-21 and the related regulations and statutes. Failure to comply with the requirements of applicable law, such as the failure to use PFCs strictly for the approved PFC Eligible Projects, may cause the FAA to terminate or reduce the City's authority to impose and collect PFCs. In addition, notwithstanding FAA regulations requiring airlines that collect PFCs to account for PFC collections separately and indicating that those PFC collections are to be regarded as funds held in trust by the collecting airline for the beneficial interest of the public agency imposing the PFC, in the event of a bankruptcy proceeding involving a collecting airline, there is the possibility that a bankruptcy court could hold that the PFCs in the airline's custody are not to be treated as trust funds and that the Airport is not entitled to any priority over other creditors of the collecting airline as to such funds. Also, there is no assurance that the PFC Act or any other relevant legislation or regulation will not be repealed or amended as to adversely affect the City's ability to collect PFCs or to apply them to pay for the PFC Eligible Projects. The occurrence of any of these events could have an adverse impact on the timely payment of principal of or interest on the 2025 Bonds, as noted above. See **"PASSENGER FACILITY CHARGES"**.

Availability of PFC Revenue

The plans of finance for the Capital Programs assume that PFC Revenues would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital

projects on a "pay-as-you-go" as well as to secure additional Airport obligations needed to fund such projects. In addition, the Report of the Airport Consultant, which sets forth certain projections regarding the Airport, assumes that certain available PFC Revenues not otherwise pledged to pay PFC obligations, the Bonds, and other payment obligations, will be applied by the City on a year-to-year basis as other available revenues to pay debt service on such obligations. No assurance can be given that PFC Revenues will be available in the amounts or on the schedules assumed.

The ability of the City to collect sufficient PFC Revenues depends upon a number of factors, including, without limitation, the number of enplanements at the Airport, the use of the Airport by the Airlines that collect PFCs and the efficiency and ability of those airlines to collect and remit PFCs to the City. The City relies on the Airlines' collection and remittance of PFCs, and both the City and the FAA rely upon the airlines' reports of enplanements and collections.

Under the terms of the PFC Act, the FAA may terminate the City's authority to impose a PFC if the City's PFC Revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder, or if the City otherwise violates the PFC Act or regulations. The FAA may also terminate the City's authority to impose a PFC for a violation by the City of the Airport Noise and Capacity Act. The PFC termination provisions contained in the regulations provide both informal and formal procedural safeguards.

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. Furthermore, the FAA's PFC regulations require the Airlines to account for PFC collections separately, and further indicate that such funds are to be regarded as trust funds held by the Airlines for the beneficial interest of the public agency imposing the PFC. Recent bankruptcy court decisions, however, indicate that in a bankruptcy proceeding involving an airline, it is likely that PFCs will not be treated as trust funds and that airports are not entitled to any priority over other creditors of the airline as to such funds.

Federal Regulation Regarding Rates and Charges Disputes

The FAA Authorization Act of 1994 establishes that airline rates and charges set by airports be "reasonable" and mandates an expedited administrative process by which the Secretary of Transportation (the "Secretary") shall review rates and charges complaints. An affected air carrier may file a written complaint requesting a determination of the Secretary as to reasonableness within 60 days after such carrier receives written notice of the establishment or increase of such fee. During the pendency of the review, the air carrier must pay the disputed portion of the fee to the airport under protest, subject to refund to the extent such fees are found to be unreasonable by the Secretary. The airport must obtain a letter of credit, surety bond or other suitable credit facility equal to the amount in dispute unless the airport and the complaining carriers agree otherwise. Application of these provisions could adversely impact the amount of airline rates and charges received by airports.

Regulations and Restrictions Affecting the Airport

The operations of the Airport and its ability to generate revenues are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Airline Agreement, the PFC Act and other extensive federal legislation and regulations applicable to all airports in the United States. There is no assurance that there will not be any change in, interpretation of, or addition to any such applicable laws, regulations and provisions. Any such change, interpretation or addition may have a material adverse effect, either directly or indirectly, on the Airport, which could materially adversely affect the Airport's operations or financial condition.

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport and on the airlines operating at the 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 adopted standards match the international airplane carbon dioxide standards adopted by the International Civil Aviation Organization (the "ICAO"). The standards apply to new aircraft type designs, and in-production aircraft must meet the standards by 2028. No assurances can be given as to what any EPA emissions standards governing the Airport or the airlines could be in the future, or what effect those standards may have on the Airport or the airlines operating at the Airport.

Further, the City 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 the Airport, airlines serving the Airport, or the local economy. The effects, however, could be material.

Cost of Capital Improvement Program

The estimated costs of, and the projected schedule for, the Airport's capital projects are subject to a number of uncertainties. The ability of the City to complete the Airport's capital projects may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the projects, (4) delays in contract awards, (5) material and/or labor shortages, (6) delays due to airline operational needs, (7) unforeseen site conditions, (8) adverse weather conditions, (9) contractor defaults, (10) labor disputes, (11) unanticipated levels of inflation, (12) litigation, (13) environmental issues and (14) economic conditions, including as a result of worldwide health concerns, including pandemics, or political unrest. No assurance can be made that the existing projects will not cost more than the current budget for these projects or that the completion will not be delayed beyond the current projected completion dates. Any schedule delays or cost increases could result in the need to issue Additional Bonds and may result in increased costs per enplaned passenger to the airlines, thereby making the Airport less economically competitive. At present, the City 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 City 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 projections shown in the Report of the Airport Consultant.

Force Majeure Events Affecting the City and the Airport

There are certain unanticipated events beyond the City's control that could have a material adverse effect on the City's operations and financial condition, or on the Airport's operations and financial condition, if they were to occur. These events include fire, flood, earthquake, epidemic, pandemic, adverse health conditions or other unavoidable casualties or acts of God, freight embargo, labor strikes or work stoppages, civil commotion, new acts of war or escalation of existing war conditions, sabotage, enemy action, pollution, unknown subsurface or concealed conditions affecting the environment, and any similar causes. 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 City's operations and financial condition or on the Airport's operations and financial condition, as applicable.

Additional Federal Authorization and Funding Considerations

The City receives federal funding for the Airport not only in connection with FAA AIP Grants and PFC authorizations, but also in the form of funding for the TSA, air traffic control and other FAA staffing and facilities.

On May 15, 2024, Congress passed a five-year reauthorization bill for the FAA, the FAA Reauthorization Act of 2024, which was signed into law on May 16, 2024 by the President. The FAA Reauthorization Act of 2024, among other things, authorizes the FAA's programs for five federal fiscal years, and provides additional funding for the Airport Improvement Program ("AIP"). The Airport and Airway Improvement Act of 1982 created the AIP, which is administered by the FAA and funded by the Airport and Airway Trust Fund, which is financed by federal aviation user taxes. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. Additionally, the AIP expenditures could be affected by the automatic across-the-board spending cuts, known as sequestration, described below.

The City is unable to predict whether legislation to extend or reauthorize this statute or otherwise continue FAA programs will be adopted prior to the scheduled expiration date, if not so adopted, the duration of any resulting period of de-authorization, and the impact on the Airport finances which might result therefrom. The City may be required to fund capital expenditures during the forecast period expected to come from federal funds from other sources (including operating revenues and Additional Bonds), to decrease the CIP or to extend the timing for completion of certain projects.

Federal funding received by the City could also be adversely affected by the implementation of sequestration, a budgetary feature first introduced in the Budget Control Act of 2011. Sequestration refers to automatic spending cuts that occur through the withdrawal of funding for certain government programs. Sequestration could adversely affect the FAA and TSA budgets and operations and the availability of certain federal grant funds typically received annually by the City, which may cause the FAA or TSA to implement furloughs of its employees and freeze hiring, and may result in flight delays and cancellations.

From time to time, Congress has failed to provide a funding plan for the U.S. government for a succeeding federal fiscal year, and the federal government has "shut down". During a federal government shutdown, thousands of federal workers will be furloughed without pay and many government services and functions will be disrupted. While most airport security agents, customs officials and air traffic controllers are essential employees and would continue working during a shutdown, a shutdown could adversely impact the travel industry by, among other things, reducing air travel demand and reducing government-related business travel. Depending on the length of the shutdown, travelers may experience additional delays in passport and visa processing. National parks, monuments and museums staffed by federal employees would also scale back services or close during a government shutdown which may adversely affect leisure travel.

Structural Changes in the Travel Market

Many factors have combined to alter consumer travel patterns. There remain threats of terrorism against aviation. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price-sensitive. Efforts

of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the Internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele-and video-conferencing.

Alternative Transportation Modes and Future Parking Demand

One significant category of non-airline revenues at the Airport is from ground transportation activity, including use of on-Airport parking garages; trip fees paid by taxi, limousine and TNCs, such as Uber Technologies Inc. and Lyft Inc., and rental car transactions by the Airport passengers.

New technologies (such as autonomous vehicles, connected vehicles and eVTOLs) and innovative business strategies in established markets such as commercial ground transportation and carsharing services may continue to occur and may result in further changes in the Airport passengers' choice of ground transportation mode.

While the City makes every effort to anticipate demand shifts, there may be times when the City's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The City cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The City also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2025 Bonds under federal or state law and could affect the market price or marketability of the 2025 Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding the foregoing matters.

Natural Disasters and Climate Change

The City may be susceptible to the effects of extreme weather events and natural disasters including, but not limited to, floods, droughts, tornadoes and hurricanes, which could result in negative economic impacts on the City or the Airport. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Airport. The economic impacts resulting from such extreme weather events could cause a loss of revenue, interruption of service, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impact the City or the Airport.

Risk of Tax Audit

The Internal Revenue Service (the "IRS") includes a subdivision that is specifically devoted to tax-exempt bond compliance. An examination of the 2025 Bonds or other bonds issued by the City as tax-exempt bonds could have a material adverse effect on the marketability or the market value of the 2025 Bonds.

Cybersecurity

The Airport, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the Airport may be the target of cybersecurity incidents that could result in adverse consequences to Airport and its Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport's System Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Airport invests in multiple forms of cybersecurity and operational safeguards. The City currently maintains cyber liability insurance.

While the Airport's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the Airport's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Airport to material litigation and other legal risks, which could cause the Airport to incur material costs related to such legal claims or proceedings.

The airlines serving the Airport and other Airport tenants also face cybersecurity threats that could affect their operations and finances. Computer networks and data transmission and collection are vital to the safe and efficient operation of the airlines that serve the Airport and other tenants of the Airport. Despite security measures, information technology and infrastructure of any of the airlines serving the Airport or any other tenants at the Airport may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the efficiency of the operation of the airlines serving the Airport and the services provided at the Airport, thereby adversely affecting the ability of the Airport to generate revenue.

Municipal Bankruptcy

State Law Authorization

Under North Carolina law, a local governmental unit such as the City may not file for bankruptcy protection without (1) the consent of the Local Government Commission and (2) satisfaction of the requirements of § 109(c) of the United States Bankruptcy Code. If the City were to initiate bankruptcy proceedings with the consent of the Local Government Commission and satisfy the requirements of 11 U.S.C. § 109(c), the bankruptcy proceedings could have material and adverse effects on holders of the 2025 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of

those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2025 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the 2025 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy. In addition to its consent to bankruptcy filings by local government units, North Carolina law vests authority in the Local Government Commission to intervene in the financial affairs, including taking full control of the financial affairs, of local government units, including the City, if the unit defaults, or in the opinion of the Local Government Commission will default, on a future debt service payment if financial policies and practices are not improved.

Special Revenues

Although the City can provide no assurances, the City believes that Revenues currently pledged by the City under the Bond Order constitute "special revenues," as defined in Section 902(2) of the U.S. Bankruptcy Code, and therefore, pursuant to Section 928(a) of the U.S. Bankruptcy Code, any and all of such pledged Revenues currently pledged by the City under the Bond Order acquired by the City after the commencement of a case by the City under Chapter 9 of the U.S. Bankruptcy Code would remain subject to the lien of the Bond Order. Under Section 922(d) of the U.S. Bankruptcy Code, the application by the City of "special revenues" under the terms of the Bond Order would not be subject to stay after the commencement by the City of a case under Chapter 9 of the U.S. Bankruptcy Code, but such payments are not mandated by Section 922(d). A bondholder's actions to enforce its rights, however, remain subject to the automatic stay. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**".

Assumptions in the Report of the Airport Consultant

The Report of the Airport Consultant included as **APPENDIX B** to this Official Statement contains certain assumptions and forecasts. Actual results are likely to differ, perhaps materially, from those forecasts. Accordingly, the forecasts contained in the Report of the Airport Consultant are not necessarily indicative of future performance, and neither the Airport Consultant nor the City assumes any responsibility for the failure to meet such forecasts. In addition, certain assumptions with respect to future business and financing decisions of the City are subject to change. If actual results are less favorable than the results forecast or if the assumptions used in preparing such forecasts prove to be incorrect (and, so long as the current Airline Agreement remain in effect, the Signatory Airlines fail to meet their Airline Agreement obligations), the amount of Net Revenues may be materially less than expected and consequently, the ability to make timely payments of the principal of and interest on the Bonds from Net Revenues may be materially adversely affected. See "**APPENDIX B – REPORT OF THE AIRPORT CONSULTANT**".

The forecasts and projections included in the Report of the Airport Consultant are based, in part, on historic data from sources considered by the Airport Consultant to be reliable, but the accuracy of such data has not been independently verified. Such forecasts and projections are based on assumptions made by the Airport Consultant concerning future events and circumstances which the Airport Consultant believes are significant to the forecasts and projections but which cannot be assured. Therefore, the actual results achieved may vary from the forecasts and projections, and such variations could be material.

As indicated in the Report, the Airport Consultant has relied on data from various sources, including, but not limited to, the Bureau of Transportation Statistics, and in certain instances such data differs from the City's available information.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "anticipate," "intend," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See **"FORWARD-LOOKING STATEMENTS"**.

FINANCIAL STATEMENTS

The separate audited financial statements of the Airport enterprise for the Fiscal Year ended June 30, 2024, which have been audited by an independent firm of certified public accountants, are included as **APPENDIX A** to this Official Statement. These audited statements do not present the Airport financial data by cost centers.

UNDERWRITING

BofA Securities, Inc., J.P. Morgan Securities LLC and Siebert Williams Shank & Co. LLC (the "Underwriters") are offering the 2025 Bonds pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") among BofA Securities, Inc. (the "Representative"), on behalf of the Underwriters, the City and the Local Government Commission. The Bond Purchase Agreement provides that the Underwriters have agreed, subject to certain terms and conditions, to purchase the 2025 Bonds at a purchase price equal to \$291,000,000 representing the par amount of the 2025 Bonds, plus original issue premium of \$16,240,182.65, less an underwriting discount of \$1,220,080.38.

The Underwriters may offer and sell the 2025 Bonds to certain dealers (including dealers depositing the 2025 Bonds into investment trusts) and others at prices different from the public offering prices shown on the inside cover. The Underwriters may change the public offering prices from time to time at their discretion.

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. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their 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/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or 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 and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., an Underwriter of the 2025 Bonds, and Bank of America, N.A., which is the holder of the 2023 Note, are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

BofA Securities, Inc., an Underwriter of the 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"). As part of this arrangement, BofA Securities, Inc. may distribute securities to Merrill, which may in turn distribute such securities to investors through the financial advisor network of Merrill. As part of this arrangement, BofA Securities, Inc. may compensate Merrill as a dealer for their selling efforts with respect to the 2025 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2025 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 the Dealer Agreement, each of CS&Co. and LPL may purchase 2025 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2025 Bonds that such firm sells.

LEGAL MATTERS

Litigation

Except as disclosed herein, no litigation is now pending or, to the best of the City's knowledge, threatened, against or affecting the City which seeks to restrain or enjoin the authorization, issuance or delivery of the 2025 Bonds, the Bond Order or the 2025 Resolution, or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2025 Bonds, or the City's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the City's authorization, execution and delivery of the Bond Order, the 2025 Resolution or the 2025 Bonds, or the City's authority to carry out its obligations thereunder, or which would have a material adverse impact on the City's condition, financial or otherwise.

For certain recent information on litigation related to the City, see "**APPENDIX E – THE CITY OF CHARLOTTE**".

Opinions of Counsel

All legal matters related to the authorization, execution, sale and delivery of the 2025 Bonds are subject to Bond Counsel's approval. The proposed form of Bond Counsel's opinion is included as **APPENDIX D**.

Certain legal matters will be passed upon for the City by the City Attorney and for the Underwriters by their counsel.

Related Parties

Parker Poe Adams & Bernstein LLP serves as bond counsel for the City and, from time to time it and McGuireWoods LLP, counsel to the Underwriters, have represented the Underwriters as counsel in other financing transactions. Neither the City nor the Underwriters have conditioned the future employment of either of these firms in connection with any proposed financing issues for the City or for the Underwriters on the successful issuance of the 2025 Bonds.

TAX TREATMENT

General

On the date of issuance of the 2025 Bonds, Bond Counsel will render an opinion that, under existing law (1) assuming compliance by the City with certain provisions of the Code, (a) interest on the 2025A Bonds (i) is excludable from gross income for federal income tax purposes, and (ii) is not an item of tax preference for purposes of the federal individual alternative minimum tax, (b) interest on the 2025B Bonds (i) is excludable from gross income for federal income tax purposes, except for interest on a 2025B Bond for any period during which such 2025B Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code, and (ii) is an item of tax preference for purposes of the federal individual alternative minimum tax, and (c) interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the 2025 Bonds is exempt from State of North Carolina income taxation.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the 2025 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the City rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2025 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2025 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the City subsequent to issuance of the 2025 Bonds to maintain the excludability of the interest on the 2025 Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the City as to certain facts material to the opinion and the requirements of the Code.

The City has covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2025 Bonds in order that the interest on the 2025 Bonds be, or continues to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the City with such covenants, and Bond Counsel has not been retained to monitor compliance by the City with such covenants subsequent to the date of issuance of the 2025 Bonds. Failure to comply with certain of such requirements may cause the interest on the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2025 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt, accrual or amount of interest on the 2025 Bonds.

If the interest on the 2025 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the City to comply with any requirements described above, the City is not required to redeem the 2025 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2025 Bonds. Prospective purchasers and owners of the 2025 Bonds are advised that, if the Internal Revenue Service does audit the 2025 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the City as the taxpayer, and the owners of the 2025 Bonds may have limited rights, if any, to participate in such audit. The commencement

of an audit could adversely affect the market value and liquidity of the 2025 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the 2025 Bonds should be aware that ownership of the 2025 Bonds and the accrual or receipt of interest on the 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2025 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the 2025 Bonds should consult their own tax advisors as to collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2025 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the 2025 Bonds to be subject directly or indirectly to federal, state or local income taxation, adversely affect the market price or marketability of the 2025 Bonds or otherwise prevent the owners of the 2025 Bonds from realizing the full current benefit of the status of the interest on the 2025 Bonds.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel's opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the City, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Original Issue Premium

As indicated on the inside cover page, the 2025A Bonds and the 2025B Bonds (collectively, the "Premium Bonds") are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

CONTINUING DISCLOSURE OBLIGATION

In accordance with the requirements of Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 ("Rule 15c2-12"), the City has undertaken in the 2025 Resolution to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(1) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2025, the audited financial statements of the City for the preceding Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such fiscal year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2025, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included in the tables under the captions "**THE AIRPORT -- Airlines Serving the Airport,**" "**Air Service Area,**" and "**Historical Enplaned Passengers,**" to the extent such items are not included in the financial statements referred to in paragraph (1) above.

(3) in a timely manner not in excess of 10 Business Days, notice of the occurrence of any of the following events with respect to the 2025 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (e) substitution of any credit or liquidity providers, or their failure to perform;
- (f) 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 2025 Bonds or other material events affecting the tax status of the 2025 Bonds;
- (g) modification of the rights of the Beneficial Owners of the 2025 Bonds, if material;
- (h) call of any of the 2025 Bonds, other than mandatory sinking fund redemptions, if material, and tender offers;
- (i) defeasance of any of the 2025 Bonds;
- (j) release, substitution or sale of any property securing repayment of the 2025 Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the City;

(m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee, or the change of name of a trustee, if material;

(o) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect the beneficial owners of the 2025 Bonds, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City, any of which reflect financial difficulties; and

(4) in a timely manner, notice of a failure of the City to provide the required annual financial information described in (1) and (2) above on or before the date specified.

For purposes of this undertaking, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. 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.

At present, Section 159-34 of the General Statutes of North Carolina requires that the City's financial statements be prepared in accordance with generally accepted accounting principles and that they be audited in accordance with generally accepted auditing standards.

The City has acknowledged in the 2025 Resolution that its undertaking pursuant to Rule 15c2-12 is intended to be for the benefit of the Owners and the beneficial owners of the 2025 Bonds and is enforceable by the Trustee or by any Owner or beneficial owner of the 2025 Bonds. The right to enforce the provisions of the City's Rule 15c2-12 undertakings is limited to a right to obtain specific performance of the City's obligations and a failure by the City to comply with its Rule 15c2-12 undertakings will not be an event of default under the Bond Order or the 2025 Resolution and will not result in acceleration of the 2025 Bonds. All actions shall be instituted, had and maintained in the manner provided in the 2025 Resolution for the benefit of all Owners and beneficial owners of the 2025 Bonds.

The City may modify from time to time, consistent with Rule 15c2-12, the information provided or the format of the presentation of such information to the extent necessary or appropriate in the judgment of the City, but: (1) any such modification 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 City; (2) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12 as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2025 Bonds. Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided. The City's Rule 15c2-12

undertakings will terminate on payment, or provision having been made for payment in a manner consistent with the Rule 15c2-12, in full of the principal of and interest on the 2025 Bonds.

All documents provided to the MSRB as described above will be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The City may discharge its undertaking described above by providing such information in a manner that the SEC subsequently authorizes in lieu of the manner described above.

Except as described below, during the previous five years, the City has not knowingly failed to comply in all material respects with its previous continuing disclosure obligations undertaken pursuant to Rule 15c2-12. The City's annual disclosure for fiscal year 2024 for its water and sewer revenue bonds did not include information on a table regarding the City's annual residential water and sewer bill as a percentage of median household income as compared to other cities in the United States.

FORWARD-LOOKING STATEMENTS

The statements contained in the Official Statement, and in any other information provided by the City or the Airport, that are not purely historical, are forward-looking statements, including statements regarding the City or the Airport's expectations, hopes, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in the Official Statement are based on information available to the City and the Airport on the date hereof, and the City and the Airport assume no obligation to update any such forward-looking statements. It is important to note that the Airport's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City and the Airport. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

MISCELLANEOUS

Ratings

The 2025 Bonds have been rated "Aa3" by Moody's Investors Service ("Moody's") and "AA-" by Fitch Ratings ("Fitch"). Each rating agency has indicated that the outlook for its respective rating is stable. Further explanation of the significance of such ratings may be obtained from Moody's and Fitch. The ratings are not a recommendation to buy, sell or hold the 2025 Bonds and should be evaluated independently. There is no assurance that such ratings will not be withdrawn or revised downward by Moody's or Fitch. Any such action may have an adverse effect on the market price of the 2025 Bonds. Neither the City nor the Underwriters have undertaken any responsibility after the execution and delivery of the 2025 Bonds to assure maintenance of the ratings or to oppose any such revision or withdrawal.

Financial Advisors

DEC Associates, Inc., Charlotte, North Carolina, is serving as financial advisor to the City. Frasca & Associates, LLC, New York, New York is serving as financial advisor to the Airport.

Approval

The Local Government Commission and the City have each duly authorized the delivery of this Official Statement.

Members of the Local Government Commission staff have participated in the preparation of this Official Statement and other documents related to the issuance of the 2025 Bonds, but the Local Government Commission and its staff assume no responsibility for the accuracy or completeness of any representation or statement in this Official Statement, other than those in **APPENDIX F**.

APPENDIX A

**CITY OF CHARLOTTE, NORTH CAROLINA
AUDITED FINANCIAL STATEMENTS OF THE AIRPORT
FOR THE YEAR ENDED JUNE 30, 2024**

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annual Comprehensive Financial Report

OF THE AIRPORT ENTERPRISE FUND

For The Fiscal Year Ended June 30, 2024







Charlotte Douglas International Airport

NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2024

As of June 30, 2024:

MAYOR

Vi Alexander Lyles

MAYOR PRO TEM

Danté Anderson

CITY COUNCIL

Dimple Ajmera
Tiawana Brown
Malcolm Graham
LaWana Mayfield
Marjorie Molina

Tariq Bokhari
Edmund H. Driggs
Reneé Johnson
James Mitchell, Jr.
Victoria Watlington

CITY MANAGER

Marcus D. Jones

CITY FINANCE DEPARTMENT

Teresa T. Smith
Chief Financial Officer

Betty J. Mattos
Chief Accountant

AVIATION DEPARTMENT

Haley Gentry
Aviation Chief Executive Officer

Michael Hill, Jr.
Aviation Chief Financial Officer

Prepared by the
Charlotte Douglas International Airport
Finance Department

An enterprise fund of the City of Charlotte,
Charlotte, NC



Table of Contents

7 Introductory Section

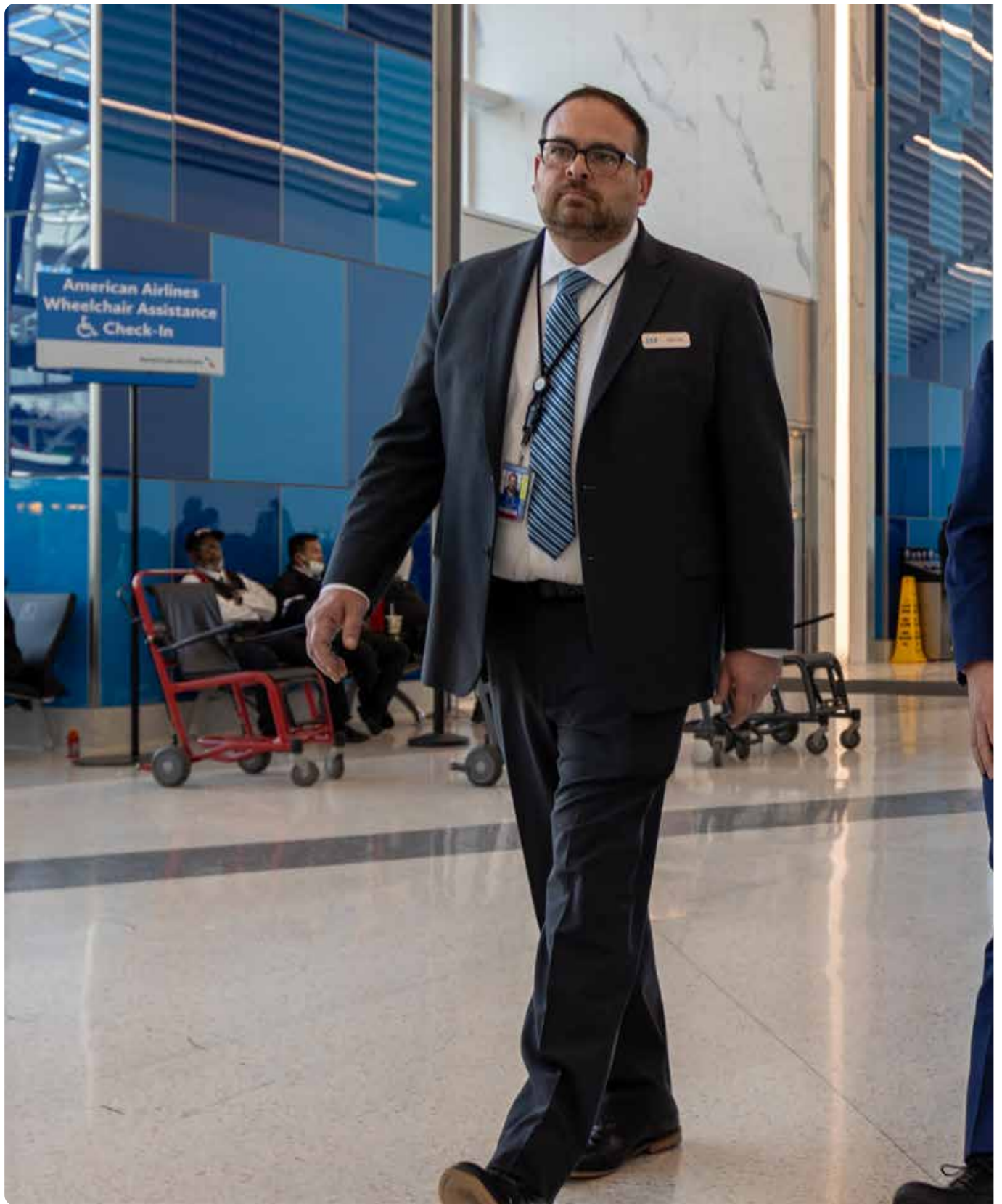
- 8 Letter of Transmittal
- 25 Certificate of Achievement for Excellence in Financial Reporting

27 Financial Section

- 28 Report of Independent Auditor
- 31 **MANAGEMENT'S DISCUSSION & ANALYSIS**
- 32 Management's Discussion & Analysis
- 32 Financial Highlights
- 32 Overview of the Financial Statements
- 43 **BASIC FINANCIAL STATEMENTS**
- 44 Statement of Net Position
- 47 Statement of Revenues, Expenses and Changes In Net Position
- 48 Statement of Cash Flows
- 50 Notes to the Financial Statements
- 77 **REQUIRED SUPPLEMENTARY INFORMATION**
- Local Governmental Employees' Retirement System**
- 78 Proportionate Share of Net Pension Liability (Asset)
- 80 City of Charlotte's Contributions
- Employee Benefit Trust Plan (EBTP)**
- 82 Schedule of Changes in the Net OPEB Liability
- 84 Schedule of Changes of Total Liability as a Percentage of Covered Payroll
- 86 Schedule of City Contributions and Investment Returns

89 Statistical Section

92	<i>SCHEDULE 1</i>	Net Position
94	<i>SCHEDULE 2</i>	Changes in Net Position
96	<i>SCHEDULE 3</i>	Reconciliation Of Cash Balances, Non-GAAP
98	<i>SCHEDULE 4</i>	Operating Expenses Per Enplaned Passenger
100	<i>SCHEDULE 5</i>	Capital Assets
102	<i>SCHEDULE 6</i>	Reconciled Landing Fee Rates
103	<i>SCHEDULE 7</i>	Net Average Cost Per Enplaned Passenger
104	<i>SCHEDULE 8</i>	Top Revenue Sources
106	<i>SCHEDULE 9</i>	Passenger Facility Charge Approvals And Remaining Authority
109	<i>SCHEDULE 10</i>	Passenger Facility Charge Collections, Non-GAAP
110	<i>SCHEDULE 11</i>	Passenger Facility Charge Fund Activity
113	<i>SCHEDULE 12</i>	Contract Facility Charge Collections
114	<i>SCHEDULE 13</i>	Contract Facility Charge Fund Activity
116	<i>SCHEDULE 14</i>	Bond Indenture Debt Service Coverage
118	<i>SCHEDULE 15</i>	Outstanding Debt By Type Per Enplaned Passenger
120	<i>SCHEDULE 16</i>	Contract Facility Charge Special Facilities Debt Service Coverage
122	<i>SCHEDULE 17</i>	Population (MSA)
123	<i>SCHEDULE 18</i>	Total Personal Income (MSA)
124	<i>SCHEDULE 19</i>	Per Capita Personal Income (MSA)
125	<i>SCHEDULE 20</i>	Unemployment Rate (MSA)
126	<i>SCHEDULE 21</i>	10 Largest Charlotte-Area Non-Government Employers
128	<i>SCHEDULE 22</i>	Domestic And International Enplaned Passengers
129	<i>SCHEDULE 23</i>	Enplaned Passengers By Type
130	<i>SCHEDULE 24</i>	Enplaned Passengers By Airline
137	<i>SCHEDULE 25</i>	Origin And Destination Passengers By Type
138	<i>SCHEDULE 26</i>	Landed Weight By Airline
144	<i>SCHEDULE 27</i>	Aircraft Operations
145	<i>SCHEDULE 28</i>	Average Load Factor
147	<i>SCHEDULE 29</i>	Cargo Enplaned
148	<i>SCHEDULE 30</i>	Employee Count By Division
150	<i>SCHEDULE 31</i>	Rental Car Revenue Market Share





Introductory Section

The Introductory Section contains unaudited information about the Airport Enterprise Fund.

Message from the Aviation Department Chief Executive Officer and the City of Charlotte Chief Financial Officer

January 23, 2025

Honorable Mayor, City Council and Citizens of Charlotte:

We are honored to present the Charlotte Douglas International Airport (an enterprise fund of the City of Charlotte, North Carolina) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The basic financial statements in this report are prepared and presented in conformity with Generally Accepted Accounting Principles (GAAP) of the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of Charlotte Douglas International Airport (Airport or CLT). Consequently, management assumes full responsibility for the preparation and fair presentation of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal controls framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City and the Airport's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

To the best of our knowledge, we believe this report to be accurate in all material respects and reported in a manner designed to present the financial position and results of the City of Charlotte, Charlotte Douglas International Airport Enterprise Fund.

Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditor. It provides a narrative introduction, overview, and analysis of the Financial Statements and Notes. This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A. Starting on page 89, the Statistical Section provides additional relevant unaudited information.

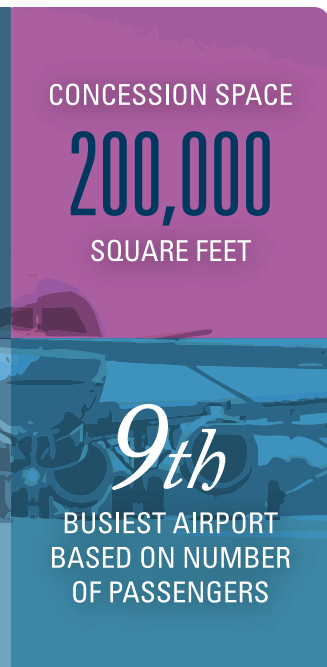


Haley Gentry
Aviation Department Chief Executive Officer
Charlotte Douglas International Airport



Teresa T. Smith
Chief Financial Officer
City of Charlotte

CLT by the Numbers



Fiscal Year 2024 Highlights

Charlotte has become nationally synonymous with growth, and the Airport continues to be one of the largest growth engines for the region, with the level of connectivity provided from CLT being one of the most oft-cited reasons for corporate relocations and expansions. Reflecting this fact, in September 2023, Official Airline Guide, the leading data platform for the global travel industry, found that CLT was the fifth most connected airport in the nation for domestic connectivity in 2023, behind only Chicago O'Hare, Atlanta, Dallas/Fort Worth, and Denver.

While CLT may rank slightly behind these other busy hub airports in terms of connectivity, it stands solidly above them and its other peers in efficiency. In July 2023, the Airport was named the most efficient airport in North America by the Air Transport Research Society, a top academic research group in the air transportation sector. The award measures and compares the performance of several important aspects of operations: productivity and efficiency, unit costs and cost competitiveness, financial results and charges for 205 airports and 24 airport groups of various sizes and ownership forms in Asia Pacific, Europe and North America.

Continued growth and leading efficiency combined to make Fiscal Year (FY) 2024 another record-setting year for traffic at CLT, with tangible progress also being made on much-needed facility expansion projects that are aimed at not only accommodating the higher levels of future traffic, but enhancing the passenger experience as well. CLT accommodated 28.6 million enplaned passengers in FY 2024, an increase of 12.6 percent from FY 2023 and 19.5 percent higher than FY 2019, the last full fiscal year prior to the COVID-19 pandemic, and a firm indicator that the Airport has entered a new era.

The Airport's role as American Airlines' second-busiest hub has strengthened. The Airport's growth was not solely due to American Airlines but also included demand by Origin and Destination (O&D) passengers for competitive airfare prices. O&D passengers are those whose journey begins or ends at the Airport, that is, residents of, or visitors to, the Charlotte region. National dynamics in the market for air travel also contributed to strong O&D growth in FY 2024. Consistent with national trends, O&D growth in FY 2024 was also driven by two main factors: first, the continued strengthening of business traffic and second, the sustained popularity of leisure traffic since the pandemic. The fact that the Charlotte region continues to be a national leader in both economic and population growth has only fueled the intensity of these two national trends at CLT. Reflecting this strong growth in local traffic, the Airport set numerous records during FY 2024 for the number of passengers clearing security checkpoints, with an all-time high of 45,304 reached on May 16, 2024.

While any passenger growth typically results in increased nonairline revenues from increased spending on concessions and services, O&D passengers drive revenues even more than connecting. This relationship is attributable to the fact that, while all passengers have the opportunity to spend money on concessions in the terminal, only O&D passengers park and use ground transportation services. The higher dwell times (i.e., time spent by passengers in the terminal prior to their flight's departure) also typically translate into higher concession spend relative to connecting passengers. For this reason, CLT's explosive growth in O&D traffic has been one of the leading drivers of the Airport's solid financial results. Parking revenues grew 21.7 percent due to passenger growth, and the Airport's use of a dynamic pricing model, in addition to the new online parking booking system.

The Airport's Destination CLT capital improvement program continues to proceed on schedule, with critically needed capacity expansion projects nearing completion. Local CLT passengers were provided with increasingly clear views of the Airport's expanded terminal building as additional phases of the \$608.0 million Terminal Lobby Expansion project opened during FY 2024. Queen Charlotte, the Airport's beloved and expertly restored bronze statue of the City's namesake, was moved to its new home in the atrium of the expanded terminal. It provides a royal welcome to visitors and returning residents.

Another Destination CLT project in progress is the Fourth Parallel Runway. Passengers will benefit from the increased capacity in the form of reduced delays estimated to average four minutes per operation. A benefit-cost analysis found the project, which has an estimated cost of \$1.0 billion including associated taxiway systems designed to increase safety by reducing roadway crossings, will generate \$5.8 billion in benefits over its life. This project is important not only to CLT passengers, but for the nation as well. CLT's status as the nation's third-busiest single-airline hubbing operation (behind only Atlanta and Dallas/Fort Worth) means

that delays at the Airport have ripple effects throughout the National Airspace System, resulting in delays for passengers whose journeys do not even touch CLT. In recognition of this fact, the Federal Aviation Administration (FAA) granted the Airport a Letter of Intent for \$290.0 million in Airport Improvement Program (AIP) grants for the project.

To ensure adequate recovery of these capital investments and ensure CLT's continued strong financial performance to provide a platform to fund future investments, the Airport has begun internal planning for the successor Airline Use and Lease Agreement (AUA), which is expected to take effect in 2026 following the expiration of the current agreement, which took effect in 2016. The Airport and Signatory Airlines both acknowledge the success of the AUA in cementing a strong operational, financial, and business relationship between the parties. The Airport is exploring changes to further enhance this proven partnership while providing adequate capital for responsible reinvestment into Airport facilities.

CLT never forgets the importance of its role in the community. FY 2024 marked the creation of a unique new partnership between the Airport and the University of North Carolina at Charlotte's William States Lee College of Engineering. The new program, the Charlotte Aviation and Innovation Research Institute, or Charlotte AIR, will give UNC Charlotte students real-world opportunities to research, innovate and develop cutting edge infrastructure at one of the world's busiest airports. The Airport continued longstanding programs such as the Runway 5K to raise money for Airport Opportunity Scholarships at Central Piedmont Community College and the Wings for All program to give children with autism and other intellectual and developmental disabilities the chance to become familiar with the unique process of air travel without the real-life stress that sometimes goes along with it. In June 2024, the Airport opened its new seven acre Airport Overlook area on the northwest side of the Airport. The Airport Overlook is open to the public and was designed to inspire and propel the next generation of aviators. This facility is the fifth dedicated overlook at the Airport since 1937 and was relocated to accommodate the new North End-Around Taxiway and Fourth Parallel Runway – a fitting reminder of CLT's historical tradition of accommodating growth while never forgetting its history.

Airport Director's Management Team



Profile of The Reporting Entity

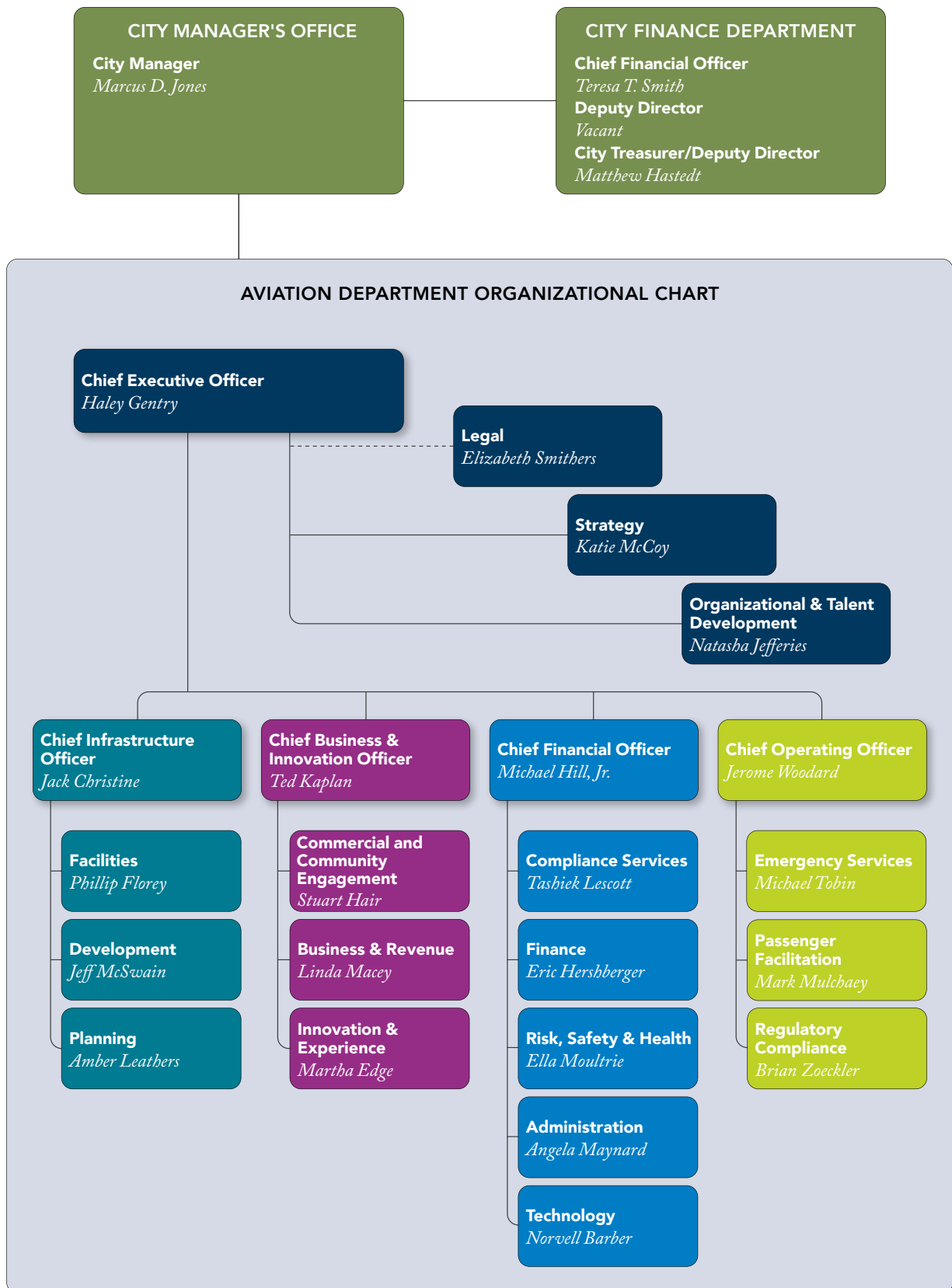
The Airport is located in the Southeastern U.S., a two-hour flight from 60.0 percent of the nation's population and an integral part of a thriving regional economic center. The Airport is one of the busiest in the nation, serving approximately 28.6 million enplaned passengers in FY 2024. CLT ranks as the 9th busiest in passengers in the nation according to Airports Council International – North America's calendar year 2023 traffic summary. The Airport is owned by the City of Charlotte, North Carolina (the City) and operated by the City of Charlotte Aviation Department (Aviation Department or Aviation).

The City is the core of the Airport's air service area. As defined by the U.S. Bureau of Economic Analysis, the Charlotte-Concord-Gastonia NC-SC Economic Area is a region in North Carolina and South Carolina with a population of over 2.8 million in 2023. Since 1929, the City of Charlotte has had a Council-Manager form of government. Policy-making and legislative authority are vested in a governing body consisting of a Mayor and 11 City Council members who are elected every two years on a partisan basis. The Mayor and four Council members are elected at-large by a citywide vote. The remaining seven Council members are elected by district, from voters who reside in each district. The Mayor and Council are responsible for appointing the City Manager, City Attorney, City Clerk, and members of various boards and commissions. The Council appropriates the annual budget, sets the tax rate and approves the financing of all city operations and capital investments. The City Manager is responsible for carrying out policies and ordinances and directs the daily operations and programs of the City.

The mission of the City of Charlotte is to ensure the delivery of a full range of quality public services and to promote the safety, health and quality of life of its residents.

Within the City structure, the Aviation CEO leads the Aviation Department's leadership team, overseeing operations and development of the Airport and long-term strategic planning. The leadership team includes four chief officers for the core Airport functions of Operations, Infrastructure, Business & Innovation, and Finance, Administration & Technology. These chief officers are currently overseeing 14 divisions of the Airport. Managers overseeing Strategy and Organizational & Talent Development report directly to the Aviation CEO, and the Aviation's Chief Legal Counsel reports to the City Attorney with a dotted line to the Aviation CEO. The organizational chart, shown on the next page, reflects leadership as of June 30, 2024.







Haley Gentry
Chief Executive
Officer



Jack Christine
Chief Infrastructure
Officer



Jerome Woodard
Chief Operating
Officer



Ted Kaplan
Chief Business &
Innovation Officer



Michael Hill, Jr.
Chief Financial
Officer

Airport financial operations are accounted for in a separate enterprise fund according to GAAP for governmental entities. The Aviation department is self-supporting and does not use local tax money to fund its operating costs. Funds come from airport-generated revenues, including those from parking, concessions, landing fees, rental cars, advertising, cargo, the fixed base operator, and airline rentals.

Aviation management utilizes six core Strategic Principles to manage and run the nation's 9th busiest airport by passengers, including: Safety and Security; Employee Success; Customer Experience; Strategic Growth; Positive Partnerships; and Asset Preservation.



STRATEGIC PRINCIPLES

Safety and Security

Establish a strong safety and security culture that protects people and property.

Employee Success

Promote a diverse and inclusive workplace that values authenticity, belonging, and teamwork.

Customer Experience

Deliver a superior travel experience anchored by innovation and creative solutions.

Strategic Growth

Maintain global competitiveness through demand driven, economically conscious development.

Positive Partnerships

Safeguard business and community relationships by practicing integrity, transparency, and fiscal responsibility.

Asset Preservation

Minimize service disruptions and improve reliability through proactive strategies.

Airport Operations

Fiscal Year 2024 saw record passenger traffic at CLT, with enplaned passengers up 12.6 percent to 28.6 million, a new all-time high for the Airport. American Airlines, together with its affiliates, led absolute traffic growth, flying an additional 2.5 million passengers from its second-busiest hub at CLT than in FY 2023, an increase of 10.8 percent and an indication that the Airport's role as American Airlines' second-busiest hub has continued to strengthen. The Airport's continued growth in FY 2024 was not attributable solely to American Airlines, however, reflecting increased competition for local travelers. In fact, on a percentage basis, the combined enplaned passenger traffic on airlines other than American Airlines grew 29.3 percent, with all airlines other than JetBlue, Lufthansa, and Volaris, having higher percentage growth in passenger traffic in FY 2024. Spirit boasted the highest growth rate, with enplaned passenger traffic growing 108.6 percent, followed by Air Canada at 59.0 percent, Frontier at 45.4 percent, Contour at 36.5 percent, and United at 16.1 percent. Because of the higher growth in traffic on airlines other than American Airlines, their market share of enplaned passengers dropped slightly from 90.2 percent in FY 2023 to 88.8 percent in FY 2024.

During FY 2024, 21 airlines provided regularly scheduled passenger service at the Airport, providing an average of 709 daily departures to 187 destinations in 25 countries in the Americas, the Caribbean, and Europe. Additionally, three all-cargo airlines operated regularly at CLT. Additional detail regarding airline market shares is available in the Statistical Section, Schedule 24 on page 130.

The table below lists the passenger and cargo airlines providing service at the Airport during FY 2024.

AIRLINES PROVIDING SCHEDULED SERVICE AT CLT

(Fiscal Year Ended June 30, 2024)

Major/National	Regional and Other	Foreign Flag	All Cargo
American Airlines	Contour Airlines	Air Canada	Air Transport International
Delta Air Lines	Endeavor Air	Lufthansa	FedEx Express
Frontier Airlines	Envoy Air	Viva Aerobus	UPS Airlines
JetBlue Airways	GoJet Airlines	Volaris	
Southwest Airlines	Mesa Airlines		
Spirit Airlines	Piedmont Airlines		
United Airlines	PSA Airlines		
	Republic Airways		
	SkyWest Airlines		
	Sun Country Airlines		

The composition of traffic in FY 2024 consisted of 32.0 percent Origin & Destination (O&D) and 68.0 percent connecting passenger activity. O&D passengers are those beginning or ending their trips at the Airport, as opposed to connecting passengers who change planes at the Airport to reach their final destination. CLT primarily provides domestic service, with only 8.0 percent of FY 2024 enplanements being international. For more detailed information on enplaned passenger numbers, please refer to Schedules 22 - 24 on pages 128 through 130 in the Statistical Section.

During FY 2024, American Airlines added the new destinations of Bozeman, MT, Calgary, Canada, Jackson, WY, Moline/Quad Cities, IL, Sioux Falls, SD, Spokane, WA, Tulum, Mexico, and Vancouver, Canada. Frontier Airlines added service to Baltimore, MD, Buffalo, NY, Chicago (O'Hare), IL, Cincinnati, OH, Dallas/Fort Worth, TX, Houston (Bush), TX, Miami, FL, New York (LaGuardia), NY, and San Juan, PR. Spirit Airlines added service to Baltimore, MD, Chicago (O'Hare), IL, Houston (Bush), TX, Newark, NJ and Tampa, FL.

Below is the FY 2024 list of the 25 busiest domestic O&D markets served from CLT.

TOP 25 DOMESTIC O&D MARKETS

	City	FY 2024 O&D Enplanements	Percent of Total Domestic Enplanements	Distance from Airport (miles)
1	New York Area ¹	757,414	9.90%	543
2	South Florida ²	367,463	4.80%	650
3	Chicago ³	331,485	4.40%	599
4	Washington, DC Area ⁴	328,175	4.30%	360
5	Orlando, FL	325,417	4.30%	468
6	Boston, MA	307,460	4.00%	727
7	Dallas ⁵	297,982	3.90%	937
8	Los Angeles ⁶	278,914	3.70%	2,125
9	Denver, CO	228,658	3.00%	1,338
10	Philadelphia, PA	228,240	3.00%	447
11	Las Vegas, NV	216,909	2.80%	1,917
12	Houston ⁷	187,042	2.50%	913
13	Phoenix, AZ	164,139	2.20%	1,774
14	Tampa, FL	148,919	2.00%	508
15	Minneapolis/Saint Paul, MN	139,293	1.80%	930
16	Detroit, MI	133,173	1.70%	500
17	Nashville, TN	131,713	1.70%	329
18	San Francisco ⁸	129,502	1.70%	2,296
19	San Diego, CA	90,227	1.20%	2,077
20	Seattle, WA	87,887	1.20%	2,279
21	Austin, TX	86,622	1.10%	1,033
22	Salt Lake City, UT	86,441	1.10%	1,727
23	Atlanta, GA	82,355	1.10%	227
24	Saint Louis, MO	79,991	1.10%	575
25	Cleveland, OH	76,192	1.00%	430
Total Top 25 O&D		5,291,614	69.5%	

CITY LEGEND

¹LaGuardia (LGA), John F Kennedy (JFK) and Newark (EWR) Airports

²Fort Lauderdale (FLL) and Miami (MIA) Airports

³O'Hare (ORD) and Midway (MDW) Airports

⁴Ronald Reagan (DCA), Dulles (IAD) and Baltimore (BWI) Airports

⁵Dallas/Ft. Worth (DFW) and Dallas Love Field (DAL) Airports

⁶Los Angeles (LAX), John Wayne (SNA), Ontario (ONT), Long Beach (LGB) and Burbank (BUR) Airports

⁷George Bush Intercontinental (IAH) and Hobby (HOU) Airports

⁸San Francisco (SFO), San Jose (SJC) and Oakland (OAK) Airports



Airport Facilities

The Airport, located approximately seven miles from the City's central business district, was established in 1935 as Charlotte Municipal Airport. It occupies approximately 6,000 acres of land located within the City and is accessible within minutes from Interstate 85 and Interstate 77. In North Carolina, CLT is the only large hub airport as designated by the FAA as a commercial airport serving more than 1.0 percent of national annual passenger boardings. The closest commercial service airports are Concord-Padgett Regional Airport (JQF, 30 miles), Greenville-Spartanburg International Airport (GSP, 88 miles), Columbia Metropolitan Airport (CAE, 102 miles), Piedmont Triad International Airport (GSO, 103 miles), Asheville Regional Airport (AVL, 111 miles), Florence Regional Airport (FLO, 118 miles) and Raleigh-Durham International Airport (RDU, 161 miles). According to FAA data, CLT enplaned more than 3.6 times the number of passengers as the busiest of these airports, RDU, during calendar year 2023.

The Airport has a 2.1 million square foot terminal with five concourses and 114 gates. The terminal includes approximately 200,000 square feet of concession space, including casual and fast-food options, as well as a variety of retail shops and services to meet passenger needs. The airfield has three parallel runways and one crosswind runway. Runway 18C/36C (north/south) is 10,000 feet, 18R/36L (north/south) is 9,000 feet, 18L/36R (north/south) is 8,676 feet, and 5/23 (crosswind) is 7,502 feet. Runway 5/23 is currently only available for taxiing operations as it is being decommissioned as part of the future South Ramp Expansion project.

There are approximately 23,000 public parking spaces at the Airport. These are comprised of short-term and long-term lots, and spaces for Valet and Express Deck operations, to accommodate differing passenger needs and price points. The Hourly Parking Deck, located directly across from the terminal, houses the Airport's Consolidated Rental Car Facility (CONRAC) on the bottom three levels. The CONRAC provides the rental car operators approximately 2,900 ready/return and quick-turn-around spaces and a facility for fueling and cleaning operations.

CLT's Fixed Based Operator (FBO), Wilson Air Center – Charlotte, manages private and corporate aircraft operations on behalf of the Airport. Wilson Air Center has more than 50 acres of facilities including an executive terminal and aircraft storage and offers corporate support services.

The North Carolina Army Guard and North Carolina Air National Guard also have active facilities at the Airport.

Airline Agreements And Financial Policies

CLT adopted a modernized Airline Use and Lease Agreement (AUA) in July 2016, and FY 2024 was the eighth year under the AUA. The AUA governs the use of the Airport by the seven Signatory Airlines and the establishment of rates, fees and charges payable annually by the Signatory Airlines. These fees and charges generate revenues sufficient to compensate the City for debt service on airport revenue bonds, operation and maintenance expenses and other financial requirements. The AUA continues the historical 40.0 percent share of excess non-airline terminal revenues with the Signatory Airlines.

Long-term debt, among other funding sources, is a critical funding source for the Airport's Destination CLT capital improvement program. With the program well underway, management remains focused on bondholder security. All capital project funding plans and debt issuances are evaluated using the Airport's financial targets listed below. Management continues to fully assess risk and cost impacts before undertaking projects.

MANAGEMENT'S FINANCIAL TARGETS & ACTUAL RESULTS

	FY 2024 Targets	FY 2024 Actual Results
Debt Service Coverage:		
1. Debt Service Coverage - Bond Ordinance (PFC Offset Method) ¹	≥2.00x	7.6x
2. Debt Service Coverage - PFCs Classified as Revenues and Excluding Rolling Coverage	≥1.50x	3.45x
Airport Revenue Bond Debt per Enplanement	≤\$100	\$63.15
Liquidity – Days Cash on Hand ²	≥800 days	950
Net Airline Cost per Enplaned Passenger ³	-	\$1.78

¹The debt service coverage of 7.6x is presented as a financial calculation. North Carolina Airport Improvement Program (NCAIP) and Airport Coronavirus Response Grant Program (Federal COVID Relief Grant) funds were used to reimburse the debt service payments reflected in this calculation for FY 2024. FY 2024 debt service was paid in full by PFCs and grants.

²Days Cash on Hand calculation is unrestricted cash/operating expenses (excluding depreciation and amortization) x365.

³Net Airline Cost per Enplaned Passenger is Airline Rents and Fees less revenue share divided by total passenger enplanements.

Rating Agency Actions

In FY 2024 the Airport maintained a Aa3 rating with a Stable outlook from Moody's Investors Service and the equivalent AA- rating with a Stable outlook from Fitch Ratings.

In connection with the issuance of the 2023 Bonds in September 2023, both Moody's and Fitch affirmed these ratings. In their reports, they cited the Airport's strong long-term traffic growth, including its very strong recovery from COVID, growing originating traffic base, and management's continued focus on maintaining strong financial metrics, particularly days cash on hand and debt service coverage.

Aa3

MOODY'S
INVESTORS
SERVICE

AA-

FITCH
RATINGS

Development Initiatives

Destination CLT

Strategic Growth is one of CLT's six core strategic principles. In keeping with this principle, management completed a thorough master planning process resulting in the Airfield Capacity Enhancement Plan and the Terminal Capacity Enhancement Plan. These plans were used in the development of Destination CLT – the Airport's current \$3.1 billion capital improvement program. Destination CLT is targeted to enhance capacity based on the Airport's growth forecast through 2035 while remaining demand driven or scalable to respond to airline and passenger demand.

Destination CLT is well underway and the status of each major component as of June 30, 2024 is listed below:



DESTINATION CLT PROJECTS	DESCRIPTION OF PROJECT	STATUS
Concourse A Expansion Phase I	Construction of nine gates north of Concourse A to accommodate expanding air service and replace several existing gates	Construction Complete – Opened July 2018
Elevated Roadway and Terminal Curb Front	Expansion of roadway and curb front facilities to meet growing local passenger demand and reduce congestion	Construction Complete – Opened October 2019
East Terminal Expansion Phase II	Construction of a three-level addition of approximately 51,000 sq. ft. at Concourses D and E, enhancing passenger circulation and providing area for multiple concessions on the Departures/Ticketing level	Construction Complete – Opened November 2019
Terminal Renovations	Updates and refurbishment of the 35-year-old terminal building, including infrastructure replacement and upgrades to finishes such as walls, ceilings, and flooring	Construction Complete – Opened Winter 2020
Concourse E Expansion Phase VIII and IX	Construction of 25,000 sq. ft. of hold room and support space on the north and east end of Concourse E	Construction Complete – Opened Spring 2022
Concourse A Expansion Phase II	Construction of ten gates north of Concourse A to accommodate expanding air service	Construction Underway – Estimated Completion: Fall 2024
Terminal Lobby Expansion	Expansion to the ticketing and security areas for local passengers	Construction Underway – Estimated Completion: Winter 2025
Fourth Parallel Runway	Increase efficiency and capacity of the airfield	Construction Underway – Estimated Completion: Fall 2027

Commercial Development Strategy

Commercial Development strategy formerly known as the Project AMP (Airport Master Plan) continued in FY 2024. CLT completed site readiness work in Destination District Central and East, understanding site constraints, development potential and demand for asset types likely to locate in these two development areas.

Additionally, CLT issued a Request For Proposal on the development of these two geographies and selected a master developer with whom to begin negotiations on the development of 40 acres in Destination District Central. In FY 2024, CLT signed an agreement with Norfolk Southern Railroad to relocate their third expansion option to land more favorable for future commercial development.

CLT also received feedback from the Economic Development Partnership of North Carolina on the developability of the newly named CLT Legacy Site, an assemblage of land south of the airfield.



The Region's Economy

The dynamic and growing region, with the City of Charlotte at its core, is fueling the Airport's strong O&D growth. The Charlotte-Concord-Gastonia, North Carolina and South Carolina Metropolitan Statistical Area (MSA), has an estimated 2023 population of 2.8 million. The Charlotte area houses eight companies from the Fortune 500 list, according to the June 2024 rankings by Fortune Magazine. Additionally, there are also 18 Fortune 1000 companies in the broader Charlotte region.

According to a 2024 study by CNBC, North Carolina ranked as the 2nd top state for business, with Charlotte being home to two of the top 10 largest banks' headquarters and ranking as the nation's second largest financial banking center. Charlotte's strength as a banking headquarters city is foundational to the region's economic success. The Charlotte region is the largest in the Carolinas, ranking 21st in the United States for total Gross Domestic Product (GDP) output and accounts for about 23.0 percent of the total GDP output for the Carolinas. Between 2022 and 2023, the regional economy grew by 2.0 percent adding 35,800 jobs, an average of about 3,000 jobs added each month. It is one of the fastest-growing areas in the country, with more than 100 people moving to the region every day and the vast majority being of prime working age. This robust talent pipeline, nurtured by nationally renowned universities, colleges, and community colleges, ensures access to a skilled workforce capable of driving innovation and growth.

The Charlotte region is strategically located between major ports and inland cities, making trucking, rail, and logistics firms major industries in the region. Other transportation assets in the region besides the Airport include four interstate highways (I-85, I-77, I-485 and I-40). The City is also at the center of the country's largest consolidated rail system.

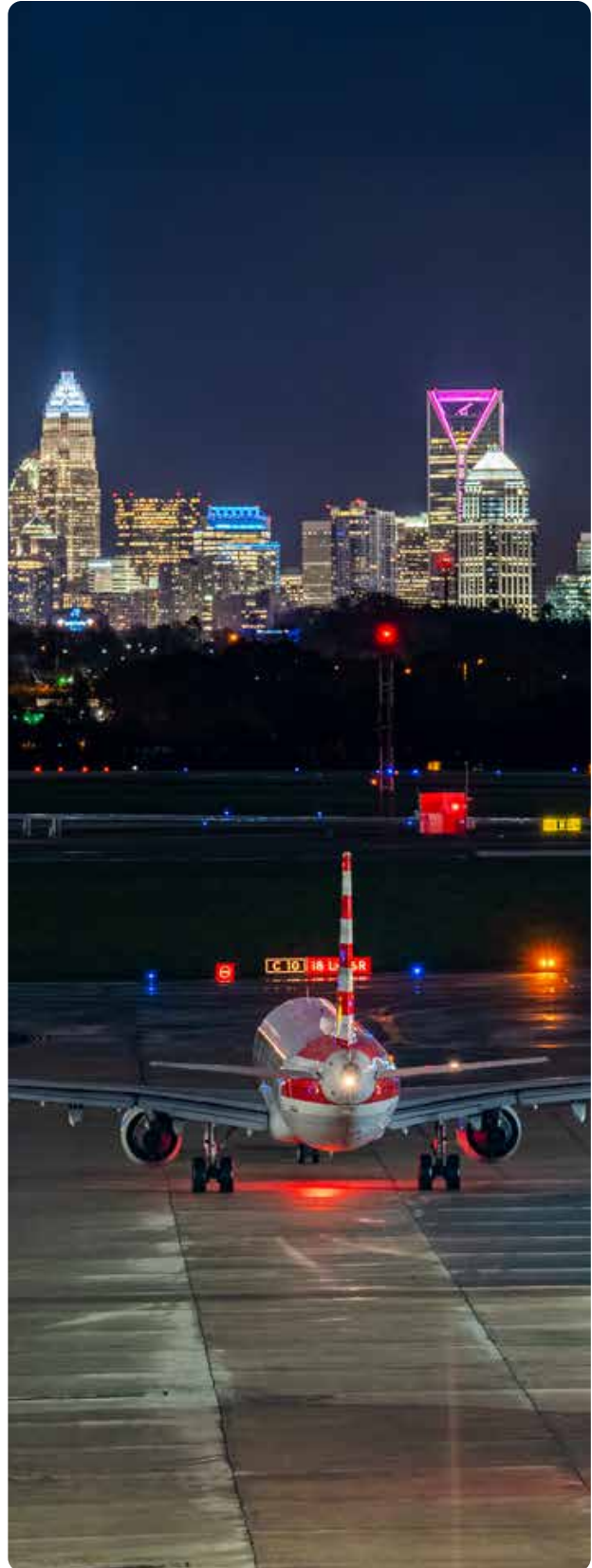


Charlotte continues to be a destination of choice for tourism including recreational opportunities such as the NASCAR Hall of Fame complex, Charlotte Motor Speedway, the National Football League's Carolina Panthers, Minor League Baseball's Charlotte Knights, American Hockey League's Charlotte Checkers, the National Basketball Association's Charlotte Hornets and Major League Soccer's Charlotte Football Club. The U.S. National Whitewater Center is located nearby on the Catawba River and contains the world's largest artificial whitewater river and a U.S. Olympic Training site.



Economic Impact

Charlotte Douglas International Airport continues to be a major economic driver to Charlotte's regional economy with the continuous growth and expansion of its facilities and infrastructures. In 2021, North Carolina Department of Transportation (NCDOT) reported on the economic impact and contribution of CLT, showing \$32.0 billion in economic output, \$1.8 billion in state and local taxes, 151,575 jobs for North Carolina residents and \$9.9 billion in personal income.



Accolades

GOVERNMENT FINANCE OFFICERS ASSOCIATION

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Charlotte Douglas International Airport, North Carolina for its Annual Comprehensive Financial report for its fiscal year ended June 30, 2023. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

AIRPORT EFFICIENCY EXCELLENCE AWARD

CLT received the 2023 ATRS (Air Transport Research Society) Airport Efficiency Excellence award recognizing North American airports with over 30 million passengers annually. ATRS is a worldwide research network that has conducted annual global airport benchmarking since 2001 for about 200 airports. The results followed a year-long research effort by the ATRS Global Airport Benchmarking Task Force that focused on productivity, efficiency, cost competitiveness, financial results and comparison of airport charges (based on 2021 financial year data).

CLT has a long track record of growth as among the busiest hubs in the world for landings and departures. The Airport's cost per enplaned passenger of approximately \$2 is the lowest for large hub airports in the country. Charlotte Douglas also consistently maintains strong financial ratings and is recognized for its exceptional resilience in a strong and growing local economy.

Aviation Department Finance Managers and Financial Reporting Team





CLT RANKS FIFTH MOST CONNECTED AIRPORT

CLT is the fifth most connected airport in the country for domestic services, according to Official Airline Guide's 2023 Megahubs Index.

The index looked at the total number of possible connections between inbound and outbound flights at each airport within a three-hour window where both flights are domestic services.

CLT UNVEILS QUEEN CHARLOTTE STATUE

CLT's Queen Charlotte statue was unveiled October 2023 in the new Terminal Lobby Expansion. The bronze sculpture now greets local passengers in Ticketing and Baggage Claim.

The statue was first installed in 1990 between CLT's original Hourly Decks and relocated in 2013 between the Daily Decks to make room for

construction of new hourly parking. In October 2021, the statue was transported to Carolina Bronze in Seagrove, N.C. to be restored and re-patinaed. The sculpture was returned and now resides at its final destination inside the terminal lobby.

Raymond Kaskey, a Washington, D.C., artist, sculpted the statue that was dedicated to the Airport on Sept. 18, 1990. It is a depiction of Queen Charlotte, who the City of Charlotte is named after. The sculpture leans backward to appear as if it is being blown by the wind, which Kaskey thought was appropriate for an airport.

AVIATION TEAM WINS CITY OF CHARLOTTE GOVIES AWARD

The Ramp D and E Dual Taxilanes project team received a GOVies award for Outstanding Work -Team (External) in May 2024. The GOVies are the City of Charlotte's annual employee awards celebrating outstanding city employees in the categories of Civic Engagement, Innovation, Outstanding Work, Unsung Hero and Employee of the Year.

Prior to this project, Concourses D and E were accessible via a single flow taxilane, resulting in frequent ramp congestion. The Ramp D/E Dual Taxilanes Project involved gate reconfigurations and ramp expansion to convert the existing single flow taxilanes along Concourses D and E to accommodate dual taxi flow.

RUNWAY 5K

CLT's 16th annual Runway 5K raised more than \$47,000 for Airport Opportunity Scholarships at Central Piedmont Community College. The October 2023 race had 1,672 runners and walkers registered.

Since 2019, more than \$161,000 has been raised for scholarships. To date, 15 students have attended college for free. The scholarships were created to help promote careers in aviation and economic opportunities.



Acknowledgements

We hope you find this report to be informative and helpful. Our management philosophy is grounded in sound financial stewardship, as evidenced by FY 2024's financial results and the production of this report. We greatly appreciate all the team members who work tirelessly providing and supporting excellent airport operations, including those who assisted in the preparation of this report.

Respectfully submitted,



Haley Gentry
Aviation Department
Chief Executive Officer
Charlotte Douglas International Airport



Teresa T. Smith
Chief Financial Officer
City of Charlotte





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

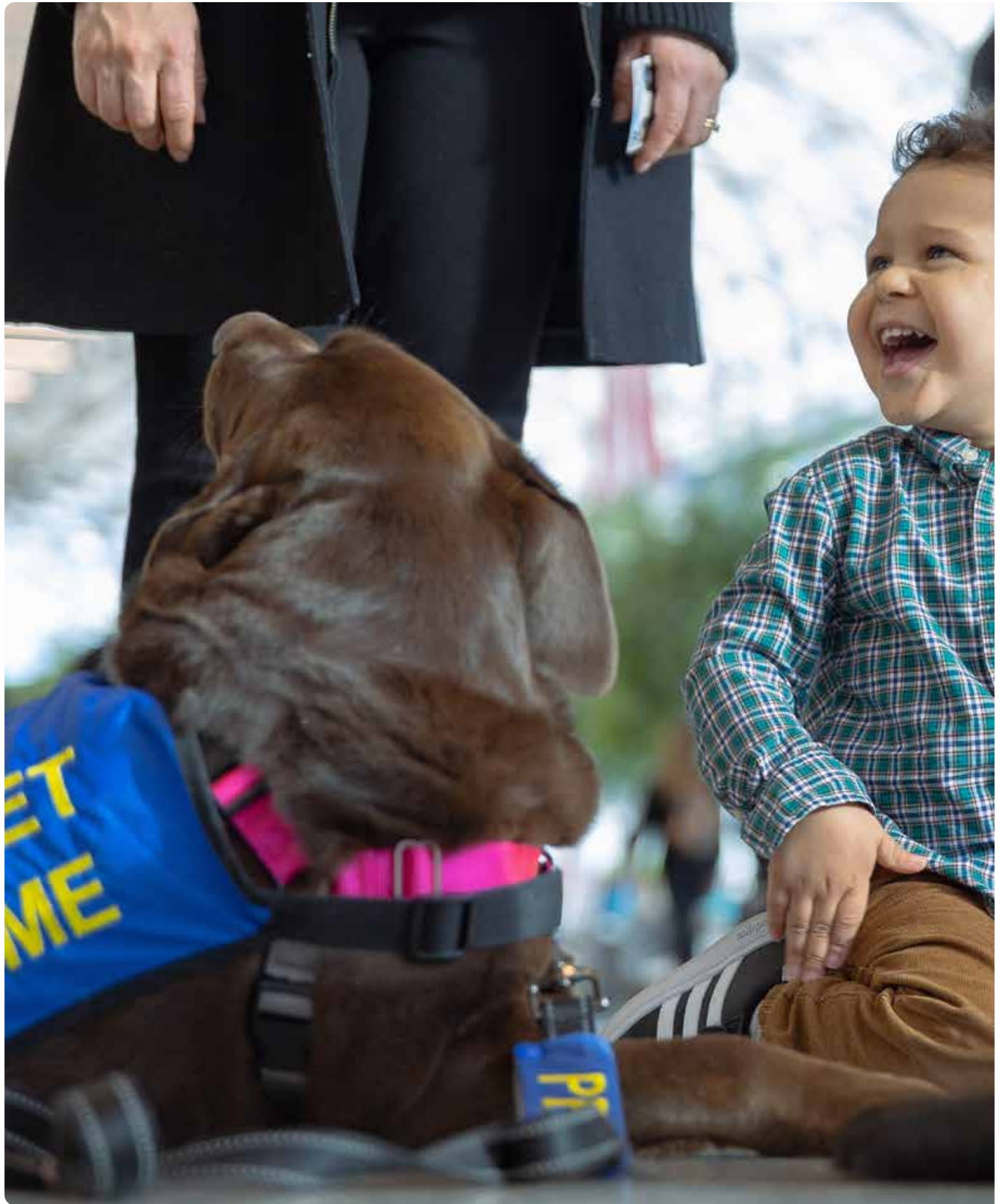
**Charlotte Douglas International Airport
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrell

Executive Director/CEO





Financial Section

- 28** Report of Independent Auditor
- 31** Management's Discussion & Analysis
- 43** Basic Financial Statements
- 77** Required Supplementary Information

The Financial Section contains audited information about the Airport Enterprise Fund.



Report of Independent Auditor

To the Honorable Mayor and Members of the City Council
City of Charlotte, North Carolina

Opinion

We have audited the accompanying statement of net position of the Charlotte Douglas International Airport (the "Airport"), an enterprise fund of the City of Charlotte, North Carolina (the "City"), as of June 30, 2024, and the statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of June 30, 2024, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Airport and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cherry Bekaert LLP

Charlotte, North Carolina
January 23, 2025



*Management's Discussion
& Analysis*

Management's Discussion & Analysis

Management's Discussion & Analysis (MD&A) provides a narrative introduction, overview and analysis of the financial activities of Charlotte Douglas International Airport (Airport or CLT), an enterprise fund of the City of Charlotte. The information contained herein pertains to the financial performance of the Airport for the Fiscal Year (FY) ended June 30, 2024. This MD&A should be read in conjunction with the Financial Statements and Notes that follow.

Financial Highlights

Fiscal Year 2024

- Total net position for the Airport Enterprise Fund on June 30, 2024 was \$2.6 billion; 30.6 percent or \$804.5 million of that total was unrestricted. The net position increased \$305.2 million from total net position on June 30, 2023.
- Operating revenues increased by \$78.2 million to \$431.7 million in FY 2024. This increase was attributed to continued passenger growth and associated revenue sources of Airfield, Terminal Building, and Ground Transportation.
- Operating expenses, excluding depreciation and amortization, increased by \$38.4 million to \$256.3 million in FY 2024. Overall, the increase in operating expense is attributable to higher operational costs in the Terminal Building, Ground Transportation, Airfield and Airport Service Fees (ASF), as the result of significant inflationary increases and increased air traffic activity.
- Capital contributions increased by \$33.3 million to \$123.8 million in FY 2024. This category is primarily comprised of grants used to fund capital projects directly and grants used to pay debt service on bond funded projects in FY 2024.
- The Airport received \$96.5 million in federal grant revenue in FY 2024 related to three Coronavirus aid and relief grants. This included \$3.2 million from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) grant for reimbursement for COVID-19-related capital improvements to the Terminal Building and operating expense and \$93.3 million from the American Rescue Plan Act (ARP Act) for reimbursement for debt service and operating expense. Also, in FY 2024 the Airport received \$33.8 million in state grant revenue related to the North Carolina Airport Improvement Program (NCAIP). This amount represents reimbursements related to debt service paid in FY 2024 and capital improvements to the Terminal Building as well as improvements to the Fixed Base Operator.
- Nonoperating revenues increased by \$66.0 million to \$254.6 million. This increase was primarily due to Passenger Facility Charges (PFCs), Contract Facility Charges (CFCs), grant contributions and a significant increase in investment earnings.
- During FY 2024, the City implemented GASB Statement 100, Accounting Changes and Error Corrections. The implementation of the standard establishes accounting and financial reporting requirements for accounting changes and the correction of an error in previously issued financial statements.

Overview of the Financial Statements

The Financial Section of this report consists of two parts: Management's Discussion & Analysis (this section) and the Basic Financial Statements. The Basic Financial Statements section includes Notes to the Financial Statements that provide explanations and detailed data on pages 50 through 75.

The Airport Enterprise Fund is an enterprise fund of the City of Charlotte. This fund is used to account for the Airport's ongoing operations. The City uses the accrual basis of accounting, so revenues are recognized when earned and expenses are recognized when incurred.

The following is a summary of the Airport's Net Position as of June 30:

NET POSITION		
(Fiscal Years Ending June 30; \$000)		
	2024	2023
ASSETS		
Current and other assets	\$ 1,825,465	\$ 1,594,271
Capital assets, net	3,002,868	2,637,347
Total assets	4,828,333	4,231,618
DEFERRED OUTFLOWS OF RESOURCES	27,446	24,881
LIABILITIES		
Current liabilities	276,333	223,998
Noncurrent liabilities	1,807,001	1,557,383
Total liabilities	2,083,334	1,781,381
DEFERRED INFLOWS OF RESOURCES	147,469	155,310
NET POSITION		
Net investment in capital assets	1,363,087	1,321,585
Restricted	457,390	457,673
Unrestricted	804,499	540,550
TOTAL NET POSITION	\$ 2,624,976	\$ 2,319,808

The analysis below explains the Net Position.

Fiscal Year 2024 Compared To Fiscal Year 2023

Total assets increased by \$596.7 million, or 14.1 percent, in FY 2024 compared to FY 2023. The increase in capital assets is primarily due to the ongoing construction of the Airport's Concourse A Expansion Phase II, North End Around Taxiway, Fourth Parallel Runway, Terminal Lobby Expansion, and Taxiway F Extension, Deice Pad & Taxiway South Crossfield projects.

Total liabilities increased by \$302.0 million, or 17.0 percent, in FY 2024 compared to FY 2023. This increase is primarily due to an issuance of revenue bond anticipation notes payable. The remaining increase in total liabilities is due to accounts payables accruals at year-end to include non-airline terminal revenue share of \$65.2 million in FY 2024 in comparison to \$56.2 million in FY 2023.

Total net position increased by \$305.2 million, or 13.2 percent in FY 2024 compared to FY 2023. As of June 30, 2024, \$1.4 billion was invested in capital assets, \$457.4 million was restricted for debt service reserves, PFCs, CFCs, working capital, and net OPEB assets, while \$804.5 million was unrestricted and available for short-term operational needs. This increased net position is primarily due to the Airport's continued passenger growth. Additionally, investments that the city is permitted to partake in as per the state statute, witnessed a noteworthy rate surge from 1.8 percent in FY 2023 to an impressive 3.2 percent, yielding total investment earnings of \$74.7 million.

This page intentionally left blank.

The following is a summary of Changes in Net Position as of June 30:

CHANGES IN NET POSITION

(Fiscal Years Ending June 30; \$000)

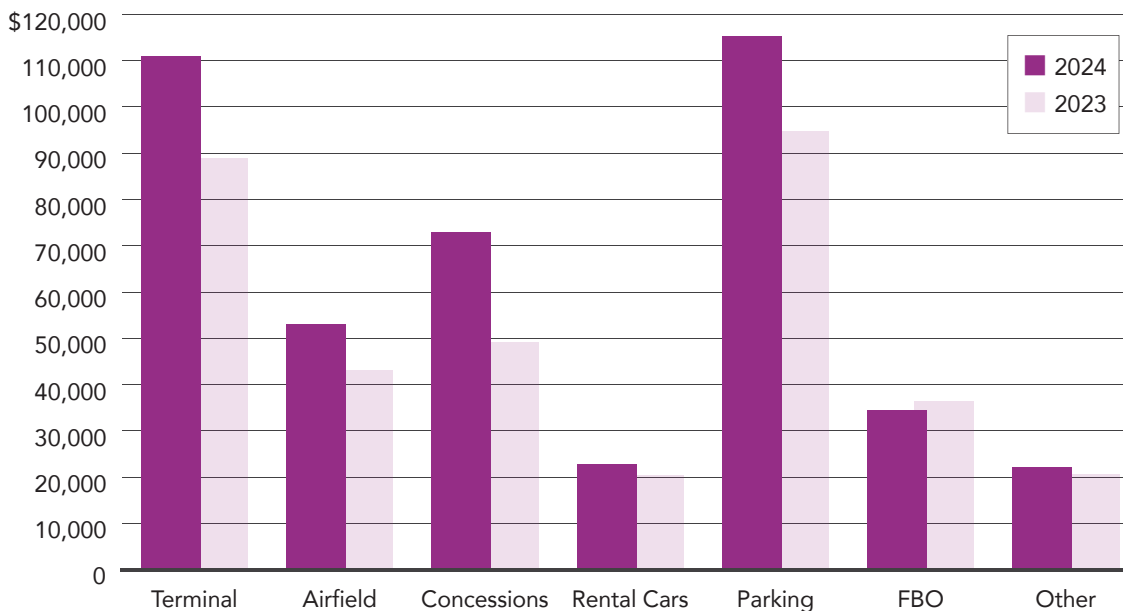
	2024	2023
REVENUES		
Operating revenues:		
Terminal rents & fees	\$ 110,965	\$ 88,885
Airfield	52,953	43,167
Concessions	72,901	49,183
Rental cars	22,873	20,327
Parking	115,290	94,711
Fixed base operator area	34,522	36,512
Other	22,190	20,721
Total operating revenues	431,694	353,506
Nonoperating revenues:		
Grant contributions	89,904	71,398
Passenger facility charges	76,957	66,511
Contract facility charges	14,342	12,763
Investment earnings	74,703	47,589
Other revenues	(1,295)	(9,610)
Total nonoperating revenues	254,611	188,651
Total revenues	686,305	542,157
EXPENSES		
Operating expenses before depreciation and amortization	256,332	217,889
Right to use lease amortization	199	202
Right to use lease SBITA amortization	2,182	1,648
Depreciation	112,290	93,142
Interest and other charges	64,505	52,901
Bond issue expense	2,697	-
Other expenses	65,229	56,165
Total expenses	503,434	421,947
Capital contributions	123,753	90,430
Transfers to other City funds	(1,456)	(728)
Increase in net position	305,168	209,912
NET POSITION - beginning (July 1)	2,319,808	2,109,896
NET POSITION - ending (June 30)	\$ 2,624,976	\$ 2,319,808

Operating Revenues

OPERATING REVENUES

(Fiscal Years Ending June 30; \$000)

	2024	2023
AIRLINE REVENUES		
Terminal rents & fees	\$ 110,965	\$ 88,885
Airfield	52,953	43,167
Total airline revenues	163,918	132,052
CONCESSIONS, RENTAL CARS, AND PARKING REVENUES		
Concessions	72,901	49,183
Rental cars	22,873	20,327
Parking	115,290	94,711
Total concessions, rental cars and parking revenues	211,064	164,221
FBO & OTHER REVENUES		
FBO	34,522	36,512
Other	22,190	20,721
Total FBO & other revenues	56,712	57,233
TOTAL OPERATING REVENUES	\$ 431,694	\$ 353,506



The analysis below explains the increases and decreases in operating revenues.

Fiscal Year 2024 Compared To Fiscal Year 2023

Operating revenues increased by \$78.2 million, or 22.1 percent, to \$431.7 million in FY 2024 from \$353.5 million in FY 2023. This increase was attributable to both Airline and Non-Airline Revenues from continued passenger growth associated with increased retail sales through diverse concessionaires, optimized parking options, and other Airport upgrades and expansions to accommodate more aircraft and passengers.

Airline revenues increased \$31.9 million, or 24.1 percent, to \$163.9 million in FY 2024. Terminal revenues and airfield revenues both increased. Terminal rents and fees increased by \$22.1 million to \$111.0 million while airfield revenues, which are associated with the airline landing fees, increased by \$9.8 million to \$53.0 million. The increase in revenues is attributable to significantly higher passenger activity in FY 2024. Airline revenues constituted 38.0 percent of total operating revenues in FY 2024.

Concessions, rental cars and parking revenues increased \$46.8 million, or 28.5 percent, to \$211.1 million in FY 2024. Concessions revenues increased by \$23.7 million, or 48.2 percent, to \$72.9 million driven by retail merchandise, food and beverage, advertising and other terminal concessions. Rental car revenues increased by \$2.5 million, or 12.5%, to \$22.9 million due to increased demand for ground transportation. Parking revenues increased by \$20.6 million to \$115.3 million; a 21.7 percent increase. This resulted from the increase in passenger activity, as well as enhanced parking options, dynamic pricing and online booking system. Concessions, rental cars and parking revenues represent 48.9 percent of total operating revenues in FY 2024.

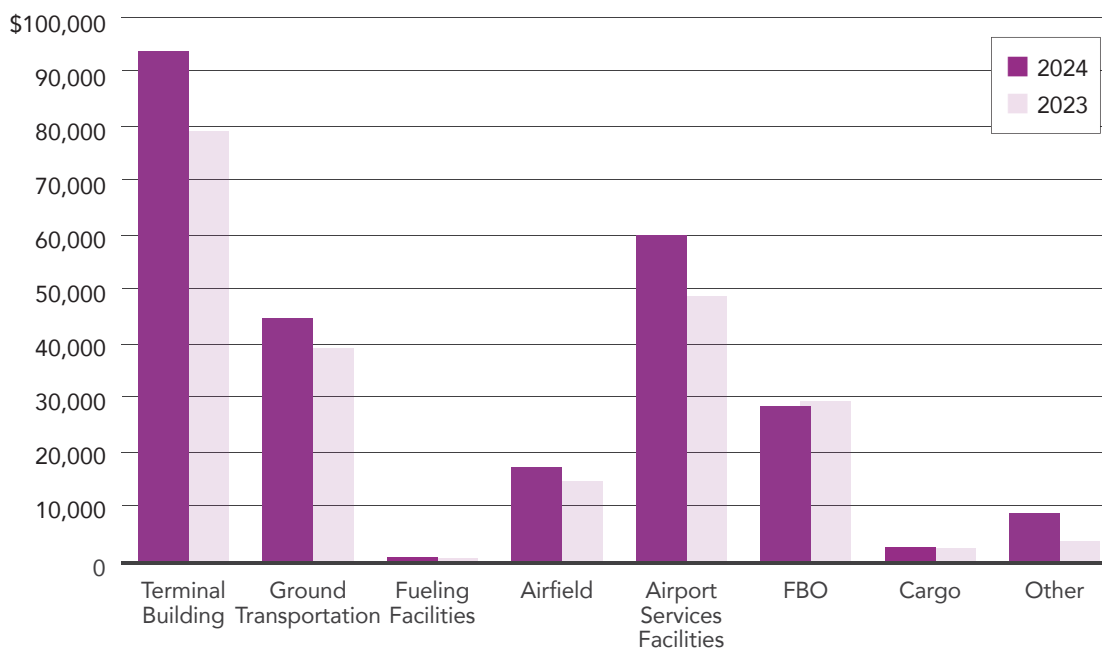
FBO and other revenues slightly decreased \$521 thousand, or 0.9 percent, to \$56.7 million due to lower fuel cost in FY 2024. FBO & other revenues were 13.1 percent of total operating revenues in FY 2024.

Operating Expenses Before Depreciation and Amortization

OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION

(Fiscal Years Ending June 30; \$'000)

	2024	2023
TERMINAL & AIRFIELD		
Terminal building	\$ 93,789	\$ 79,089
Ground transportation	44,782	39,268
Fueling facilities	203	117
Airfield	17,435	14,739
Total terminal & airfield	156,209	133,213
AIRPORT SERVICES FACILITIES	60,006	48,792
FBO, CARGO & OTHER		
FBO	28,601	29,598
Cargo	2,591	2,562
Other	8,925	3,724
Total FBO, cargo & other	40,117	35,884
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	\$ 256,332	\$ 217,889



The analysis below explains the increases in operating expenses.

Fiscal Year 2024 Compared To Fiscal Year 2023

Operating expenses before depreciation and amortization increased \$38.4 million, or 17.6 percent, to \$256.3 million in FY 2024 resulting from rising labor costs, increased maintenance and repair needs, terminal upgrades and enhanced technology.

Terminal Building expenses increased \$14.7 million to \$93.8 million, or 18.6 percent. Ground Transportation expenses increased by \$5.5 million and Airfield expenses increased \$2.7 million in FY 2024. Terminal Building expenses increased due to higher operational costs, as well as maintenance and materials usage, as a result of increased passenger activity. Ground Transportation expenses increased because of increased required maintenance, personnel costs and increased traffic control services, resulting from increased passenger activity. The Airfield experienced higher expenses due to increased aircraft activity, staffing needs and increased contractual services. Terminal and Airfield expenses accounted for 60.9 percent of operating expenses before depreciation and amortization in FY 2024.

Airport Services Facilities (ASF) expenses (the Airport's indirect overhead expense allocation) increased \$11.2 million, or 23.0 percent, to \$60.0 million in FY 2024. ASF's increase was due to higher personnel costs, operations and maintenance and contractual increases. ASF accounted for 23.4 percent of operating expenses before depreciation and amortization in FY 2024.

FBO, cargo and other expenses increased \$4.2 million, or 11.8 percent, to \$40.1 million in FY 2024. FBO, cargo and other expenses accounted for 15.7 percent of operating expenses before depreciation and amortization in FY 2024.

Capital Assets

The Airport Enterprise Fund's net capital assets were \$3.0 billion in FY 2024 and \$2.6 billion in FY 2023.

FY 2024's increase of \$365.5 million, or 13.9 percent, was primarily due to projects placed in service, however some Destination CLT projects are still in progress. The following is a summary of capital assets at June 30, 2024, and 2023:

CAPITAL ASSETS

(Fiscal Years Ending June 30; \$000)

	2024	2023
Land	\$ 438,303	\$ 424,905
Buildings	1,583,165	1,393,154
Runways	661,336	542,153
Other improvements	1,006,617	526,456
Intangibles	20,332	20,113
Machinery & equipment	213,177	205,666
Construction in progress	381,544	716,691
Right to use lease assets	1,453	1,233
Right to use SBITA assets	9,860	7,429
TOTAL CAPITAL ASSETS	4,315,787	3,837,800
Less: accumulated depreciation	1,308,991	1,198,495
Less: accumulated lease asset amortization	509	310
Less: accumulated SBITA asset amortization	3,419	1,648
NET CAPITAL ASSETS	\$ 3,002,868	\$ 2,637,347

Significant Capital Asset Additions During FY 2024

- FY 2024 Construction expense increased in several large projects to include the Concourse A Expansion Phase II, North End Around Taxiway, and Fourth Parallel Runway projects. However, overall Construction In Progress decreased by \$335.1 million primarily due to newly in service projects or substantially complete phases of project construction.
Below is a summary of capital projects with significant continued and new capitalizations in FY 2024.
 - Concourse A Expansion Phase II — \$95.0 million increase in construction expense
 - North End Around Taxiway — \$83.0 million increase in construction expense
 - Fourth Parallel Runway — \$73.6 million increase in construction expense
 - Terminal Lobby Expansion — \$64.1 million increase in construction expense
 - Taxiway F Extension, Deice Pad & Taxiway South Crossfield — \$47.4 million increase in construction expense
 - Terminal Lobby Canopy — \$13.6 million increase in construction expense
 - Concourse A, B, and C replacement Passenger Boarding Bridges — \$7.6 million increase in construction expense
 - Terminal Building Sprinkler and Voice — \$4.0 million increase in construction expense
- New project capitalizations recorded in FY 2024 include:
 - Deice Pad South Crossfield of \$119.2 million
 - South Ramp Expansion of \$7.4 million
 - Concourse E Renovation of \$5.9 million
 - Terminal Area Plan of \$4.1 million
 - Airport Inn Acquisition of \$3.4 million
 - Part 150 Study and Simulations of \$ 2.0 million
 - Terminal Building Sprinkler and Voice of \$1.7 million

Additional information on the Airport Enterprise Fund's Capital Assets can be found in Note 3 in the Notes to the Financial Statements, page 57.

Debt Administration

CITY OF CHARLOTTE, NORTH CAROLINA CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT AIRPORT REVENUE BONDS (ARBs)

City of Charlotte, North Carolina Charlotte Douglas International Airport ARBs are issued pursuant to the State and Local Government Revenue Bond Act and the Bond Order. Pursuant to the Bond Order, the City irrevocably pledges (i) Net Revenues, (ii) the City's right to receive Net Revenues, and (iii) money and investments in certain funds and accounts held under the Bond Order, including the Renewal and Improvement Fund. PFCs are excluded from the definition of Net Revenues; however, pursuant to the second supplemental bond order, PFCs transferred to the bond fund to pay debt service on PFC eligible bonds offset to the City's debt service payable from Net Revenues.

As of June 30, 2024 and 2023, the Airport had \$1.6 billion and \$1.3 billion respectively, of Airport Revenue Bond principal outstanding.

For more information regarding the ARBs, please refer to Note 4 in the Notes to the Financial Statements, page 59.

Additionally, as of June 30, 2024 and 2023, the Airport had Bond Anticipation Notes (BANs) outstanding in the amounts of \$13.6 million and \$122.0 million, respectively. Net Revenues on parity with the outstanding Airport Revenue Bonds secure the BANs.

For more information regarding the BANs, please refer to Note 4 in the Notes to the Financial Statements, page 59.

Economic Factors Affecting The Airport Enterprise Fund

- CLT passenger enplanements increased by 12.6 percent over FY 2023 to 28.6 million.
- The Airport's air service area is the Charlotte-Gastonia-Salisbury NC-SC Economic Area, as defined by the U.S. Bureau of Economic Analysis. The Charlotte-Concord-Gastonia North Carolina & South Carolina Metropolitan Statistical Area (MSA) is the primary economic center of the Economic Area. According to U.S. Census estimates, the MSA's estimated calendar year 2023 population was 2.8 million.
- The MSA and State of North Carolina unemployment rates were lower than the nation in calendar year 2023. The MSA and North Carolina rates were 3.2 percent while the nation's unemployment rate was 3.6 percent.
- American Airlines served 88.8 percent of the enplaned Airport's passengers in FY 2024. For the fiscal year ended June 30, 2024, American Airlines and its affiliates provided 26.2 percent of the Airport's operating revenues.

Requests For Financial Information

This annual financial report is designed to provide a general overview of the Airport's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the City of Charlotte's Finance Department, 600 East Fourth Street, Charlotte, NC 28202-2848.

For prior Airport financial reports or other City financial information please visit the City of Charlotte's Finance Department website at: charlottenc.gov/City-Government/Departments/Finance/Publications.





Basic Financial Statements

- 44 Statement of Net Position
- 47 Statement of Revenues, Expenses and Changes in Net Position
- 48 Statement of Cash Flows
- 50 Notes to the Financial Statements

The Financial Section contains audited information about the Airport Enterprise Fund.

STATEMENT OF NET POSITION

June 30, 2024; \$000

ASSETS**Current assets:**

Cash, cash equivalents and investments	\$ 825,913
Receivables, net of allowance for uncollectibles (\$864)	
Accounts	48,342
Lease receivable	17,379
Other	14,077
Total receivables	79,798
Due from other governmental agencies	55,477
Due from other funds	61
Prepaid items	7,524
Restricted assets-	
Cash and cash equivalents	267,547
Investments	449,146
Total restricted assets	716,693
Total current assets	1,685,466

Long-term assets:

Lease receivable	130,250
Net OPEB asset	9,749
Capital assets (Note 3)	
Land	438,303
Buildings	1,583,165
Runways	661,336
Other improvements	1,006,617
Intangibles	20,332
Machinery and equipment	213,177
Construction in progress	381,544
Right to use lease assets	1,453
Right to use SBITA assets	9,860
Total capital assets	4,315,787
Less accumulated depreciation	1,308,991
Less accumulated right to use lease asset amortization	509
Less accumulated right to use SBITA asset amortization	3,419
Total capital assets, net	3,002,868
Total long-term assets	3,142,867
Total assets	4,828,333

DEFERRED OUTFLOWS OF RESOURCES

Pension deferrals	18,393
OPEB deferrals	987
Contributions to pension plan in current fiscal year	7,722
Unamortized bond refunding charges	344
Total deferred outflows of resources	27,446

Continued

LIABILITIES**Current liabilities:**

Accounts payable	\$ 72,061
Deposits and retainage payable	1,009
Accrued interest payable	143
Due to component unit	48
Unearned revenue	3,990
Current maturities of noncurrent liabilities	5,067
Current liabilities payable from restricted assets-	
Accounts payable	72,350
Deposits and retainage payable	38,079
Accrued interest payable	37,545
Revenue bonds payable	46,041
Total current liabilities payable from restricted assets	194,015
Total current liabilities	276,333

Noncurrent liabilities (Note 4)

Revenue bonds payable - net of unamortized premiums of \$176	1,741,775
Revenue bond anticipation notes payable	13,554
Lease payable	769
SBITA payable	4,125
Compensated absences payable	3,595
Net pension liability	43,183
Total noncurrent liabilities	1,807,001
Total liabilities	2,083,334

DEFERRED INFLOWS OF RESOURCES

Leases	139,593
Pension deferrals	1,008
OPEB deferrals	2,145
Gain on refunding	4,723
Total deferred inflows of resources	147,469

NET POSITION

Net investment in capital assets	1,363,087
Restricted for:	
Debt service	137,286
Passenger facility charges eligible projects	237,113
Contract facility charges eligible projects	9,309
Working capital	63,933
Net OPEB asset	9,749
Unrestricted	804,499
Total net position	\$ 2,624,976

The notes to the financial statements are an integral part of this statement.

This page intentionally left blank.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2024; \$000

OPERATING REVENUES:

Terminal rents & fees	\$ 110,965
Airfield	52,953
Concessions	72,901
Rental cars	22,873
Parking	115,290
Fixed base operator area	34,522
Other	22,190
Total operating revenues	431,694

OPERATING EXPENSES:

Terminal building	93,789
Ground transportation	44,782
Fueling facilities	203
Airfield	17,435
Airport services facilities	60,006
Fixed base operator area	28,601
Cargo area	2,591
Right to use lease amortization	199
Right to use SBITA amortization	2,182
Depreciation	112,290
Other	8,925
Total operating expenses	371,003
Operating income	60,691

NONOPERATING REVENUES (EXPENSES):

Grant contributions	89,904
Passenger facility charges	76,957
Contract facility charges	14,342
Investment earnings	74,703
Interest expense and other charges	(64,505)
Bond issue expense	(2,697)
Non-airline terminal revenue distribution	(65,229)
Other	(1,295)
Total nonoperating revenues (expenses)	122,180

Income before contributions 182,871

CAPITAL CONTRIBUTIONS

123,753

TRANSFERS OUT

(1,456)

Change in net position 305,168

Total net position - beginning 2,319,808

Total net position - ending \$ 2,624,976

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024; \$000

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 430,481
Payments to suppliers	(165,589)
Payments to other City funds for services	(40,224)
Payments to employees	(65,330)
Payments to airlines for non-airline terminal revenue distribution	(56,165)
Other (payments)	2,728
Net cash provided by operating activities	105,901

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Noncapital contributions	89,904
Transfers	(1,456)
Net cash provided by noncapital financing activities	88,448

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	284,914
Passenger facility charges	74,073
Contract facility charges	14,266
Acquisition and construction of capital assets	(466,724)
Leases	(1,325)
SBITAs	(1,799)
Principal paid on capital debt	(38,973)
Interest and other charges paid on capital debt	(59,213)
Capital contributions	121,315
Net cash (used) by capital and related financing activities	(73,466)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(458,378)
Proceeds from sale and maturities of investments	282,953
Interest received	69,992
Net cash provided by investing activities	(105,433)

Net increase in cash, cash equivalents and investments	15,450

Cash, cash equivalents and investments - beginning of year	1,078,010

Cash, cash equivalents and investments - end of year	\$ 1,093,460

Continued

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 60,691
Adjustments to reconcile operating income to net cash provided by operating activities-	
Depreciation	112,290
Amortization	2,381
Other (payments)	2,728
Non-airline terminal revenue distribution	(56,165)
Change in assets deferred outflows, liabilities and deferred inflows-	
(Increase) in receivables	(1,213)
(Increase) in due from other governmental agencies	(25,222)
Decrease in due from other funds	44
(Increase) in prepaid items	(3,220)
(Increase) in deferred outflows of resources for pensions	(4,308)
(Increase) in net OPEB asset	(221)
Decrease in deferred outflows of resources for OPEB	1,670
Increase in accounts payable	8,704
(Decrease) in deposits and retainage payable	(900)
(Decrease) in due to component unit	(24)
Increase in net pension liability	10,355
Increase in deferred inflows of resources for pension	283
(Decrease) in deferred inflows of resources for OPEB	(2,840)
Increase in compensated absences payable	868
Total adjustments	45,210
Net cash provided by operating activities	\$ 105,901

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Acquisition of capital assets through leases	\$ 220
Acquisition of capital assets through SBITA	2,431
Net noncash investing, capital and financing activities	\$ 2,651

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY

The accompanying financial statements present only the activities and resources of Charlotte Douglas International Airport (Airport), an enterprise fund of the City of Charlotte (City), North Carolina, and accordingly, do not purport to and do not present the financial position of the City of Charlotte, North Carolina.

B. BASIS OF PRESENTATION

The Airport is an enterprise fund of the City that accounts for the operations of Charlotte Douglas International Airport. All assets and liabilities associated with the Airport's activities are included on the Statement of Net Position. The Airport financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. CASH AND CASH EQUIVALENTS/INVESTMENTS

The City maintains a cash management pool (pool) that is used by the Airport and other funds of the City. The pool facilitates disbursement and investment and maximizes investment income. Earnings on the pooled funds are apportioned and credited to the funds monthly based on the average daily balance of each fund. Since the Airport may deposit additional amounts at any time and may withdraw funds at any time without prior notice or penalty, the pool is used essentially as a demand deposit account. Therefore, for the Statement of Net Position and Statement of Cash Flows, the Airport's portion of pooled cash is considered cash and cash equivalents. The restricted cash includes PFC, CFC, and cash equivalents/investments held by trustees as required by revenue bond covenants. All restricted money market funds are considered cash and cash equivalents. The remaining amount of restricted assets is considered investments.

DEPOSITS

As of June 30, 2024, the carrying amount of bank deposits was \$5,441 and the bank balance solely in the Airport's name was \$860. The remainder of the Airport's bank balance is included in the City's pooled cash account. All deposits of the City are made in board-designated official depositories and are secured as required by state statutes. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit. The Airport has petty cash of \$2.

According to the City's policy regarding custodial credit risk for deposits, all of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. Of the Airport's bank balance, \$250 was covered at the federal depository insurance coverage level and \$610 was covered by collateral held under the Pooling Method.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

INVESTMENTS

State statute 159-30 authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements.

The investments of the Airport at June 30, 2024, stated at fair value, were \$1,537,163. Of this amount, \$449,146 were restricted. The investments and maturities were as follows:

Investment type	Fair Value	2024 Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Treasuries	\$ 233,565	\$ 193,313	\$ 40,252	\$ -
U.S. Agencies	708,915	484,784	176,275	47,856
Commercial paper	7,511	7,551	-	-
Mutual funds	35,103	N/A	N/A	N/A
NCCMT Government Portfolio	552,069	N/A	N/A	N/A
Total	\$ 1,537,163	\$ 685,648	\$ 216,527	\$ 47,856

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2024:

Investments by fair value level	6/30/2024	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)
Debt securities			
U.S. Treasuries	\$ 233,565	\$ 233,565	\$ -
U.S. Agencies	708,915	-	708,915
Commercial paper	7,511	7,511	-
Mutual Funds	35,103	35,103	-
NCCMT Government Portfolio	552,069	552,069	-
Total investments by fair value level	\$ 1,537,163	\$ 828,248	\$ 708,915

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy structures the investment portfolio so security maturities match cash flow requirements for ongoing operations, avoiding the need to sell securities on the open market prior to maturity. Also, the City's investment policy requires the investment of operating funds primarily in shorter-term securities (0-5 years), money market mutual funds, or similar investment pools.

Concentration of Credit Risk. The City's investment policy limits the amount of commercial paper or bankers' acceptances to a maximum of 25 percent of the portfolio. For commercial paper, a maximum of \$20 million may be invested in any one issuer. For bankers' acceptances, the maximum investment is limited to 10 percent of the portfolio for any one issuer.

Credit Risk. The City's investment policy seeks to minimize credit risk by pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, and intermediaries with which the City will do business and diversifying the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2024, the Airport's investments in commercial paper carried at least S&P A1, Moody's P1 or Fitch F1 ratings. The Airport's investments in the NCCMT Government Portfolio carried a credit rating of AA+ by S&P as of June 30, 2024. The Airport's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by S&P and Aaa by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2024, the City had no investments subject to custodial credit risk. The City's investment policy limits custodial credit risk by providing purchased securities be delivered to a third-party safekeeping bank designated by the City.

D. ACCOUNTS RECEIVABLES

Accounts receivables are shown net of an allowance for uncollectibles. This amount is estimated by identifying receivables unlikely to be paid but not yet eligible for final write-off.

E. LEASE RECEIVABLES

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

F. CAPITAL ASSETS

Donated capital assets are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical. General infrastructure assets are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets are assets with an initial, individual cost of \$5 or more, except intangible assets and subscription-based information technology arrangements which have a minimum cost of \$100. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	20-50 years
Runways	33 years
Other Improvements	5-125 years
Intangibles	5-20 years
Machinery and Equipment	3-40 years

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

The right to use lease assets are initially measured at an amount equal to the present value of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use Subscription-Based Information Technology Arrangement (SBITA) assets are initially measured at an amount equal to the present value of the SBITA liability plus any SBITA payments made at the start of the SBITA term, if applicable, plus capitalizable initial implementation costs at the start of the SBITA term, less any incentives received from the SBITA vendor at the start of the SBITA term. The right to use SBITA assets are amortized on a straight-line basis over the SBITA term.

G. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The Deferred Outflows of Resources financial statement element represents a consumption of net asset that applies to a future period and so will not be recognized as an expense until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then.

H. NONCURRENT LIABILITIES

Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable premiums. Bond issuance costs are expensed in the reporting period in which they are incurred.

I. COMPENSATED ABSENCES

Employees earn vacation leave at the rate of 10-20 days per year and can accrue a maximum of 20-40 days, depending on length of service. Effective January 1, 2016, vacation in excess of the maximum accumulation is transferred into the employee's wellbeing leave balance. Unused vacation days are payable upon termination, resignation, retirement or death.

Employees accumulate wellbeing leave at the rate of one day per month and can accrue an unlimited number of days. Wellbeing leave can be taken for the physical or mental health care of the employee or family member. Wellbeing leave is lost upon termination or resignation, unless the employee retires and immediately begins drawing a retirement benefit. Employees may be paid 20 percent of outstanding wellbeing leave, with a maximum of 43.5 days, upon retirement or death.

Compensated absences payable includes accumulated unpaid vacation leave and wellbeing leave.

J. NET POSITION

Net position is classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants or regulations of other governments.

K. REVENUES

The primary sources of revenue at the Airport are fees and charges paid by the airlines, revenues paid by concessionaires providing services to the general public and revenues generated from airport parking. Signatory airline terminal and airfield rates and charges are governed by a 10 year Airline Use and Lease Agreement, effective in FY 2017, and concession revenues are established by leases of varying methodologies and terms. The airlines are assessed fees and charges to include: Terminal Building charges, Airport services facilities fees, and landing fees. Airline fees and charges are established at a level adequate to recover the related services and facilities costs. Concession revenues are generated either through fixed annual charges or on the basis of a percentage of sales generated by the tenants' operations.

The Airport distinguishes operating revenues and expenses from nonoperating items. Operating revenues and

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport result from exchange transactions associated with the principal activity of the Airport. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings and grants, and nonoperating expenses, such as interest expense and other charges, result from nonexchange transactions or ancillary activities.

L. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Charlotte's employer contributions are recognized when due and there is a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net OPEB liability (asset), deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Employee Benefit Trust Plan (EBTP) and additions to/deductions from the EBTP fiduciary net position have been determined on the same basis as they are reported by the EBTP. For this purpose, the EBTP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

As of July 1, 2023, the City adopted the provisions of GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62, is in effect for fiscal years beginning after June 15, 2023. This accounting pronouncement is intended to streamline the reporting of accounting changes and error corrections and the related disclosures in governmental financial reporting. GASB Statement No. 100 represents a significant step towards improving the quality and consistency of financial reporting for governmental entities. By adhering to these updated standards, entities can enhance the transparency and reliability of their financial statements, thereby fostering greater trust and confidence among stakeholders. One of the challenges with the prior period adjustment guidance in GASB 62 was that financial statement preparers were unsure how to apply the guidance in certain situations, which led to a lack of consistency across governments. The differences in application meant governmental entities were reporting similar restatements in different ways. One government might report an accounting change, while another government might report a similar change as an error correction. GASB 100 clarifies the accounting change categories and provides guidance for reporting and disclosing those changes. GASB 100 will apply to all governmental entities and will impact how entities define an accounting error or change. The standard clarifies what represents an accounting change or an error correction and guides how these changes should be presented in the financial statements.

*2. Receivables***A. LEASE RECEIVABLE**

The Airport leases land, buildings, machinery and equipment, and Airport facilities (non-regulated leases) to various third-party tenants doing business in the City of Charlotte. These leases have terms including options to extend between 5 and 50 years, with payments required monthly, semiannually, or annually. In addition to fixed payments and variable payments that are fixed in substance, the present value of which are included in the lease receivable, the Airport receives variable payments that depend on future performance of the lessee or usage of the underlying asset and non lease payments that are excluded from the measurement of the lease receivable and recognized as inflows of resources.

In FY 2024, the Airport recognized \$17,479 of lease revenue and \$3,493 of interest revenue related to these leases. In addition, the Airport recognized \$70,359 in variable lease revenue not included in the lease receivable. As of June 30, 2024, the Airport's lease receivables were valued at \$147,629. The deferred inflow of resources associated with these leases to be recognized as revenue over the remaining terms of the leases is \$139,593.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

The principal and interest requirements to maturity for the lease receivable at June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 17,379	\$ 3,206	\$ 20,585
2026	17,570	2,775	20,345
2027	17,297	2,334	19,631
2028	17,114	1,895	19,009
2029	11,929	1,498	13,427
2030-2034	21,616	5,124	26,740
2035-2039	12,210	3,761	15,971
2040-2044	6,669	2,858	9,527
2045-2049	2,908	2,534	5,442
2050-2054	3,574	2,236	5,810
2055-2059	4,352	1,854	6,206
2060-2064	5,258	1,373	6,631
2065-2069	6,319	772	7,091
2070-2074	3,434	128	3,562
Total	\$ 147,629	\$ 32,348	\$ 179,977

B. REGULATED LEASES

The City has leasing agreements for aeronautical use of the Airport's airfield, terminal, and other facilities as defined by the Federal Aviation Administration. The City leases land and buildings to third parties under these agreements.

As of June 30, 2024, the remaining amount of expected future minimum payments under these agreements is as follows:

Year Ending June 30	Principal
2025	\$ 49,002
2026	48,870
2027	5,057
2028	4,794
2029	4,493
2030-2034	20,646
2035-2039	16,144
2040-2044	8,515
2045-2049	2,323
2050-2054	473
2055-2057	45
Total	\$ 160,362

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

In July 2016, the City and American Airlines Group, Inc. (American Airlines), JetBlue Airlines, Southwest Airlines, Delta Air Lines and United Airlines (collectively, the Signatory Airlines) entered into an Airline Use and Lease Agreement (AUA) for usage of Charlotte Douglas International Airport (Airport) facilities to conduct business as air transportation businesses. Subsequently in 2019, Frontier Airlines and Spirit Airlines became Signatory Airlines. This agreement is non-cancellable and terminates no later than 2026 with no option to extend. Under the terms of this agreement, Signatory Airlines pay the Airport monthly based on the annual rental rate and fee schedule. Rate calculations are based on total estimates of cost and expenses, estimates of passengers and total landed weight, and other factors. Final settlements are made each year after the audit of the Airport fund's Annual Comprehensive Financial Report. Other airlines operating at the Airport are billed at rates established by the City's ordinances.

Pursuant to the AUA, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on Airport Revenue Bonds (ARBs) issued by the City to fund airfield, terminal, and other airport improvements. Under the Agreement, American Airlines exclusively leases terminal space and facilities on the ramp levels of Concourses A, B, C, D, and E, ancillary space on the ticketing level of those Concourses, airline club space, and office space in the mezzanine of the Airport Atrium. American Airlines also preferentially leases gates on A, B, C, D and E Concourses. Delta, United, Southwest, JetBlue, Spirit, and Frontier exclusively lease support space on the ramp level of A Concourse; these airlines also preferentially lease gates on A Concourse. All of the Signatory Airlines under the agreement exclusively lease airline ticket counter support space in the Airport lobby and baggage service office space in the baggage claim area of the Airport. All Signatory Airlines also preferentially lease ticket counters in the Airport lobby.

In addition, the agreement grants American Airlines preferential use of boarding gates, aircraft parking, and other areas at the Airport. No other airlines have exclusive or preferential use of more than five (5) percent of terminal space or other areas of the Airport as of June 30, 2024. Exclusive and preferential use of space are summarized as follows:

Charlotte Douglas International Airport Leased Terminal Space										
	American	Delta	United	Southwest	JetBlue	Spirit	Frontier	Joint Use	Other Space	Total
Airline Leased Space (sq. ft.)	431,706	33,983	22,686	8,493	4,890	4,129	2,291	296,307	-	804,485
Airline Exclusive	276,060	18,834	9,876	2,713	1,478	2,018	513	-	-	311,492
Airline Preferential	155,646	15,149	12,810	5,780	3,412	2,111	1,778	-	-	196,686
Joint Use	-	-	-	-	-	-	-	296,307	-	296,307
Non-Airline Rentable Space	-	-	-	-	-	-	-	-	400,757	400,757
Common Use Gate/Holdroom	-	-	-	-	-	-	-	-	17,352	17,352
Common Use Ticket Counter	-	-	-	-	-	-	-	-	1,735	1,735
Concessions	-	-	-	-	-	-	-	-	217,740	217,740
Rentable-Other Airline	-	-	-	-	-	-	-	-	-	-
Rentable-Other Office	-	-	-	-	-	-	-	-	34,592	34,592
CBP	-	-	-	-	-	-	-	-	129,338	129,338
Vacant	-	-	-	-	-	-	-	-	-	-
Total Leasable Space	431,706	33,983	22,686	8,493	4,890	4,129	2,291	296,307	400,757	1,205,242
Common and preferential use										
gate assignments										
Number of gates	88	7	4	2	-	1	1	-	11	114

For the year ended June 30, 2024, the Airport recognized \$49,245 of inflows of resources from fixed lease revenue payments and \$65,179 of inflows of resources from variable lease payments not included in expected future minimum payments related to these regulated lease agreements. Variable lease payments were based on usage measures and included landing fees, bag processing fees, gate use fees, international facility use fees, and ticket counter use fees.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

3. Capital Assets:

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance July 1, 2023	Increases	Decreases	Ending Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 424,905	\$ 13,398	\$ -	\$ 438,303
Construction in progress	716,691	478,369	813,516	381,544
Total capital assets, not being depreciated	1,141,596	491,767	813,516	819,847
Capital assets, being depreciated:				
Buildings	1,393,154	190,011	-	1,583,165
Runways	542,153	119,183	-	661,336
Other improvements	526,456	480,161	-	1,006,617
Intangibles	20,113	219	-	20,332
Machinery and equipment	205,666	9,941	2,430	213,177
Total capital assets being depreciated	2,687,542	799,515	2,430	3,484,627
Less accumulated depreciation for:				
Buildings	702,017	46,351	-	748,368
Runways	247,371	15,694	-	263,065
Other improvements	119,586	29,885	-	149,471
Intangibles	13,021	3,009	-	16,030
Machinery and equipment	116,500	17,351	1,794	132,057
Total accumulated depreciation	1,198,495	112,290	1,794	1,308,991
Total capital assets, being depreciated, net	1,489,047	687,225	636	2,175,636
Right to use assets being amortized:				
Leased machinery and equipment	1,233	220	-	1,453
SBITAs	7,429	3,839	1,408	9,860
Total right to use assets being amortized	8,662	4,059	1,408	11,313
Less accumulated amortization for:				
Leased machinery and equipment	310	199	-	509
SBITAs	1,648	2,132	361	3,419
Total accumulated amortization	1,958	2,331	361	3,928
Total right to use assets being amortized, net	6,704	1,728	1,047	7,385
Capital assets, net	\$ 2,637,347	\$ 1,180,720	\$ 815,199	\$ 3,002,868

Decreases in construction in progress relate to increases in land and other capital assets. Other items not meeting capitalization thresholds are expensed.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

4. Noncurrent Liabilities:

A summary of changes in noncurrent liabilities for the year ended June 30, 2024, follows by type:

	Interest Rates	Date Issued	Final Maturity	Original Issue Amount	Beginning Balance July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024	Due Within One Year
General Airport Revenue Bonds:									
2014 Refunding Series A	5.00%	11/6/2014	2035	\$ 74,290	\$ 74,290	\$ -	\$ 4,375	\$ 69,915	\$ 4,940
2014 Refunding Series B	2.00% - 5.00%	11/6/2014	2024	31,100	330	-	330	-	-
2017 Series A	5.00%	6/1/2017	2048	167,385	156,640	-	3,280	153,360	3,445
2017 Series B	5.00%	6/1/2017	2048	16,345	15,480	-	325	15,155	340
2017 Refunding Series C	3.25% - 5.00%	6/1/2017	2042	119,050	104,910	-	3,675	101,235	7,515
2019 Series A	3.00% - 5.00%	6/20/2019	2050	142,220	136,650	-	2,610	134,040	2,740
2019 Series B	4.00% - 5.00%	6/20/2019	2050	36,145	34,910	-	665	34,245	700
2021 Series A	3.00% - 5.00%	5/6/2021	2052	271,525	268,065	-	7,250	260,815	7,620
2021 Series B	3.00% - 5.00%	5/6/2021	2052	108,420	104,780	-	4,740	100,040	4,990
2022 Series A	4.00% - 5.00%	6/2/2022	2053	298,705	298,705	-	3,585	295,120	4,850
2022 Series B	4.25% - 5.00%	6/2/2022	2053	74,225	74,225	-	870	73,355	1,195
2023 Series A	5.00% - 5.25%	9/28/2023	2054	256,875	-	256,875	-	256,875	-
2023 Series B	5.00% - 5.25%	9/28/2023	2054	110,285	-	110,285	-	110,285	-
Total General Airport Revenue Bonds					1,268,985	367,160	31,705	1,604,440	38,335
Plus unamortized premiums					164,415	26,229	7,268	183,376	7,706
Total bonds payable net of unamortized premiums					1,433,400	393,389	38,973	1,787,816	46,041
Direct Placement Revenue Bond Anticipation Notes					122,029	27,281	135,756	13,554	-
Lease liabilities					930	220	190	960	191
SBITA liabilities					5,525	4,425	3,793	6,157	2,032
Compensated absences					5,571	5,136	4,268	6,439	2,844
Arbitrage					91	-	91	-	-
Net pension liability (LGRS) (Note 6)					32,828	10,355	-	43,183	-
Total noncurrent liabilities net of unamortized premiums					\$ 1,600,374	\$ 440,806	\$ 183,071	\$ 1,858,109	\$ 51,108

Bond debt service requirements to maturity are as follows:

Airport Revenue Bonds				
Year Ending June 30	Principal	Interest	Total	
2025	\$ 38,335	\$ 74,034	\$	112,369
2026	42,890	72,004		114,894
2027	45,065	69,805		114,870
2028	47,345	67,495		114,840
2029	48,165	65,107		113,272
2030-2034	267,730	287,194		554,924
2035-2039	286,140	220,580		506,720
2040-2044	280,555	155,371		435,926
2045-2049	311,020	89,829		400,849
2050-2054	237,195	23,938		261,133
Total	\$ 1,604,440	\$ 1,125,357	\$	2,729,797

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

A. REFUNDING AIRPORT REVENUE BONDS (ARBS)

The Revenue Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Order. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Revenue Bond Order.

In the event of default, the City agrees to pay the purchaser on-demand interest on any and all amounts due and owed by the City under the related documents. New debt is issued on parity with existing debt. Revenue bonds are backed by revenue bond covenants.

The Revenue Bond Order provided for the establishment of a special fund designated the Revenue Fund into which the City is required to deposit most Airport revenues upon receipt. Moneys on deposit in this fund will be applied at such times and in accordance with the priorities established by the Revenue Bond Order. Moneys in the Revenue Fund are required to be transferred to the following funds, established pursuant to the Revenue Bond Order, in the following order of priority: the Operating Fund, the Revenue Bond Fund and the Renewal and Improvement Fund.

The principal and interest on the Revenue Bonds are payable from net revenues of the Airport. Pursuant to the Revenue Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as necessary to produce revenues at least equal to the amounts required to be transferred to the funds indicated above plus an amount sufficient to have on deposit in the Revenue Fund, as of the first business day of the next fiscal year, an amount equal to the Coverage factor for the preceding fiscal year. The Coverage factor is equal to 25 percent of the amounts required to be deposited to the Revenue Bond Fund for the principal and interest payments for the fiscal year. In addition, the Revenue Bond Order provided for the establishment of the following reserves:

1. In the Revenue Bond Fund an amount equal to the maximum principal and interest requirements for the Revenue Bonds for any current or succeeding fiscal year, \$112,243.
2. In the Operating Fund Reserve an amount equal to 1/4 of the annual budget for current expenses, \$62,433 in 2024.

The debt service reserve requirements for the ARBs are fully cash funded. See the table below for details:

Bond Series	Reserve Account Requirement (in thousands)
2014AB	\$ 5,884
2017A	\$ 11,297
2017B	\$ 1,103
2017C	\$ 8,034
2019A	\$ 9,328
2019B	\$ 2,371
2021AB	\$ 21,922
2022AB	\$ 26,889
2023AB	\$ 25,415

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

B. AIRPORT REVENUE BOND ANTICIPATION NOTES

The City has available an Airport direct placement revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$280,000. The note is payable from net revenues of the Airport. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by Airport Revenue Bonds. The note will mature no later than the third anniversary of the closing date or September 28, 2026. The City had Airport direct placement revenue bond anticipation notes payable of \$13,554 outstanding at June 30, 2024. Interest rates are based upon market conditions.

Direct placement airport revenue bond anticipation note debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2025	\$ -	\$ 621
2026	-	622
2027	13,554	153
Total	\$ 13,554	\$ 1,396

C. LEASE LIABILITIES

The Airport has entered into agreements to lease certain machinery and other equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The terms and conditions for these leases vary and generally contain renewal options for periods ranging from 5 to 20 years. If the Airport is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term and associated potential option payments are excluded from the present value calculation of the right to use lease asset and the lease liability determination. The Airport's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. As a result of the leases, the Airport has recorded the right to use assets with a total net book value of \$944.

Payments due under the lease contracts include fixed, periodic payments over the lease terms plus, for many of the Airport's leases, variable and non lease component payments. For the Airport's leases, variable lease payments that depend on future performance or usage of the underlying asset and non lease components are excluded from the measurement of the lease liability and recognized as outflows of resources.

In FY 2024, the Airport recognized \$375 in variable lease payments not previously included in the measurement of the lease liability. As of June 30, 2024, the Airport's lease payables were valued at \$960.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 191	\$ 21	\$ 212
2026	196	16	212
2027	201	11	212
2028	176	7	183
2029	151	3	154
2030-2032	45	-	45
Total	\$ 960	\$ 58	\$ 1,018

D. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The City has entered into subscription-based information technology arrangements (SBITAs). The SBITA agreements have been recorded at the present value of the future subscription payments as of the date of their inception. Accordingly, the City's estimated incremental borrowing rates of 2.41 percent to 3.57 percent were used to discount the SBITA payments. As a result of the subscriptions, the Airport has recorded the right to use assets with a total net book value of \$6,441. The SBITA liability balance was \$6,157 at June 30, 2024.

The future minimum SBITA obligations and the net present value of these minimum SBITA payments as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 2,032	\$ 158	\$ 2,190
2026	1,741	106	1,847
2027	1,620	62	1,682
2028	764	21	785
2029	-	-	-
Total	\$ 6,157	\$ 347	\$ 6,504

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

*5. Lease Agreements:***AIRLINE USE AND LEASE AGREEMENT**

Airport facilities are leased primarily to the signatory airlines under agreements having terms of 10 years. Fees and charges under these agreements are computed in a manner designed to recover the cost of operating the Airport. Provisions in these agreements give the airlines the right to approve future expansion of the Airport facilities and any issuance of new debt affecting the fees and charges to the airlines. Other provisions ensure that sufficient fees and charges will be collected to meet Airport debt service requirements. In addition, the agreements provide for a distribution to the airlines of a portion of the non-airline terminal revenues.

AIRPORT LEASING ARRANGEMENTS

A major portion of the Airport's assets are leased under operating agreements with airlines and other tenants.

The total cost and accumulated depreciation of the assets at June 30 were as follows:

	2024
Land	\$ 438,303
Buildings	1,583,165
Runways	661,336
Improvements other than buildings	1,006,617
Intangibles	20,332
Machinery and equipment	213,177
Total	3,922,930
Less accumulated depreciation	1,308,991
Total	\$ 2,613,939

6. Transactions with the City of Charlotte:

Expenses include certain costs charged to the Aviation Department by other funds of the City. These charges were as follows:

	2024
Administrative and other City services	\$ 17,795
Airport security provided by CMPD	13,352
Crash, fire and rescue services	9,077
Total	\$ 40,224

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

7. Pension Plans and Other Benefits:

A. LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description. The City of Charlotte, and the Aviation Department as an enterprise fund of the City, is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 707-0500, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined at 1.85 percent of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by North Carolina General Statute § 128-30 and may be amended only by the North Carolina General Assembly. Aviation Department employees are required to contribute 6 percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The contractually required contribution rate for the year ended June 30, 2024 was 13.60 percent for general employees of the Aviation Department, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Aviation Department were \$7,722 for the year ended June 30, 2024.

Refund of Contributions. Aviation Department employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4 percent interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the Aviation Department reported a liability of \$43,183 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the City's proportion was 6.281 percent, which was a decrease of 0.184 percent from its proportion measured as of June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

For the year ended June 30, 2024, the Aviation Department recognized pension expense of \$14,051. At June 30, 2024, the Aviation Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,811	\$ 104
Changes of assumptions	1,835	-
Net difference between projected and actual earnings on pension plan investments	11,558	-
Changes in proportion and differences between Aviation contributions and proportionate share of contributions	189	904
Aviation Department's contributions subsequent to the measurement date	7,722	-
Total	\$ 26,115	\$ 1,008

\$7,722 reported as deferred outflows of resources related to pensions resulting from Aviation Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2025	\$	6,400
2026		2,924
2027		7,572
2028		489
Total	\$	17,385

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25 to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic Fixed Income	7.0%	5.0%
Inflation Sensitive	6.0%	2.7%
Total	100.0%	

The information in the previous table is based on 30-year expectations developed with the consulting actuary for the asset, liability and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25 percent. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Aviation Department's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Aviation Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Aviation Department's proportionate share of the net pension liability	\$ 74,812	\$ 43,183	\$ 17,142

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

B. OTHER POSTEMPLOYMENT BENEFITS

The Aviation Department participates in the City of Charlotte Employee Benefit Trust Plan (EBTP).

Plan Description. The EBTP is a single-employer defined benefit healthcare plan administered by the City of Charlotte. The EBTP provides health and welfare benefit plans for the benefit of eligible retired employees of the City. Section 4.05 of the Charlotte City Code assigns the authority to establish benefit provisions for EBTP to the City Council. The EBTP is included in the Annual Comprehensive Financial Report (ACFR) for the City of Charlotte. The City's ACFR includes financial statements and required supplementary information for EBTP. That report may be obtained by writing to City of Charlotte, Finance Department, Charlotte-Mecklenburg Government Center, 600 East Fourth Street, 10th Floor, Charlotte, North Carolina 28202-2848.

Plan Membership. At June 30, 2022 the membership of the EBTP for the City consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	2,207
Active plan members	2,654
Total	4,861

Benefits Provided. The EBTP provides healthcare benefits for retirees hired before July 1, 2009 and have at least ten years of consecutive City service in a benefit eligible position and immediately begin drawing a retirement benefit. The City pays a percentage of the cost of coverage for employees' benefits through private insurers based on years of service.

Contributions. The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from \$221 to \$5,898 per retiree.

City Contributions to EBTP based on years of creditable service		
Years of Creditable Service	Date Hired	
	Pre-July 1, 2009	On or after July 1, 2009
less than 10 years	0%	0%
10 to 20 years	51%	0%
20 + years	60%	0%

The City Council set the employer contribution rate to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually. For the current year, the City contributed \$16,227 to the plan; the Aviation Department's proportionate share of the employer contribution was \$474.

Investments. The Long-Term Investment Program (LTIP) represents an investment program in which long-term capital reserves of the City are invested under expanded investment authorization outlined in state law G.S. 147-69.2(b)(1)-(6) and (8) as rewritten with additional investment authorization in Senate Bill 703, ratified June 3, 2009, in order to diversify investment assets of the City. In addition, the LTIP is expected to be a source of funding for OPEB obligations of the City.

The LTIP is overseen by its Board which works with an external investment consultant to manage the LTIP by developing and monitoring its investment policy, including asset allocation, selecting qualified investment managers to manage LTIP assets, and to monitor and evaluate individual manager performance.

The LTIP policy regarding the allocation of invested assets is established and may be amended by a majority vote of its Board members. It is the policy of the Board to pursue an investment strategy with moderate risk that provides a rate of return that exceeds the rate of inflation and that is above average compared to relevant market benchmarks.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

The Board also seeks prudent diversification of the portfolio across a broad selection of distinct asset classes. The LTIP discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. LTIP investments are valued at fair value. The following was the Board's adopted asset allocation policy based on an analysis of historical and projected capital market return patterns and consistent with the moderate risk tolerance defined in its policy.

Asset Class	Target Allocation
Non-Domestic Equity	18%
Domestic Equity	50%
Non-Domestic Fixed Income	20%
Domestic Fixed Income	12%
Total	100%

Rate of Return. For the year ended June 30, 2024, the annual money market weighted rate of return on investment, net of investment expenses, was 14.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the City at June 30, 2024 were as follows:

Measurement Date of June 30, 2024		
	City	Airport's Proportionate Share
Total OPEB Liability	\$ 373,906	\$ 9,782
Plan fiduciary net position	165,962	19,531
Net OPEB liability (asset)	<u>\$ 207,944</u>	<u>\$ (9,749)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	44.39%	199.66%

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

Actuarial Assumptions. The total OPEB liability of the City was determined by an actuarial valuation as of June 30, 2022, using the following key actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment rate of return, net of OPEB plan investment expense, including price inflation	7.25%
Municipal Bond Index Rate:	
Prior measurement date	3.65%
Measurement date	3.93%
Year FNP is projected to be depleted:	
Prior measurement date	N/A
Measurement date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation:	
Prior measurement date	7.25%
Measurement date	7.25%
Healthcare cost trends:	
Pre-Medicare medical and prescription drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare medical and prescription drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

Total OPEB liabilities were rolled forward to June 30, 2023 and June 30, 2024 for the employer and the plan, respectively, utilizing updated procedures incorporating the actuarial assumptions.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

Discount Rate. The discount rate used to measure the total OPEB liability at June 30, 2024 was 7.25 percent. The projection's basis was an actuarial valuation performed as of June 30, 2022.

Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate.

The following exhibits the Aviation Department's proportionate share of the net OPEB asset of the EBTP as of June 30, 2024, as well as what the Aviation Department's proportionate share of the EBTP's asset would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB (asset)	\$ (8,014)	\$ (9,749)	\$ (11,837)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates. The following presents the Aviation Department's proportionate share of the net OPEB asset of the EBTP as of June 30, 2024, as well as what the Aviation Department's proportionate share of the EBTP asset would be if it were to calculate the healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

	Healthcare Cost Trend Rates		
	1% Decrease	Current Rate	1% Increase
Net OPEB (asset)	\$ (12,304)	\$ (9,749)	\$ (7,640)

Changes in Net OPEB Liability (Asset), OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2024, the Aviation Department's proportionate share of the EBTP's reported net OPEB asset was \$(9,749). The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2024, the components of the Aviation Department's proportionate share of the net OPEB asset of the EBTP, measured as of June 30, 2024, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a)-(b)
Balances at June 30, 2023	\$ 9,458	\$ 18,986	\$ (9,528)
Changes for the year:			
Service cost	117	-	117
Interest	671	-	671
Difference between expected and actual experience	(18)	-	(18)
Changes of Assumptions or other inputs	-	-	-
Contributions-employers	-	474	(474)
Net investment income	-	2,332	(2,332)
Administrative expense	-	(253)	253
Benefit payments	(446)	(2,008)	1,562
Net change	324	545	(221)
Balances at June 30, 2024	\$ 9,782	\$ 19,531	\$ (9,749)

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 5.28 percent in 2022 to 7.25 percent in 2023. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. The impact of the COVID-19 pandemic was considered in the valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

For the year ended June 30, 2024, the Aviation Department's proportionate share of the EBTP's recognized OPEB income was \$(915). At June 30, 2024, the Aviation Department's proportionate share of the EBTP's reported deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3	\$ 513
Changes of assumptions or other inputs	984	1,616
Net difference between projected and actual earnings on plan investments	-	16
Total	\$ 987	\$ 2,145

Total amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Year Ending June 30:		
2025	\$	(643)
2026		(354)
2027		(107)
2028		(54)
Total	\$	(1,158)

Below are the City's Statement of Net Position and Statement of Changes in Net Position for the Employee Benefit - Other Employee Benefit Trust:

Other Employee Benefit Trust		
Statement of Net Position		
Assets:		
Receivables:		
Member contributions	\$	117
Investments:		
Mutual funds		166,076
Total assets		166,193
Liabilities:		
Accounts payable		19
Due to other Funds		212
Total liabilities		231
Net Position:		
Net position restricted for OPEB		\$ 165,962

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

Other Employee Benefit Trust Statement of Changes in Net Position

Additions:

Contributions-

Employer	\$ 16,227

Investment income -

Net appreciation in fair value of investments	20,654

Interest	558

Total investment income	21,212

Investment expense	242

Net investment income	20,970

Total additions	37,197

Deductions:

Benefits	9,878

Insurance premiums	7,186

Administration	2,153

Total deductions	19,217

Change in net position	17,980

Net position - beginning	147,982

Net position - ending	<u>\$ 165,962</u>

C. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefit of the participants and their beneficiaries and therefore are not included in the City's financial statements.

The City participates in the NC 401(k) Plan which is a retirement savings plan administered by the North Carolina Department of the State Treasurer, and available exclusively to North Carolina public employees who are actively contributing to one of the NC Retirement Systems.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

*8. Insurance:***A. EMPLOYEE HEALTH AND LIFE**

The City provides health and life benefits to employees and retirees. Private companies administer these benefits pursuant to administrative services agreements. The City maintained insurance coverage with private carriers for life claims, vision claims and excess coverage for health claims in excess of five-hundred thousand.

The Aviation Department participates in the City's employee health and life insurance program which is accounted for in the Employee Health and Life Insurance Fund (EHLIF), an internal service fund, of the City. The Aviation Department makes payments to the EHLIF for both an amount per employee and a proportionate share of the administrative cost. The amount per employee is based on actuarial estimates of amounts needed to pay prior and current year claims. The employees and retirees contribute a portion of the cost for health coverage. The City provides basic life insurance and accidental death and dismemberment benefits for employees in the amount of two times the employees' salary up to a maximum of five-hundred thousand. Employees may purchase additional life insurance up to a maximum of five times their salary. The City provides short-term disability that equals 60 percent of salary for up to 26 weeks. The Aviation Department made payments to the EHLIF for the year ended June 30, 2024 in the amount of \$7,429.

B. RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport participates in the risk management program of the City. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents, and light rail trains; excess workers' compensation; excess vehicle and general liability; network security liability; police professional liability; police helicopter hull liability; drone liability; airport liability; City bus liability and passenger railway liability for the light rail train operations. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence, workers' compensation claims in excess of \$2,000, property damage claims in excess of \$250 and flood insurance of \$100,000 in all flood zones, except \$10,000 in flood zone A in excess of federal flood program maximums, network security coverage in the amount of \$40,000, and drone liability in the amount of \$2,000. The finance officer is bonded for \$100. Employees who handle funds or have access to inventories are bonded under a blanket bond for \$500. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. Settled claims have not exceeded insurance coverage in the past three years. The Airport makes payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses. The Airport made payments to the RMF for the year ended June 30, 2024 in the amount of \$3,579.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

9. Commitments and Contingencies:

Noise litigation suits have been filed against the City in connection with the operation of the Airport. In the opinion of the City's attorney and management, the ultimate outcome of the suits is not expected to have a significant impact upon the financial position or results of operations of the Airport.

The Airport has received a number of federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. The City management believes that such disallowances, if any, would not be significant.

The Airport had authorized capital projects at June 30 as follows:

	2024
Project Authorization	\$ 3,799,718
Expended	3,040,727
Unexpended	\$ 758,991

Financial resources are available to fund the total amount of unexpended authorizations.

The Airport had construction and other contractual commitments of approximately \$260 million at June 30, 2024.

10. Major Customers:

American Airlines Group, Inc. (American Airlines), is the major passenger airline serving the Airport. For the fiscal year ended June 30, 2024, American Airlines and its affiliates provided 29.01 percent of the Airport's operating revenues.

American Airlines conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 2016 Airline Use and Lease Agreement (AUA), which has also been executed by Frontier Airlines, JetBlue Airlines, Southwest Airlines, Delta Air Lines, United Airlines and Spirit Airlines (collectively, the Signatory Airlines). Pursuant to the AUA, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on Airport Revenue Bonds (ARBs) issued by the City to fund airfield, terminal, and other airport improvements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

11. Debt Service Coverage:

The 2017 Revenue Bond Order provided that revenues pledged under the Revenue Bond Order be sufficient to meet Revenue Bond Debt Service, current expenses, and other required deposits to funds and accounts established by the Bond Order. Net revenues for calculation of coverage as defined by the 2017 Revenue Bond Order are determined as follows:

	2024
Revenues:	
Operating revenues	\$ 431,694
Nonoperating revenues	110,331
Coverage factor	25,043
Total revenues	567,068
Application of revenues:	
Operating expense	(256,332)
Grants applied to operating expense	9,690
Change in operating fund reserve	(8,466)
Debt service fees	(184)
Total application of revenues	(255,292)
Net revenues available for revenue bond debt service (1)	\$ 311,776
Requirement for revenue bond fund (2)	\$ 40,839
Debt Service Coverage (1)/(2)	7.6

The debt service coverage of 7.6 is presented as a financial calculation. North Carolina Airport Improvement Program (NCAIP) and Airport Coronavirus Response Grant Program (Federal COVID Relief Grant) funds were used to reimburse the debt service payments reflected in this calculation for FY 2024. FY 2024 debt service was paid in full by PFCs and grants.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 (Dollar amounts in \$000)

Continued

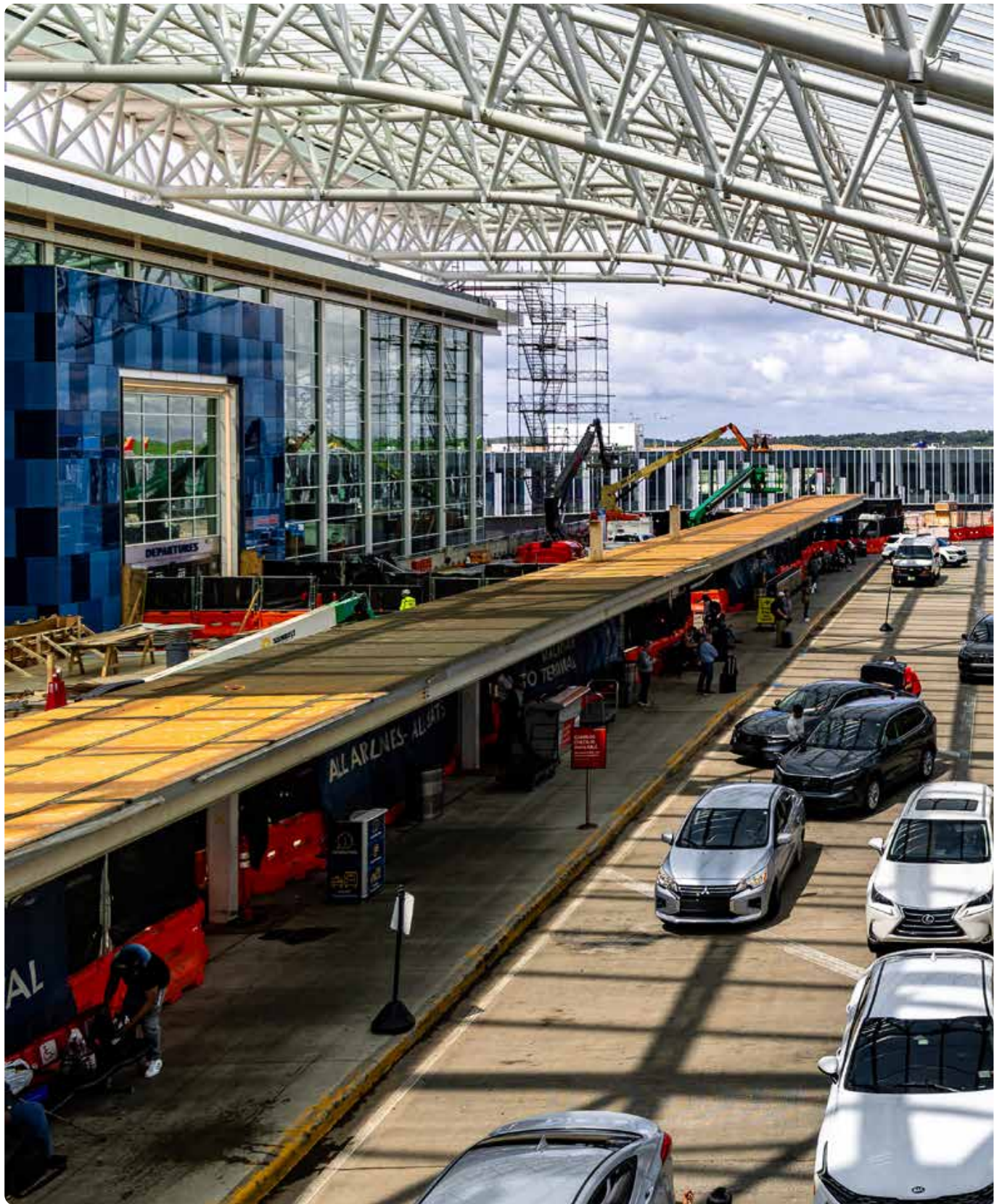
12. Passenger Facility Charges:

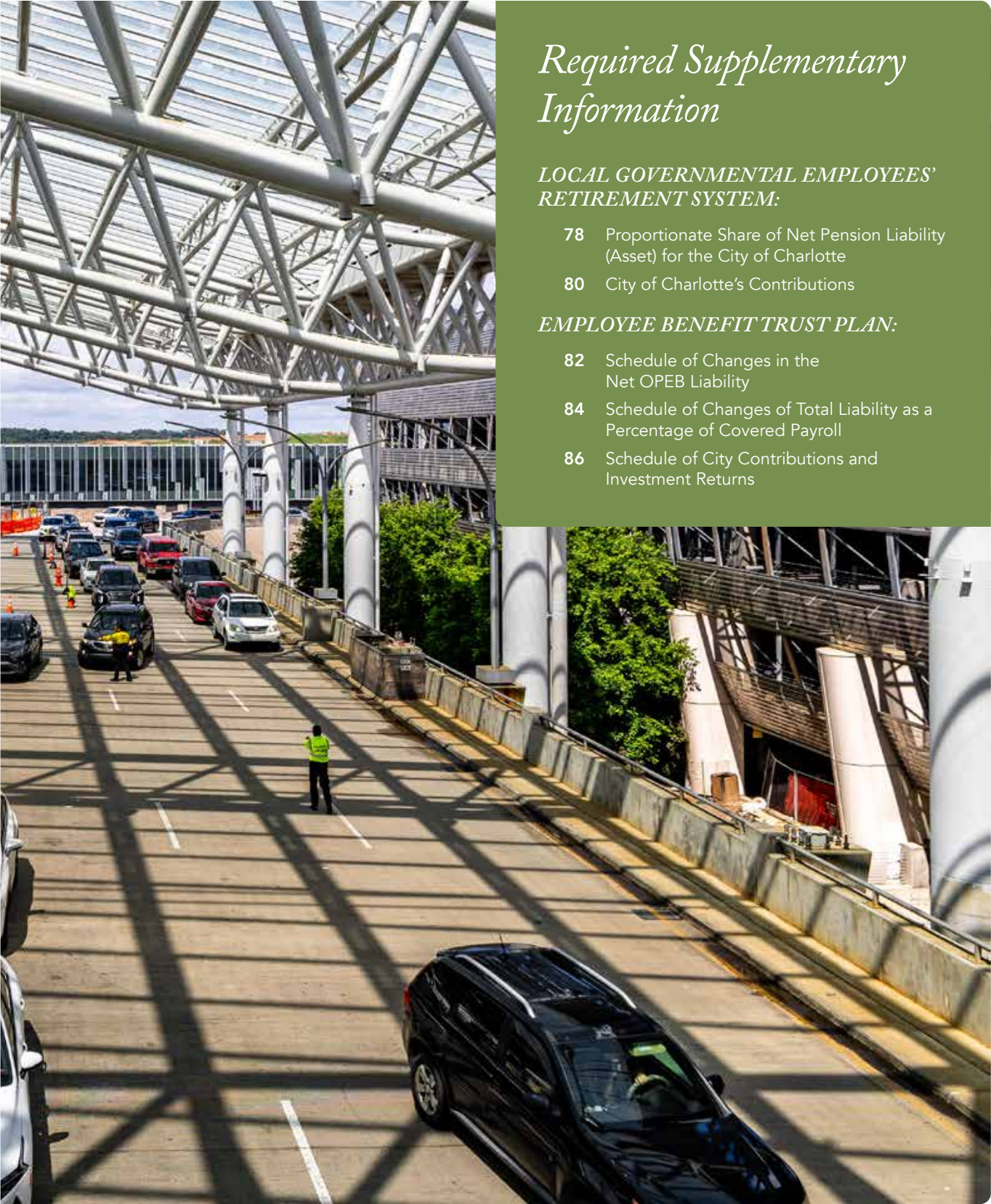
The Federal Aviation Administration (FAA) initially authorized the Airport to collect Passenger Facility Charges (PFC) of \$3.00 per qualifying enplaned passenger commencing November 1, 2004. In June 2024, the FAA authorized a rate increase to \$4.50 per qualifying enplaned passenger, however the new rate will be recognized in FY 2025. The net receipts from PFC are accounted for on the accrual basis of accounting in the statement of revenues, expenses and changes in fund net position and are restricted for use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of \$4,746,921.

	2024
Aggregate PFC collections, beginning	\$ 1,034,172
PFC collections	84,631
Aggregate PFC collections, ending	\$ 1,118,803

13. Contract Facility Charges:

Beginning July 1, 2007 Contract Facility Charges (CFCs) were imposed on rental car companies at a rate of \$3.50 per transaction, per day. On October 1, 2011 the rate was increased to \$4.00 per transaction, per day. The City may, at its discretion, raise the CFC per-transaction-per-day rate. In 2024, the City received \$14,342 in CFC revenue.





Required Supplementary Information

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM:

- 78 Proportionate Share of Net Pension Liability (Asset) for the City of Charlotte
- 80 City of Charlotte's Contributions

EMPLOYEE BENEFIT TRUST PLAN:

- 82 Schedule of Changes in the Net OPEB Liability
- 84 Schedule of Changes of Total Liability as a Percentage of Covered Payroll
- 86 Schedule of City Contributions and Investment Returns

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
FOR THE CITY OF CHARLOTTE**

Last Ten Fiscal Years (Dollar Amounts in \$000)

Valuation Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Reporting Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
City of Charlotte's proportion of the net pension liability (asset)	6.28%	6.47%	6.84%	6.48%	6.32%
City of Charlotte's proportion of the net pension liability (asset)	\$ 416,018	\$ 364,760	\$ 104,952	\$ 231,494	\$ 172,606
Airport's proportion of the net pension liability (asset)	\$ 43,183	\$ 32,828	\$ 9,446	\$ 21,251	\$ 15,241
City of Charlotte's covered payroll	\$ 524,305	\$ 476,720	\$ 473,265	\$ 454,357	\$ 425,364
City of Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	79.35%	76.51%	22.18%	50.95%	40.58%
Plan fiduciary net position as a percentage of the total pension liability ¹	82.49%	84.14%	95.51%	88.61%	90.86%

Continued

Valuation Date	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Reporting Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City of Charlotte's proportion of the net pension liability (asset)	6.25%	6.12%	6.05%	5.89%	(5.88%)
City of Charlotte's proportion of the net pension liability (asset)	\$ 148,334	\$ 93,421	\$ 128,378	\$ 26,455	\$ (32,461)
Airport's proportion of the net pension liability (asset)	\$ 11,644	\$ 6,820	\$ 8,435	\$ 1,944	\$ (1,893)
City of Charlotte's covered payroll	\$ 397,056	\$ 381,739	\$ 350,856	\$ 327,094	\$ 358,413
City of Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.36%	24.47%	36.59%	8.09%	(9.06%)
Plan fiduciary net position as a percentage of the total pension liability ¹	91.63%	94.18%	91.47%	98.09%	102.47%

NOTE:

¹This will be the same percentage for all participant employers in the LGERS plan.

Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
CITY OF CHARLOTTE'S CONTRIBUTIONS**

Last Ten Fiscal Years (Dollar Amounts in \$000)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City of Charlotte's contractually required contribution	\$ 74,398	\$ 64,848	\$ 55,104	\$ 49,054	\$ 41,715
City of Charlotte's contributions in relation to the contractually required contribution	<u>74,398</u>	<u>64,848</u>	<u>55,104</u>	<u>49,054</u>	<u>41,715</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Charlotte's covered payroll	\$ 564,871	\$ 524,305	\$ 476,720	\$ 473,265	\$ 454,357
City of Charlotte's contributions as a percentage of covered payroll	13.17%	12.37%	11.56%	10.37%	9.18%
Airport's proportion of contractually required contribution	\$ 6,696	\$ 5,836	\$ 4,959	\$ 4,503	\$ 3,683
Airport's proportion of contributions in relation to the contractually required contribution	<u>6,696</u>	<u>5,836</u>	<u>4,959</u>	<u>4,503</u>	<u>3,683</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

	2019	2018	2017	2016	2015
City of Charlotte's contractually required contribution	\$ 33,945	\$ 30,712	\$ 28,613	\$ 23,959	\$ 24,288
City of Charlotte's contributions in relation to the contractually required contribution	33,945	30,712	28,613	23,959	24,288
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City of Charlotte's covered payroll	\$ 425,364	\$ 397,056	\$ 381,739	\$ 350,856	\$ 327,094
City of Charlotte's contributions as a percentage of covered payroll	7.98%	7.73%	7.50%	6.83%	7.43%
Airport's proportion of contractually required contribution	\$ 2,665	\$ 2,242	\$ 1,880	\$ 1,501	\$ 1,497
Airport's proportion of contributions in relation to the contractually required contribution	2,665	2,242	1,880	1,501	1,497
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTE:

Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY**

Last Eight Fiscal Years (Dollar Amounts in \$000)

Valuation Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Reporting Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
City of Charlotte's total OPEB liability				
Service Cost at end of year	\$ 4,480	\$ 8,225	\$ 4,634	\$ 17,691
Interest on the total OPEB liability	25,656	24,078	25,121	19,173
Difference between expected and actual experience	(1,427)	(31,499)	(2,333)	(39,053)
Changes of assumptions or other inputs	-	(87,092)	103,796	(275,389)
Benefit payments	(17,064)	(14,747)	(14,537)	(8,819)
Net change in total OPEB liability	11,645	(101,035)	116,681	(286,397)
City of Charlotte's total OPEB liability - beginning	362,261	463,295	346,614	633,011
City of Charlotte's total OPEB liability - ending	\$ 373,906	\$ 362,260	\$ 463,295	\$ 346,614
Plan Fiduciary Net Position				
Contributions - employer	\$ 16,227	\$ 15,550	\$ 15,550	\$ 44,303
Net investment income	20,970	18,001	(29,674)	26,988
Benefit payments	(17,064)	(14,747)	(14,537)	(8,818)
Additional contributions into the trust	-	-	-	-
Administrative expense	(2,153)	(2,005)	(1,903)	(1,774)
Other	-	-	-	-
Net change in plan fiduciary net position	17,980	16,799	(30,564)	60,699
Plan fiduciary net position - beginning	147,982	131,184	161,748	101,049
Plan fiduciary net position - ending	165,962	147,983	131,184	161,748
City of Charlotte's net OPEB liability - ending	\$ 207,944	\$ 214,277	\$ 332,111	\$ 184,866

Continued

Valuation Date	June 30, 2019	June 30, 2018	July 1, 2017	July 1, 2017
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Reporting Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
City of Charlotte's total OPEB liability				
Service Cost at end of year	\$ 10,615	\$ 8,123	\$ 7,545	\$ 7,002
Interest on the total OPEB liability	22,012	24,031	24,372	23,432
Difference between expected and actual experience	3,218	(106,807)	-	(294)
Changes of assumptions or other inputs	145,782	(45,850)	-	-
Benefit payments	(18,016)	(15,592)	(25,143)	(14,639)
Net change in total OPEB liability	163,611	(136,095)	6,774	15,501
City of Charlotte's total OPEB liability - beginning	469,400	605,495	598,721	583,220
City of Charlotte's total OPEB liability - ending	\$ 633,011	\$ 469,400	\$ 605,495	\$ 598,721
Plan Fiduciary Net Position				
Contributions - employer	\$ 19,957	\$ 21,689	\$ 20,454	\$ 16,361
Net investment income	1,224	4,730	5,881	7,532
Benefit payments	(18,016)	(15,592)	(14,782)	(14,639)
Additional contributions into the trust	-	-	20,325	-
Administrative expense	(1,984)	(223)	(266)	(232)
Other	(41)	-	(2,746)	(1,844)
Net change in plan fiduciary net position	1,140	10,604	28,866	7,178
Plan fiduciary net position - beginning	99,909	89,305	60,439	53,261
Plan fiduciary net position - ending	101,049	99,909	89,305	60,439
City of Charlotte's net OPEB liability - ending	\$ 531,962	\$ 369,491	\$ 516,190	\$ 538,282

NOTE:

Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.

This schedule will not present ten years' worth of fiscal information until 2026.

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CHANGES OF TOTAL LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**

Last Eight Fiscal Years (Dollar Amounts in \$000)

	2024	2023	2022	2021
City of Charlotte's total OPEB liability	\$ 373,906	\$ 362,261	\$ 463,295	\$ 346,614
Plan fiduciary net position	165,962	147,982	131,184	161,748
City of Charlotte's net OPEB liability	\$ 207,944	\$ 214,279	\$ 332,111	\$ 184,866
Plan fiduciary net position as a percentage of the total OPEB liability	44.39%	40.85%	28.32%	46.67%
City of Charlotte's covered payroll	\$ 222,893	\$ 222,893	\$ 222,802	\$ 240,688
City of Charlotte's net OPEB liability as a percentage of covered payroll	93.29%	96.14%	149.06%	76.81%

Continued

	2020	2019	2018	2017
City of Charlotte's total OPEB liability	\$ 633,011	\$ 469,400	\$ 605,495	\$ 598,721
Plan fiduciary net position	101,049	99,909	89,305	60,439
City of Charlotte's net OPEB liability	\$ 531,962	\$ 369,491	\$ 516,190	\$ 538,282
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	21.28%	14.75%	10.09%
City of Charlotte's covered payroll	\$ 252,834	\$ 252,834	\$ 402,489	\$ 402,489
City of Charlotte's net OPEB liability as a percentage of covered payroll	210.40%	146.14%	128.25%	133.74%

NOTE:

Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.

This schedule will not present ten years' worth of fiscal information until 2026.

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS**

Last Eight Fiscal Years (Dollar Amounts in \$000)

	2024	2023	2022	2021
Actuarially determined contribution	\$ 23,706	\$ 24,483	\$ 24,483	\$ 26,605
Contributions in relation to actuarially determined contribution	16,227	15,550	15,550	44,303
Contribution deficiency (excess)	\$ 7,479	\$ 8,933	\$ 8,933	\$ (17,698)
City of Charlotte's covered payroll	\$ 222,893	\$ 222,893	\$ 222,802	\$ 240,688
Contributions in relation to actuarially determined contribution as a percentage of covered payroll	7.28%	6.98%	6.98%	18.41%

The total OPEB liability was determined based on actuarial valuation as of June 30, 2022, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment rate of return, net of OPEB plan investment expense, including price inflation	7.25%
Municipal Bond Index Rate:	
Prior measurement date	3.65%
Measurement date	3.93%
Year FNP is projected to be depleted:	
Prior measurement date	S/B - N/A
Measurement date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation:	
Prior measurement date	7.25%
Measurement date	7.25%
Healthcare cost trends:	
Pre-Medicare medical and prescription drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare medical and prescription drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

	2024	2023	2022	2021
Annual money-weighted rate of return, net of investment expenses	14.30%	13.85%	(18.28%)	25.41%

Continued

	2020	2019	2018	2017
Actuarially determined contribution	\$ 26,605	\$ 26,605	\$ 25,967	\$ 22,729
Contributions in relation to actuarially determined contribution	19,957	21,689	40,778	24,630
Contribution deficiency (excess)	\$ 6,648	\$ 4,916	\$ (14,811)	\$ (1,901)
City of Charlotte's covered payroll	\$ 252,834	\$ 252,834	\$ 402,489	\$ 402,489
Contributions in relation to actuarially determined contribution as a percentage of covered payroll	7.89%	8.58%	10.13%	6.12%

	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	1.30%	4.38%	7.60%	13.84%

NOTE:

Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.
This schedule will not present ten years' worth of fiscal information until 2026.





Statistical Section

- 92 Financial Trends
- 102 Revenue Capacity
- 116 Debt Capacity
- 122 Demographic and Economic Information
- 128 Operating Information

The Statistical Section contains unaudited information about the Airport Enterprise Fund.

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Airport's overall financial health. This information is presented in five categories:

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the Airport's financial performance and well-being have changed over time.

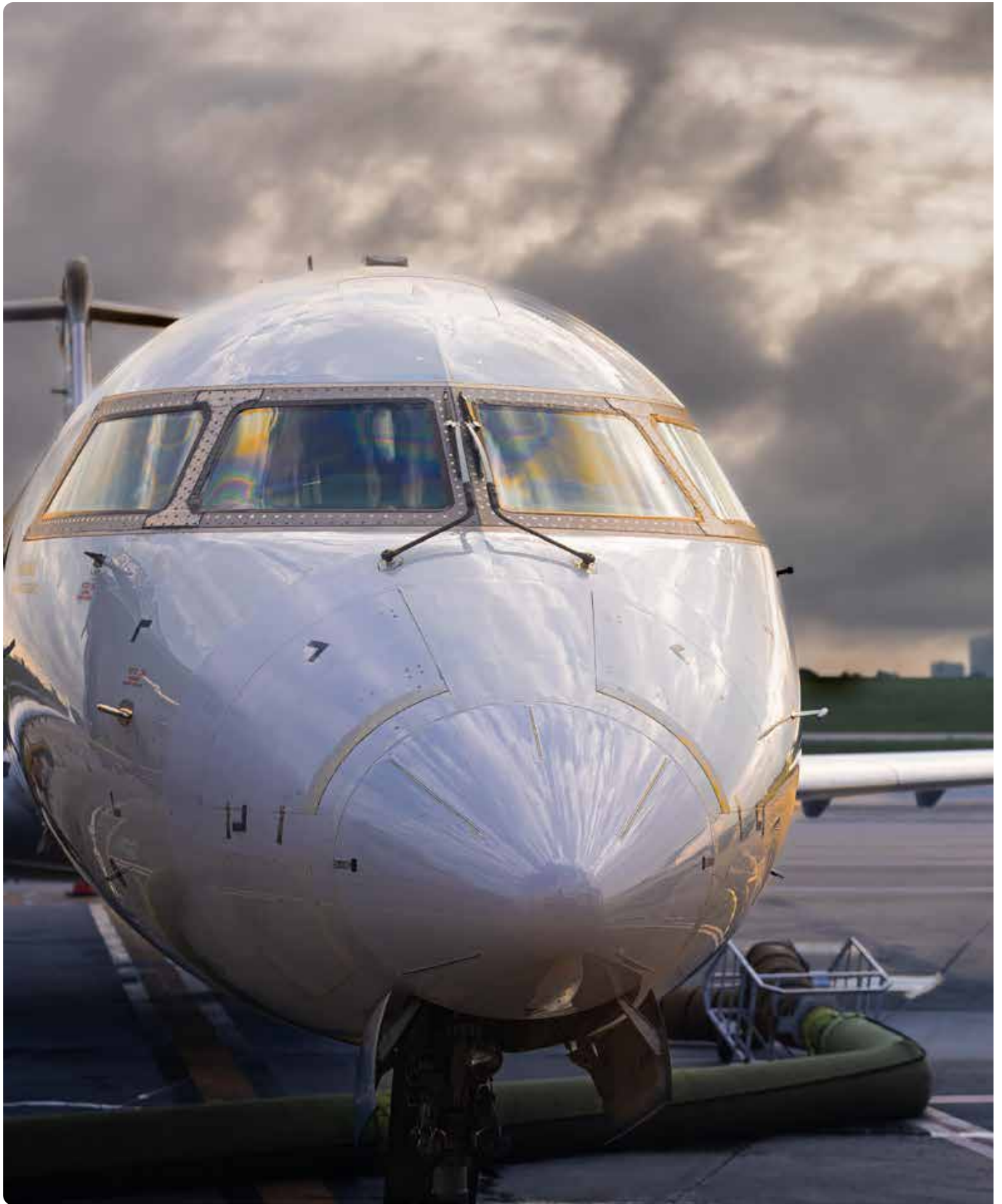
REVENUE CAPACITY – These schedules contain information to help the reader understand and assess the factors that affect the Airport's ability to generate its own revenues.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the Airport's current levels of outstanding debt and the Airport's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Airport's financial activities take place.

OPERATING INFORMATION – These schedules contain operational data to help the reader understand how the information in the Airport's financial report relates to the services the Airport provides.

Sources: Unless otherwise noted, the information in these schedules is derived from the Airport's Annual Comprehensive Financial Report for the relevant year.



FINANCIAL TRENDS

- 92 *SCHEDULE 1:* Net Position
- 94 *SCHEDULE 2:* Changes in Net Position
- 96 *SCHEDULE 3:* Reconciliation Of Cash Balances, Non-GAAP
- 98 *SCHEDULE 4:* Operating Expenses Per Enplaned Passenger
- 100 *SCHEDULE 5:* Capital Assets

REVENUE CAPACITY

- 102 *SCHEDULE 6:* Reconciled Landing Fee Rates
- 103 *SCHEDULE 7:* Net Average Cost Per Enplaned Passenger
- 104 *SCHEDULE 8:* Top Revenue Sources
- 106 *SCHEDULE 9:* Passenger Facility Charge Approvals And Remaining Authority
- 109 *SCHEDULE 10:* Passenger Facility Charge Collections, Non-GAAP
- 110 *SCHEDULE 11:* Passenger Facility Charge Fund Activity
- 113 *SCHEDULE 12:* Contract Facility Charge Collections
- 114 *SCHEDULE 13:* Contract Facility Charge Fund Activity

DEBT CAPACITY

- 116 *SCHEDULE 14:* Bond Indenture Debt Service Coverage
- 118 *SCHEDULE 15:* Outstanding Debt By Type Per Enplaned Passenger
- 120 *SCHEDULE 16:* Contract Facility Charge Special Facilities Debt Service Coverage

DEMOGRAPHIC AND ECONOMIC INFORMATION

- 122 *SCHEDULE 17:* Population (MSA)
- 123 *SCHEDULE 18:* Total Personal Income (MSA)
- 124 *SCHEDULE 19:* Per Capita Personal Income (MSA)
- 125 *SCHEDULE 20:* Unemployment Rate (MSA)
- 126 *SCHEDULE 21:* 10 Largest Charlotte-Area Non-Government Employers

OPERATING INFORMATION

- 128 *SCHEDULE 22:* Domestic And International Enplaned Passengers
- 129 *SCHEDULE 23:* Enplaned Passengers By Type
- 130 *SCHEDULE 24:* Enplaned Passengers By Airline
- 137 *SCHEDULE 25:* Origin And Destination Passengers By Type
- 138 *SCHEDULE 26:* Landed Weight By Airline
- 144 *SCHEDULE 27:* Aircraft Operations
- 145 *SCHEDULE 28:* Average Load Factor
- 147 *SCHEDULE 29:* Cargo Enplaned
- 148 *SCHEDULE 30:* Employee Count By Division
- 150 *SCHEDULE 31:* Rental Car Revenue Market Share

SCHEDULE 1
NET POSITION

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021	2020
Net investment in capital assets	\$ 1,363,087	\$ 1,321,585	\$ 1,177,828	\$ 1,076,222	\$ 1,025,131
Restricted for:					
Debt service	137,286	112,394	105,720	83,803	83,666
Passenger facility charges eligible projects	237,113	272,317	273,582	242,326	218,877
Contract facility charges eligible projects	9,309	7,967	11,598	5,192	43,079
Working capital	63,933	55,467	48,609	42,605	42,605
Net OPEB asset	9,749	9,528	5,288	11,932	-
Unrestricted	804,499	540,550	487,271	511,129	477,306
Total net position	\$ 2,624,976	\$ 2,319,808	\$ 2,109,896	\$ 1,973,209	\$ 1,890,664

Continued

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net investment in capital assets	\$ 1,021,272	\$ 892,908	\$ 801,702	\$ 732,366	\$ 696,987
Restricted for:					
Debt service	82,479	70,452	70,452	60,397	60,397
Passenger facility charges eligible projects	217,620	215,155	202,556	317,283	308,710
Contract facility charges eligible projects	41,225	36,472	32,557	30,116	26,456
Working capital	42,605	42,605	39,934	35,588	31,860
Net OPEB asset	-	-	-	-	-
Unrestricted	438,554	454,033	510,636	407,378	373,618
Total net position	<u>\$ 1,843,755</u>	<u>\$ 1,711,625</u>	<u>\$ 1,657,837</u>	<u>\$ 1,583,128</u>	<u>\$ 1,498,028</u>

SOURCE:

City of Charlotte Finance Department

SCHEDULE 2

CHANGES IN NET POSITION

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021	2020
REVENUES					
Terminal rents & fees	\$ 110,965	\$ 88,885	\$ 73,779	\$ 46,657	\$ 64,000
Airfield	52,953	43,167	39,830	23,078	31,323
Concessions ¹	72,901	49,183	57,060	34,050	41,141
Rental cars	22,873	20,327	17,868	9,319	13,220
Parking	115,290	94,711	81,445	27,203	47,561
Fixed base operator area	34,522	36,512	32,210	18,593	18,816
Other	22,190	20,721	16,792	12,484	11,947
Total operating revenues	431,694	353,506	318,984	171,384	228,008
Grant contributions	89,904	71,398	82,677	122,649	-
Passenger facility charges	76,957	66,511	60,656	45,961	53,437
Contract facility charges	14,342	12,763	11,071	7,160	10,577
Investment earnings	74,703	47,589	(11,305)	(1,053)	21,991
Private contributions	-	-	-	-	-
Other	(1,295)	(9,610)	(1,580)	4,891	593
Total nonoperating revenues	254,611	188,651	141,519	179,608	86,598
Total revenues	686,305	542,157	460,503	350,992	314,606
EXPENSES					
Terminal area ²	-	-	-	-	-
Terminal building	93,789	79,089	67,674	59,800	62,018
Ground transportation	44,782	39,268	30,628	26,336	30,829
Fueling facilities	203	117	175	98	169
Airfield	17,435	14,739	14,549	11,172	10,954
Airport services facility	60,006	48,792	45,341	42,329	38,515
Fixed base operator area	28,601	29,598	25,839	11,125	22,244
Cargo area	2,591	2,562	2,229	2,147	2,552
Right to use lease amortization	199	202	108	-	-
Right to use SBITA amortization	2,182	1,648	-	-	-
Depreciation	112,290	93,142	86,821	83,930	74,117
Other	8,925	3,724	6,487	1,857	6,877
Total operating expenses	371,003	312,881	279,851	238,794	248,275
Interest expense & other charges	64,505	52,901	39,744	39,871	38,606
Bond issue expense	2,697	-	-	-	-
Non-airline terminal revenue distribution ³	65,229	56,165	46,098	19,122	24,554
Other	-	-	-	-	-
Total nonoperating expenses	132,431	109,066	85,842	58,993	63,160
Total expenses	503,434	421,947	365,693	297,787	311,435
NET (EXPENSE)/REVENUE	182,871	120,210	94,810	53,205	3,171
Capital contributions	123,753	90,430	42,039	29,542	49,611
Transfers out to other City funds	(1,456)	(728)	(162)	(202)	(5,873)
CHANGE IN NET POSITION	\$ 305,168	\$ 209,912	\$ 136,687	\$ 82,545	\$ 46,909

Continued

	2019	2018	2017	2016	2015
REVENUES					
Terminal rents & fees	\$ 65,298	\$ 54,782	\$ 47,386	\$ 42,091	\$ 31,267
Airfield	30,969	28,437	27,219	25,275	26,880
Concessions ¹	56,116	51,992	45,830	48,527	41,008
Rental cars	16,817	15,666	14,887	14,111	13,608
Parking	62,163	59,642	59,323	51,674	47,624
Fixed base operator area	22,734	18,476	14,456	13,732	15,885
Other	13,221	10,393	8,596	11,037	17,442
Total operating revenues	267,318	239,388	217,697	206,447	193,714
Grant contributions	-	-	-	-	-
Passenger facility charges	63,161	60,374	58,855	59,171	60,238
Contract facility charges	13,570	13,351	12,898	12,273	10,187
Investment earnings	25,548	13,001	5,233	4,595	4,321
Private contributions	5,000	-	-	-	119,057
Other	4,874	-	-	-	-
Total nonoperating revenues	112,153	86,726	76,986	76,039	193,803
Total revenues	379,471	326,114	294,683	282,486	387,517
EXPENSES					
Terminal area ²	-	-	-	72,073	59,895
Terminal building	54,536	48,744	46,322	-	-
Ground transportation	32,141	31,166	26,968	-	-
Fueling facilities	136	124	218	-	-
Airfield	11,441	10,804	9,046	8,452	5,898
Airport services facility	36,948	31,741	32,376	24,534	25,683
Fixed base operator area	18,732	13,742	10,680	9,711	10,985
Cargo area	1,709	1,853	1,879	2,909	2,817
Right to use lease amortization	-	-	-	-	-
Right to use SBITA amortization	-	-	-	-	-
Depreciation	63,104	58,359	56,063	50,681	45,897
Other	7,983	3,100	3,524	336	-
Total operating expenses	226,730	199,633	187,076	168,696	151,175
Interest expense & other charges	34,640	33,515	21,813	18,898	27,958
Bond issue expense	-	-	-	-	-
Non-airline terminal revenue distribution ³	28,971	28,357	25,880	18,525	10,631
Other	-	3,158	1,857	11,973	1,797
Total nonoperating expenses	63,611	65,030	49,550	49,396	40,386
Total expenses	290,341	264,663	236,626	218,092	191,561
NET (EXPENSE)/REVENUE	89,130	61,451	58,057	64,394	195,956
Capital contributions	42,928	3,338	16,874	20,706	20,960
Transfers out to other City funds	(67)	-	(222)	-	-
CHANGE IN NET POSITION	\$ 131,991	\$ 64,789	\$ 74,709	\$ 85,100	\$ 216,916

NOTES:

¹FYs 2020-2021 and 2023 Concessions revenues reflect a net decrease due to the application of COVID concessions relief grants²Terminal area expenses have been broken down in new cost centers (Terminal Building, Ground Transportation and Fueling Facilities) per the new Airline Use and Lease Agreement effective July 1, 2016.³The Signatory Airline's share is 40% of the Airport's excess Non-airline terminal revenue.

SOURCE:

City of Charlotte Finance Department

SCHEDULE 3

RECONCILIATION OF CASH BALANCES, NON-GAAP

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021	2020
Cash & cash equivalents, June 30 ¹	\$ 1,093,460	\$ 1,078,010	\$ 1,008,808	\$ 936,113	\$ 941,942
Restricted funds:					
Cash & cash equivalents held by trustee	35,103	71,192	46,136	45,295	70,610
Passenger facility charges (restricted by FAA)	224,650	263,760	267,567	235,914	214,260
Contract facility charges (restricted by City/RACs)	7,794	6,621	10,505	1,788	35,535
Operating fund reserve	62,433	53,967	47,109	41,105	41,105
Coverage factor	25,043	23,102	16,429	13,595	13,595
Cannon Estate ²	1,969	6,525	6,414	6,384	6,339
CFC stabilization reserve	2,000	2,000	2,000	2,000	2,000
Renewal & improvement fund	1,500	1,500	1,500	1,500	1,500
CFC repair and replacement reserve	500	500	500	500	500
Total restricted funds	360,992	429,167	398,160	348,081	385,444
Non-airline terminal revenue distribution ³	65,229	56,165	46,098	19,122	24,554
Total reductions	426,221	485,332	444,258	367,203	409,998
UNRESTRICTED CASH, JUNE 30	\$ 667,239	\$ 592,678	\$ 564,550	\$ 568,910	\$ 531,944
Days cash on hand calculation					
Total airport cash on hand, June 30	\$ 667,239	\$ 592,678	\$ 564,550	\$ 568,910	\$ 531,944
Total operating expenses ⁴	256,332	217,889	192,922	154,864	174,158
Days cash on hand	950	993	1,068	1,341	1,115

Continued

	2019	2018	2017	2016	2015
Cash & cash equivalents, June 30¹	\$ 950,906	\$ 957,047	\$ 959,285	\$ 916,188	\$ 879,485
Restricted funds:					
Cash & cash equivalents held by trustee	65,403	83,314	80,651	78,218	86,412
Passenger facility charges (restricted by FAA)	210,434	208,833	196,574	293,244	298,471
Contract facility charges (restricted by City/RACs)	30,514	26,196	22,912	21,030	18,919
Operating fund reserve	41,105	41,105	38,434	34,088	30,360
Coverage factor	12,408	12,101	12,101	12,101	12,101
Cannon Estate ²	6,221	6,092	6,016	5,974	5,943
CFC stabilization reserve	2,000	2,000	2,000	2,000	2,000
Renewal & improvement fund	1,500	1,500	1,500	1,500	1,500
CFC repair and replacement reserve	500	500	500	500	500
Total restricted funds	370,085	381,641	360,688	448,655	456,206
Non-airline terminal revenue distribution ³	28,971	28,357	25,880	18,525	10,631
Total reductions	399,056	409,998	386,568	467,180	466,837
UNRESTRICTED CASH, JUNE 30	\$ 551,850	\$ 547,049	\$ 572,717	\$ 449,008	\$ 412,648
Days cash on hand calculation					
Total airport cash on hand, June 30	\$ 551,850	\$ 547,049	\$ 572,717	\$ 449,008	\$ 412,648
Total operating expenses ⁴	163,626	141,274	131,013	118,015	105,278
Days cash on hand	1,231	1,413	1,596	1,390	1,433

NOTES:

¹GAAP balance from the Statement of Cash Flows on page 48.

²Cannon Estate funds are held in an Airport Reserve Fund.

³The Signatory Airline's share is 40% of the Airport's excess Non-airline terminal revenue as shown on Schedule 2.

⁴GAAP Basis excluding depreciation and amortization.

SOURCE:

City of Charlotte Finance Department

SCHEDULE 4

OPERATING EXPENSES PER ENPLANED PASSENGER

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021	2020
OPERATING EXPENSES					
Terminal area ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Terminal building	93,789	79,089	67,674	59,800	62,018
Ground transportation	44,782	39,268	30,628	26,336	30,829
Fueling facilities	203	117	175	98	169
Airfield	17,435	14,739	14,549	11,172	10,954
Airport service facilities	60,006	48,792	45,341	42,329	38,515
Fixed based operator area	28,601	29,598	25,839	11,125	22,244
Cargo area	2,591	2,562	2,229	2,147	2,552
Right to use lease amortization	199	202	108	-	-
Right to use SBITA amortization	2,182	1,648	-	-	-
Depreciation	112,290	93,142	86,821	83,930	74,117
Other	8,925	3,724	6,487	1,857	6,877
Total operating expenses	371,003	312,881	279,851	238,794	248,275
Total enplaned passengers²	28,640	25,443	23,034	16,645	19,409
Operating expenses per enplaned passenger	\$ 12.95	\$ 12.30	\$ 12.15	\$ 14.35	\$ 12.79

Continued

	2019	2018	2017	2016	2015
OPERATING EXPENSES					
Terminal area ¹	\$ -	\$ -	\$ -	\$ 72,073	\$ 59,895
Terminal building	54,536	48,744	46,322	-	-
Ground transportation	32,141	31,166	26,968	-	-
Fueling facilities	136	124	218	-	-
Airfield	11,441	10,804	9,046	8,452	5,898
Airport service facilities	36,948	31,741	32,376	24,534	25,683
Fixed based operator area	18,732	13,742	10,680	9,711	10,985
Cargo area	1,709	1,853	1,879	2,909	2,817
Right to use lease amortization	-	-	-	-	-
Right to use SBITA amortization	-	-	-	-	-
Depreciation	63,104	58,359	56,063	50,681	45,897
Other	7,983	3,100	3,524	336	-
Total operating expenses	226,730	199,633	187,076	168,696	151,175
 Total enplaned passengers²	 23,959	 23,075	 22,516	 22,380	 22,190
 Operating expenses per enplaned passenger	 \$ 9.46	 \$ 8.65	 \$ 8.31	 \$ 7.54	 \$ 6.81

¹Terminal area center has been broken down into new cost centers (Terminal Building, Ground Transportation and Fueling Facilities) per the Airline Use and Lease Agreement effective July 1, 2016.

²FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 5
CAPITAL ASSETS

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021	2020
Total capital assets					
Land	\$ 438,303	\$ 424,905	\$ 406,538	\$ 399,315	\$ 392,289
Buildings	1,583,165	1,393,154	1,381,566	1,330,295	1,274,588
Runways	661,336	542,153	536,134	499,220	480,405
Other improvements	1,006,617	526,456	369,228	351,246	312,011
Intangibles	20,332	20,113	18,791	16,468	13,160
Machinery and equipment	213,177	205,666	168,791	162,870	152,184
Construction in progress	381,544	716,691	496,449	352,936	245,698
Right to use lease assets	1,453	1,233	547	-	-
Right to use SBITA assets	9,860	7,429	-	-	-
Total	4,315,787	3,837,800	3,378,044	3,112,350	2,870,335
Less accumulated depreciation	1,308,991	1,198,495	1,106,450	1,025,096	942,262
Less accumulated lease asset amortization	509	310	108	-	-
Less accumulated SBITA asset amortization	3,419	1,648	-	-	-
Total capital assets, net	\$ 3,002,868	\$ 2,637,347	\$ 2,271,594	\$ 2,087,254	\$ 1,928,073

Continued

	2019	2018	2017	2016	2015
Total capital assets					
Land	\$ 374,666	\$ 308,974	\$ 308,974	\$ 306,101	\$ 308,623
Buildings	1,050,562	914,068	911,624	910,665	747,494
Runways	444,993	419,532	419,271	415,382	393,153
Other improvements	233,517	176,693	163,293	148,865	106,180
Intangibles	6,642	4,788	4,641	3,317	3,317
Machinery and equipment	140,112	127,502	121,842	114,134	102,669
Construction in progress	390,568	459,492	241,625	104,147	261,145
Right to use lease assets	-	-	-	-	-
Right to use SBITA assets	-	-	-	-	-
Total	2,641,060	2,411,049	2,171,270	2,002,611	1,922,581
Less accumulated depreciation	870,265	809,143	752,579	699,746	650,184
Less accumulated lease asset amortization	-	-	-	-	-
Less accumulated SBITA asset amortization	-	-	-	-	-
Total capital assets, net	\$ 1,770,795	\$ 1,601,906	\$ 1,418,691	\$ 1,302,865	\$ 1,272,397

SOURCE:

City of Charlotte Finance Department

*SCHEDULE 6***RECONCILED LANDING FEE RATES**

(Fiscal Years ended June 30; \$000)

FISCAL YEAR	Rate Per 1,000 Pounds (Units of Landed Weight)
2024	\$ 1.63
2023	1.49
2022	1.50
2021¹	1.05
2020¹	1.21
2019	1.03
2018	0.98
2017	0.95
2016	0.87
2015	0.88

NOTE:

¹FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

Landing fees based on reconciled Airport Fees and Charges

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 7**NET AVERAGE COST PER ENPLANED PASSENGER**

(Fiscal Years ended June 30; \$000)

FISCAL YEAR	NET AVERAGE COST PER ENPLANEMENT (CPE)
2024	\$ 1.78
2023	1.45
2022	1.57
2021 ¹	1.77
2020 ¹	2.26
2019	1.55
2018	1.26
2017	1.23
2016	1.35
2015	1.33

NOTE:

¹FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to COVID-19 pandemic impact on air service.

CPE based on reconciled Airlines Fees and Charges.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 8
TOP REVENUE SOURCES
(Fiscal Years ended June 30; \$000)

2024			
RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking ¹	\$ 115,290	26.7
2	American Airlines ²	112,639	26.1
3	HMS Host	47,164	10.9
4	Fixed base operator area revenues ³	36,807	8.5
5	The Paradies Shops LLC	22,206	5.2
6	PSA Airlines - American Airlines	6,982	1.6
7	Vanguard Car Rental USA, Inc.	5,499	1.3
8	Raiser LLC	5,523	1.3
9	Delta Air Lines	5,266	1.2
10	Integrated Deicing Services	4,264	1.0
		<u>\$ 361,640</u>	<u>83.8%</u>

2022			
RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking ¹	\$ 81,444	25.5
2	American Airlines ²	72,306	22.7
3	HMS Host	38,358	12.0
4	Fixed base operator area revenues ³	32,582	10.2
5	The Paradies Shops LLC	16,634	5.2
6	PSA Airlines - American Airlines	6,698	2.1
7	Vanguard Car Rental USA, Inc.	4,080	1.3
8	Delta Air Lines	4,004	1.3
9	Hertz Rent-A-Car	3,756	1.2
10	Avis Rent-A-Car	3,149	1.0
		<u>\$ 263,011</u>	<u>82.5%</u>

2020			
RANK	Source	Revenue	% Total Operating Revenue
1	American Airlines ²	\$ 67,264	29.5
2	Public automobile parking ¹	47,560	20.9
3	HMS Host	27,079	11.9
4	Fixed base operator area revenues ³	19,077	8.4
5	The Paradies Shops LLC	10,923	4.8
6	PSA Airlines - American Airlines	5,901	2.6
7	Vanguard Car Rental USA, INC.	4,205	1.8
8	Delta Air Lines	3,771	1.7
9	Raiser LLC	3,218	1.4
10	Hertz Rent-A-Car	2,813	1.2
		<u>\$ 191,811</u>	<u>84.2%</u>

2023			
RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking ¹	\$ 94,711	26.8
2	American Airlines ²	84,763	24.0
3	HMS Host	46,263	13.1
4	Fixed base operator area revenues ³	38,845	11.0
5	The Paradies Shops LLC	18,138	5.1
6	PSA Airlines - American Airlines	4,979	1.4
7	Vanguard Car Rental USA, Inc.	4,583	1.3
8	Raiser LLC	4,387	1.2
9	Delta Air Lines	4,224	1.2
10	Hertz Rent-A-Car	3,767	1.1
		<u>\$ 304,660</u>	<u>86.2%</u>

2021			
RANK	Source	Revenue	% Total Operating Revenue
1	American Airlines ²	\$ 48,238	28.1
2	Public automobile parking ¹	32,731	19.1
3	HMS Host	23,533	13.7
4	Fixed base operator area revenues ³	16,657	9.7
5	The Paradies Shops LLC	10,352	6.0
6	PSA Airlines - American Airlines	5,356	3.1
7	Vanguard Car Rental USA, INC.	3,053	1.8
8	Delta Air Lines	2,517	1.5
9	Piedmont Airlines - American Airlines	2,193	1.3
10	Enterprise Rent-A-Car	2,006	1.2
		<u>\$ 146,636</u>	<u>85.5%</u>

2019			
RANK	Source	Revenue	% Total Operating Revenue
1	American Airlines ²	\$ 68,155	25.5
2	Public automobile parking ¹	62,163	23.3
3	HMS Host	36,114	13.5
4	Fixed base operator area revenues ³	23,050	8.6
5	The Paradies Shops LLC	15,575	5.8
6	PSA Airlines - American Airlines	7,384	2.8
7	Vanguard Car Rental USA, INC.	4,990	1.9
8	Delta Air Lines	4,162	1.6
9	Hertz Rent-A-Car	3,463	1.3
10	Intersection Media, LLC	2,963	1.1
		<u>\$ 228,019</u>	<u>85.4%</u>

Continued

2018			
RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking ¹	\$ 59,642	24.9
2	American Airlines ²	57,815	24.2
3	HMS Host	31,878	13.3
4	Fixed base operator area revenues ³	18,785	7.8
5	The Paradies Shops LLC	13,689	5.7
6	PSA Airlines - American Airlines	6,894	2.9
7	Intersection Media, LLC	4,763	2.0
8	Vanguard Car Rental USA, INC.	3,983	1.7
9	Hertz Rent-A-Car	3,176	1.3
10	Delta Air Lines	3,042	1.3
		<u>\$ 203,667</u>	<u>85.1%</u>

2016			
RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking ²	\$ 51,674	25.0
2	American Airlines (US Airways)	43,775	21.2
3	HMS Host	29,199	14.1
4	Fixed base operator area revenues ³	14,019	6.8
5	The Paradies Shops LLC	11,581	5.6
6	PSA Airlines - American Airlines	9,082	4.4
7	Intersection Media, LLC	5,320	2.6
8	Vanguard Car Rental USA, INC.	3,985	1.9
9	Hertz Rent-A-Car	3,213	1.6
10	Piedmont Airlines dba American Airlines	3,041	1.5
		<u>\$ 174,889</u>	<u>84.7%</u>

2017			
RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking ¹	\$ 59,325	27.3
2	American Airlines ²	55,119	25.3
3	HMS Host	30,129	13.8
4	Fixed base operator area revenues ³	14,753	6.8
5	The Paradies Shops LLC	12,391	5.7
6	PSA Airlines - American Airlines	6,728	3.1
7	Intersection Media, LLC	5,478	2.5
8	Vanguard Car Rental USA, INC.	4,518	2.1
9	Hertz Rent-A-Car	3,495	1.6
10	Delta Air Lines	3,117	1.4
		<u>\$ 195,053</u>	<u>89.6%</u>

2015			
RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking ²	\$ 47,517	24.5
2	US Airways	35,763	18.5
3	HMS Host	26,703	13.8
4	Fixed base operator area revenues ³	16,189	8.4
5	The Paradies Shops LLC	10,472	5.4
6	PSA Airlines - American Airlines	6,230	3.2
7	Vanguard Car Rental USA, INC.	3,987	2.1
8	Hertz Rent-A-Car	3,699	1.9
9	Avis Rent-A-Car	2,809	1.5
10	Piedmont Airlines dba American Airlines	2,804	1.4
		<u>\$ 156,173</u>	<u>80.7%</u>

NOTES:

¹Revenues generated by public and valet parking operations.²Revenues reported for American Airlines do not include affiliates.³Operated by Wilson Air Center under management contract.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 9

PASSENGER FACILITY CHARGE APPROVALS AND REMAINING AUTHORITY

(Fiscal Years ended June 30; \$000)

PFC APPLICATION	APPLICATION NUMBER	2024	2023	2022	2021	2020
PFCs Authorized						
PFC Application No. 1 ¹	04-01-C-00-CLT	\$ 479,688	\$ 479,688	\$ 479,688	\$ 479,688	\$ 479,688
PFC Application No. 2 ¹	07-02-C-00-CLT	101,565	101,565	101,565	101,565	101,565
PFC Application No. 3 ¹	09-03-C-00-CLT	54,740	54,740	54,740	54,740	54,740
PFC Application No. 4 ¹	11-04-C-00-CLT	106,484	106,484	106,484	106,484	106,484
PFC Application No. 5 ¹	15-05-C-00-CLT	91,494	91,494	91,494	87,195	87,195
PFC Application No. 6 ²	17-06-C-00-CLT	491,775	491,775	491,775	474,478	474,478
PFC Application No. 7 ²	18-07-U-00-CLT	40,000	40,000	40,000	40,000	40,000
PFC Application No. 8 ¹	19-08-C-00-CLT	1,436,133	1,436,133	1,436,133	1,436,133	1,819,083
PFC Application No. 9	21-09-U-00-CLT	457,058	457,058	457,058	-	-
PFC Application No. 10	23-10-C-00-CLT	1,014,548	-	-	-	-
Total PFCs authorized		4,273,485	3,258,937	3,258,937	2,780,283	3,163,233
PFC Revenue						
Total PFCs collected ³		1,067,709	993,642	927,800	866,905	823,584
Total PFC interest income ³		51,095	40,531	36,450	35,772	33,326
Total PFC revenue⁴		1,118,804	1,034,173	964,250	902,677	856,910
REMAINING PFC AUTHORITY		\$3,154,681	\$2,224,764	\$2,294,687	\$1,877,606	\$2,306,323

Continued

PFC APPLICATION	APPLICATION NUMBER	2019	2018	2017	2016	2015
PFCs Authorized						
PFC Application No. 1 ¹	04-01-C-00-CLT	\$ 650,150	\$ 650,150	\$ 650,150	\$ 650,150	\$ 650,150
PFC Application No. 2 ¹	07-02-C-00-CLT	143,057	143,057	143,057	143,057	143,057
PFC Application No. 3 ¹	09-03-C-00-CLT	79,266	79,266	79,266	79,266	79,266
PFC Application No. 4 ¹	11-04-C-00-CLT	127,806	127,806	127,806	128,507	164,302
PFC Application No. 5 ¹	15-05-C-00-CLT	87,195	87,195	87,195	67,660	67,660
PFC Application No. 6 ²	17-06-C-00-CLT	499,355	539,355	539,355	-	-
PFC Application No. 7 ²	18-07-U-00-CLT	40,000	-	-	-	-
PFC Application No. 8 ¹	19-08-C-00-CLT	-	-	-	-	-
PFC Application No. 9	21-09-U-00-CLT	-	-	-	-	-
PFC Application No. 10	23-10-C-00-CLT	-	-	-	-	-
Total PFCs authorized		1,626,829	1,626,829	1,626,829	1,068,640	1,104,435
PFC Revenue						
Total PFCs collected ³		767,807	705,188	644,887	585,872	522,195
Total PFC interest income ³		27,880	24,422	22,543	20,728	19,407
Total PFC revenue⁴		795,687	729,610	667,430	606,600	541,602
REMAINING PFC AUTHORITY		\$ 831,142	\$ 897,219	\$ 959,399	\$ 462,040	\$ 562,833

NOTES:

¹As amended.

²Collection of \$40 million approved as part of Application 6 was approved for Use in Application 7.

³FYs 2015 - 2020 restated to cash basis.

⁴Difference between Total PFC Revenue and Aggregate PFC collections on page 75 is due to rounding.

SOURCE:

City of Charlotte Aviation Department

This page intentionally left blank.

SCHEDULE 10

PASSENGER FACILITY CHARGE COLLECTIONS, NON-GAAP

(Fiscal Years ended June 30)

FISCAL YEAR	PFC RATE	AIRLINE ADMIN FEE	NET PFC RATE	ENPLANED PASSENGERS		TOTAL PFC COLLECTIONS (\$000) ²
				TOTAL (000)	PFC ELIGIBLE ¹	
2024 ³	\$ 3.00	\$ 0.11	\$ 2.89	28,640	89.5%	\$ 74,067
2023	3.00	0.11	2.89	25,443	89.5%	65,842
2022	3.00	0.11	2.89	23,034	91.5%	60,895
2021 ⁴	3.00	0.11	2.89	16,645	90.1%	43,321
2020 ⁴	3.00	0.11	2.89	19,409	99.4%	55,777
2019	3.00	0.11	2.89	23,959	90.4%	62,619
2018	3.00	0.11	2.89	23,075	90.4%	60,302
2017	3.00	0.11	2.89	22,516	90.4%	59,015
2016	3.00	0.11	2.89	22,380	91.5%	63,676
2015	3.00	0.11	2.89	22,190	93.9%	56,062

NOTES:

¹PFC eligible passengers imputed from total enplaned passengers, net PFC rate, and total PFC collections.

²PFC Revenue reported as Cash Basis.

³ CLT Increased PFC Collection Rate to \$4.50 in June 2024, June enplanements remitted by airlines in July so all collections in FY24 at \$3.00 level.

⁴ FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 11

PASSENGER FACILITY CHARGE FUND ACTIVITY

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021	2020
PFC revenue available					
Beginning balance	\$ 263,762	\$ 267,549	\$ 235,926	\$ 214,268	\$ 210,436
PFC Revenues ¹	74,067	65,842	60,895	43,321	55,777
PFC interest earnings	10,564	4,081	678	2,446	5,446
Sale of land	-	-	-	-	-
Transfers in ²	7,155	-	104,620	-	23,465
Adjustment ³	-	-	-	13,144	-
Total PFC revenue available	355,548	337,472	402,119	273,179	295,124
PFC expenditures					
PFC eligible debt service	62,127	52,113	34,570	27,974	28,965
PAYGO projects ^{2,3}	68,772	21,597	100,000	9,279	51,891
Total PFC expenditures	130,899	73,710	134,570	37,253	80,856
PFC REMAINING CASH BALANCE	\$ 224,649	\$ 263,762	\$ 267,549	\$ 235,926	\$ 214,268

Continued

	2019	2018	2017	2016	2015
PFC revenue available					
Beginning balance	\$ 208,836	\$ 196,580	\$ 293,250	\$ 298,477	\$ 271,251
PFC Revenues ¹	62,619	60,302	59,015	63,676	56,062
PFC interest earnings	3,458	1,879	1,815	1,321	1,446
Sale of land	2,275	-	-	-	-
Transfers in ²	226	3,681	-	5,314	-
Adjustment ³	-	-	-	-	-
Total PFC revenue available	277,414	262,442	354,080	368,788	328,759
PFC expenditures					
PFC eligible debt service	26,978	22,251	26,589	20,949	21,404
PAYGO projects ^{2,3}	40,000	31,355	130,911	54,589	8,878
Total PFC expenditures	66,978	53,606	157,500	75,538	30,282
PFC REMAINING CASH BALANCE	\$ 210,436	\$ 208,836	\$ 196,580	\$ 293,250	\$ 298,477

NOTES:

¹All years reported as Cash Basis.

²FY 2022 activity reflects transfers to fund projects that were later removed in the fiscal year due to revised funding plans.

³Transfer from Discretionary Fund for PFC Amendments to previously closed projects.

SOURCE:

City of Charlotte Aviation Department

This page intentionally left blank.

SCHEDULE 12

CONTRACT FACILITY CHARGE COLLECTIONS

(Fiscal Years ended June 30)

FISCAL YEAR	RENTAL CAR TRANSACTION DAYS ¹ (000)	CFC RATE	TOTAL CFC COLLECTIONS (\$000)
2024	3,586	\$ 4.00	\$ 14,342
2023	3,191	4.00	12,763
2022	2,768	4.00	11,071
2021 ²	1,790	4.00	7,160
2020 ²	2,644	4.00	10,577
2019	3,392	4.00	13,570
2018	3,338	4.00	13,351
2017	3,225	4.00	12,898
2016	3,068	4.00	12,273
2015	2,715	4.00	10,860

NOTES:

¹Rental Car Transaction Days imputed from CFC Collections and CFC Rate.

² FY 2021 and FY2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 13

CONTRACT FACILITY CHARGE FUND ACTIVITY

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021	2020
CFC revenues					
Beginning balance	\$ 5,466	\$ 9,098	\$ 2,691	\$ 40,578	\$ 38,724
CFC revenues	14,342	12,763	11,071	7,160	10,577
CFC interest earnings	596	295	(22)	330	844
Transfers in	-	-	3,048	89	209
Facility rents	-	-	-	-	-
Total CFC revenue available	20,404	22,156	16,788	48,157	50,354
CFC expenditures					
Debt service	-	-	-	4,445	4,449
Additional Principal Payment ¹	-	-	2,362	36,474	-
Debt service fees	-	-	-	27	25
Operation and maintenance	6,595	5,690	5,328	4,520	5,302
CIP fund transfer net ^{2,3}	7,000	11,000	-	-	-
Reserved for encumbrances	28	-	-	-	-
Total CFC expenditures	13,623	16,690	7,690	45,466	9,776
CFC REMAINING BALANCE	\$ 6,781	\$ 5,466	\$ 9,098	\$ 2,691	\$ 40,578

Continued

	2019	2018	2017	2016	2015
CFC revenues					
Beginning balance	\$ 33,972	\$ 30,057	\$ 27,382	\$ 23,722	\$ -
CFC revenues	13,570	13,351	12,898	12,273	10,860
CFC interest earnings	704	386	201	110	81
Transfers in	109	-	-	2	-
Facility rents	-	-	-	-	(673)
Total CFC revenue available	48,355	43,794	40,481	36,107	40,019
CFC expenditures					
Debt service	4,444	4,448	4,449	4,449	4,469
Additional Principal Payment ¹	-	-	-	-	-
Debt service fees	25	24	24	23	-
Operation and maintenance	5,162	5,350	5,237	4,253	-
CIP fund transfer net ^{2,3}	-	-	714	-	11,828
Reserved for encumbrances	-	-	-	-	-
Total CFC expenditures	9,631	9,822	10,424	8,725	16,297
CFC REMAINING BALANCE	\$ 38,724	\$ 33,972	\$ 30,057	\$ 27,382	\$ 23,722

NOTE:

¹2011 CFC Bonds fully redeemed in FY 2022. As a result, there were no debt service payments required.

²CFC funds transferred to CONRAC facility construction fund to pay project costs.

³FY 2017 has been restated to remove a prior year loan repayment not previously included in CIP fund transfer net.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 14

BOND INDENTURE DEBT SERVICE COVERAGE

(Fiscal Years ended June 30; \$000)

Application of Revenues	2024	2023	2022	2021	2020
Revenues					
Operating revenues	\$431,694	\$353,506	\$318,984	\$145,319	\$198,793
Nonoperating revenues	110,331	78,274	18,259	24,892	27,984
Coverage factor ¹	25,043	23,102	16,429	13,595	13,595
Total revenues	567,068	454,882	353,672	183,806	240,372
Expenses					
Operating expense	256,332	217,889	192,922	133,773	136,650
Grants applied to operating expense ²	(9,690)	(11,800)	(10,314)	(45,900)	-
Change in operating fund reserve ³	8,466	6,858	6,004	-	1,187
Debt service fees ⁴	184	46	213	138	32
Total expenses	255,292	212,993	188,825	88,011	137,869
Net revenues available for revenue bond debt service [A]	311,776	241,889	164,847	95,795	102,503
Principal and interest ⁵	102,966	92,408	65,714	48,669	54,382
Less: PFC's applied	(62,127)	(52,113)	(34,570)	(23,678)	(28,264)
Total [B]	\$ 40,839	\$ 40,295	\$ 31,144	\$ 24,991	\$ 26,118
Debt Service Coverage [A/B]	7.6	6.0	5.3	3.8	3.9

Continued

Application of Revenues	2019	2018	2017	2016	2015
Revenues					
Operating revenues	\$229,870	\$211,463	\$194,914	\$182,774	\$163,655
Nonoperating revenues	3,577	2,436	1,103	646	687
Coverage factor ¹	12,408	12,101	12,101	12,101	12,101
Total revenues	245,855	226,000	208,118	195,521	176,443
Expenses					
Operating expense	129,628	117,132	109,230	101,279	87,680
Grants applied to operating expense ²	-	-	-	-	-
Change in operating fund reserve ³	308	2,671	4,346	3,728	4,107
Debt service fees ⁴	181	181	109	32	125
Total expenses	130,117	119,984	113,685	105,039	91,912
Net revenues available for revenue bond debt service [A]	115,738	106,016	94,433	90,482	84,531
Principal and interest ⁵	49,634	39,807	43,530	46,673	47,138
Less: PFC's applied	(26,763)	(22,032)	(26,091)	(20,951)	(21,405)
Total [B]	\$ 22,871	\$ 17,775	\$ 17,439	\$ 25,722	\$ 25,733
Debt Service Coverage [A/B]	5.1	6.0	5.4	3.5	3.3

NOTES:

FY 2020 and 2021 have been restated to include North Carolina Airport Improvement Program (NCAIP) and Airport Coronavirus Response Grant Program (Federal COVID Relief Grant) funds as non-operating revenues. Grant funds were used to pay debt service in these years.

Beginning with the issuance of the Series 2021 Bonds, and as provided by the Bond Order, the City has elected to reclassify all revenue and expense of the Excluded Cost Centers as Included Cost Center Revenue and Current Expense and to pledge such net revenue to payment of debt service on the City's Outstanding Bonds as of July 1, 2021. Prior to FY 2022, Excluded Cost Centers net revenues were not pledged to the payment of debt service and are not included in the application of revenues or debt service coverage calculation.

¹Coverage factor equal to 25.0 percent of the Gross Revenue Bond Debt Service from prior Fiscal Year.

²NCAIP and Federal COVID Relief Grant funds applied to the payment of operating expenses.

³Change required per bond order to the operating fund reserve to maintain reserve equal to 25.0 percent of included operating expense.

⁴Trustee, remarketing and other revenue bond debt service fees.

⁵Scheduled principal and interest payments without regard to early redemptions of principal, if any.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 15

OUTSTANDING DEBT BY TYPE PER ENPLANED PASSENGER

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021	2020
Outstanding debt					
Airport Revenue Bonds ¹	\$ 1,787,816	\$ 1,433,400	\$ 1,461,781	\$ 1,097,774	\$ 892,063
Bond Anticipation Notes	13,554	122,029	13,268	34,266	77,250
Lease Liabilities	960	930	436	-	-
SBITA Liabilities	6,157	5,525	-	-	-
Total outstanding debt	\$ 1,808,487	\$ 1,561,884	\$ 1,475,485	\$ 1,132,040	\$ 969,313
Enplaned passengers ²	28,640	25,443	23,034	16,645	19,409
Airport Revenue Bond debt per enplaned passenger³	\$ 63.15	\$ 61.39	\$ 64.06	\$ 68.01	\$ 49.94
Consolidated Rental Car Facility outstanding debt³	\$ -	\$ -	\$ -	\$ 52,300	\$ 53,585

Continued

	2019	2018	2017	2016	2015
Outstanding debt					
Airport Revenue Bonds ¹	\$ 916,634	\$ 722,571	\$ 740,099	\$ 557,471	\$ 580,469
Bond Anticipation Notes	10,435	43,571	2,976	65,621	43,295
Lease Liabilities	-	-	-	-	-
SBITA Liabilities	-	-	-	-	-
Total outstanding debt	\$ 927,069	\$ 766,142	\$ 743,075	\$ 623,092	\$ 623,764
Enplaned passengers ²	23,959	23,075	22,516	22,380	22,190
Airport Revenue Bond debt per enplaned passenger³	\$ 38.69	\$ 30.24	\$ 29.83	\$ 27.84	\$ 28.11
Consolidated Rental Car Facility outstanding debt⁴	\$ 54,810	\$ 55,985	\$ 57,110	\$ 58,200	\$ 59,260

NOTE:

¹ Airport Revenue Bonds include unamortized premiums.² FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.³ Airport Revenue Bond debt per enplaned passengers has been restated for all prior years due to revised Airport Revenue Bond totals and inclusion of Lease and SBITA liabilities for FY 2022 and FY 2023.⁴ CONRAC revenue bonds were fully redeemed in July 2021.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 16

CONTRACT FACILITY CHARGE SPECIAL FACILITIES DEBT SERVICE COVERAGE

(Fiscal Years ended June 30; \$000)

	2024	2023	2022 ¹	2021	2020
Revenues:					
CFC revenue:					
CFC collections ²	\$ -	\$ -	\$ -	\$ 7,160	\$ 10,577
CFC interest earnings	-	-	-	330	844
Transfers in	-	-	-	89	209
Total annual CFC revenue	-	-	-	7,579	11,630
Rolling coverage fund	-	-	-	1,112	1,112
Total revenues available for DS coverage	-	-	-	8,691	12,742
Application of revenues					
Debt service fund	-	-	-	4,445	4,449
Operation and maintenance fund ²	-	-	-	4,520	5,302
Debt service fees	-	-	-	27	25
CFC stabilization fund ³	-	-	-	(1,413)	1,854
Total application of revenues	\$ -	\$ -	\$ -	\$ 7,579	\$ 11,630
Debt service coverage - with coverage fund (x)	N/A	N/A	N/A	1.96	2.86
Debt service coverage - without coverage fund (x)	N/A	N/A	N/A	1.71	2.61

Continued

	2019	2018	2017	2016	2015
Revenues:					
CFC revenue:					
CFC collections ²	\$ 13,570	\$ 13,351	\$ 12,898	\$ 12,273	\$ 10,860
CFC interest earnings	704	386	201	110	81
Transfers in	109	-	-	2	-
Total annual CFC revenue	14,383	13,737	13,099	12,385	10,941
Rolling coverage fund	1,112	1,112	1,112	1,112	1,112
Total revenues available for DS coverage	15,495	14,849	14,211	13,497	12,053
Application of revenues					
Debt service fund	4,444	4,448	4,449	4,449	4,469
Operation and maintenance fund ²	5,162	5,350	5,237	4,253	673
Debt service fees	25	24	24	23	-
CFC stabilization fund ³	4,752	3,915	3,389	3,660	5,799
Total application of revenues	\$ 14,383	\$ 13,737	\$ 13,099	\$ 12,385	\$ 10,941
Debt service coverage - with coverage fund (x)	3.49	3.34	3.25	3.03	2.70
Debt service coverage - without coverage fund (x)	3.24	3.09	3.00	2.78	2.45

NOTES:

¹CFC Debt service was paid in full in FY 2022. This schedule will no longer be reported after FY 2022.

²Annual O&M expenses for the CONRAC facility.

³The change in the Revenue Fund after all moneys have been transferred and credited to funds and accounts as required by the General Trust Indenture. Stabilization Fund accounts were restated for 2015-2016 to exclude Rolling Coverage erroneously included in amounts.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 17
POPULATION (MSA)

CALENDAR YEAR	POPULATION
2024	N/A
2023	2,805,115
2022	2,754,657
2021	2,707,454
2020	2,669,651
2019	2,626,694
2018	2,584,646
2017	2,542,910
2016	2,493,738
2015	2,443,016

NOTE:

Census Bureau midyear population estimate. Bureau of Economic Analysis produced intercensal annual county population statistics for 2010 to 2019 that are tied to the Census Bureau decennial counts for 2010 and 2020. Bureau of Economic Analysis developed intercensal population statistics because this data was not published when Census released county population data for 2020 through 2022, which are based on the 2020 decennial counts.

Population was computed using Census Bureau with the revision statistics for 2020-2022.

N/A: Information not available.

SOURCE:

Bureau of Economic Analysis U.S. Department of Commerce -
Charlotte-Concord-Gastonia, North Carolina & South Carolina
(Metropolitan Statistical Area)

SCHEDULE 18
TOTAL PERSONAL INCOME (MSA)
(\$000)

CALENDAR YEAR	TOTAL INCOME
2024	\$ N/A
2023	195,201,807
2022	182,420,535
2021	171,674,783
2020	155,201,258
2019	143,257,063
2018	134,583,610
2017	127,187,134
2016	119,034,090
2015	113,375,600

NOTE:

Personal income was computed using Census Bureau with the revision statistics for 2019-2022.

N/A: Information no available.

SOURCE:

Bureau of Economic Analysis U.S. Department of Commerce -
Charlotte-Concord-Gastonia, North Carolina & South Carolina
(Metropolitan Statistical Area)

SCHEDULE 19

PER CAPITA PERSONAL INCOME (MSA)

CALENDAR YEAR	INCOME
2024	\$ N/A
2023	\$69,588
2022	\$66,223
2021	63,408
2020	58,135
2019	54,539
2018	52,070
2017	50,016
2016	47,733
2015	46,408

NOTE:

Per capita personal income was computed using Census Bureau with the revision statistics for 2019-2022.

N/A: Information not available

SOURCE:

Bureau of Economic Analysis U.S. Department of Commerce -
Charlotte-Concord-Gastonia, North Carolina & South Carolina
(Metropolitan Statistical Area)

SCHEDULE 20
UNEMPLOYMENT RATE (MSA)

CALENDAR YEAR	UNEMPLOYMENT RATE
2024	N/A
2023	3.23%
2022	3.44%
2021	4.64%
2020	7.15%
2019	3.54%
2018	3.73%
2017	4.27%
2016	4.82%
2015	5.41%

NOTE:

N/A: Information not available.

SOURCE:

U.S. Bureau of Labor Statistics - Charlotte-Concord-Gastonia,
 North Carolina & South Carolina (Metropolitan Statistical Area)

SCHEDULE 21

10 LARGEST CHARLOTTE-AREA NON-GOVERNMENT EMPLOYERS

(Ranked By Numbers Of Full Time Employees)

2024			2023		
Rank	Employer	Number of Employees	Rank	Employer	Number of Employees
1	Atrium Health	39,000	1	Atrium Health	39,000
2	Wells Fargo & Co.	27,000	2	Wells Fargo & Co.	28,000
3	Bank of America Corp.	15,000	3	Bank of America Corp.	15,000
4	American Airlines Group Inc.	14,923	4	Novant Health Inc.	14,052
5	Novant Health Inc.	14,762	5	American Airlines Group Inc.	13,500
6	Lowe's Cos. Inc.	11,000	6	Lowe's Cos. Inc.	11,000
7	Harris Teeter LLC	8,239	7	Compass Group USA Inc.	8,800
8	Duke Energy Corp.	7,900	8	Harris Teeter LLC	8,239
9	Daimler Trucks North America	6,800	9	Duke Energy Corp.	7,700
10	Spectrum	6,600	10	Daimler Trucks North America	6,800

2022			2021		
Rank	Employer	Number of Employees	Rank	Employer	Number of Employees
1	Atrium Health	39,000	1	Atrium Health	39,039
2	Wells Fargo & Co.	27,200	2	Wells Fargo & Co.	27,500
3	Wal-Mart Stores Inc.	16,100	3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000	4	Bank of America Corp.	15,000
5	Novant Health Inc.	13,088	5	American Airlines Group	12,000
6	American Airlines Group	13,000	6	Novant Health Inc.	11,635
7	Lowe's Cos. Inc.	11,000	7	Lowe's Cos. Inc.	11,000
8	Harris Teeter, a division of The Kroger Co.	8,239	8	Harris Teeter, a division of The Kroger Co.	8,239
9	Duke Energy Corp.	7,700	9	Duke Energy Corp.	7,700
10	Daimler Trucks North America	6,800	10	Compass Group USA Inc.	5,000

2020			2019		
Rank	Employer	Number of Employees	Rank	Employer	Number of Employees
1	Atrium Health	38,320	1	Atrium Health	35,700
2	Wells Fargo & Co.	27,500	2	Wells Fargo & Co.	26,000
3	Wal-Mart Stores Inc.	16,100	3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000	4	Bank of America Corp.	15,000
5	Novant Health Inc.	14,170	5	Novant Health Inc.	12,172
6	American Airlines Group	12,000	6	American Airlines Group	11,000
7	Lowe's Cos. Inc.	9,233	7	Lowe's Cos. Inc.	9,233
8	Delhaize America Inc./ Food Lion LLC	8,465	8	Delhaize America Inc./ Food Lion LLC	8,465
9	Harris Teeter, a division of The Kroger Co.	8,329	9	Harris Teeter, a division of The Kroger Co.	8,239
10	Duke Energy Corp.	7,700	10	Duke Energy Corp.	7,700

Continued

2018			2017		
Rank	Employer	Number of Employees	Rank	Employer	Number of Employees
1	Atrium Health	35,700	1	Carolinas Health Care System	35,000
2	Wells Fargo & Co.	25,100	2	Wells Fargo & Co.	24,100
3	Wal-Mart Stores Inc.	16,100	3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000	4	Bank of America Corp.	15,000
5	American Airlines Group	11,000	5	American Airlines Group	11,500
6	Delhaize America Inc./ Food Lion LLC	10,859	6	Delhaize America Inc./ Food Lion LLC	10,859
7	Novant Health Inc.	9,679	7	Novant Health Inc.	9,679
8	Lowe's Cos. Inc.	8,500	8	Lowe's Cos. Inc.	8,500
9	Duke Energy Corp.	8,300	9	Duke Energy Corp.	8,487
10	Harris Teeter, a division of The Kroger Co.	8,239	10	Harris Teeter, a division of The Kroger Co.	8,239

2016			2015		
Rank	Employer	Number of Employees	Rank	Employer	Number of Employees
1	Carolinas Health Care System	35,000	1	Carolinas Health Care System	35,000
2	Wells Fargo & Co.	23,500	2	Wells Fargo & Co.	23,000
3	Wal-Mart Stores Inc.	16,100	3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000	4	Bank of America Corp.	15,000
5	Novant Health Inc.	11,698	5	Novant Health Inc.	11,000
6	American Airlines Group	11,500	6	American Airlines Group	9,900
7	Lowe's Cos. Inc.	9,077	7	Delhaize America Inc./ Food Lion LLC	9,078
8	Harris Teeter, a division of The Kroger Co.	8,239	8	Harris Teeter, a division of The Kroger Co.	8,239
9	Duke Energy Corp.	7,800	9	Lowe's Cos. Inc.	7,801
10	Delhaize America Inc./ Food Lion LLC	6,900	10	Duke Energy Corp.	7,800

NOTE:

The Charlotte area includes the following counties: Alexander, Anson, Cabarrus, Catawba, Chester (SC), Chesterfield (SC), Cleveland, Gaston, Iredell, Lancaster (SC), Lincoln, Mecklenburg, Rowan, Stanly, Union and York (SC).

SOURCE:

Charlotte Business Journal Book of Lists

SCHEDULE 22

DOMESTIC AND INTERNATIONAL ENPLANED PASSENGERS

(Fiscal Years ended June 30; 000)

FISCAL YEAR	DOMESTIC	ANNUAL % CHANGE	INTERNATIONAL	ANNUAL % CHANGE	TOTAL	ANNUAL % CHANGE
2024	26,312	12.4%	2,328	14.5%	28,640	12.6%
2023	23,409	7.8%	2,034	54.2%	25,443	10.5%
2022	21,715	35.9%	1,319	98.9%	23,034	38.4%
2021 ¹	15,982	-12.2%	663	-44.8%	16,645	-14.2%
2020 ¹	18,208	-18.1%	1,201	-30.1%	19,409	-19.0%
2019	22,241	3.4%	1,718	9.8%	23,959	3.8%
2018	21,511	3.3%	1,564	-7.7%	23,075	2.5%
2017	20,822	-0.7%	1,694	19.7%	22,516	0.6%
2016	20,965	0.9%	1,415	-0.2%	22,380	0.9%
2015	20,772	1.2%	1,418	-1.9%	22,190	1.0%

NOTE:

¹FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 23

ENPLANED PASSENGERS BY TYPE

(Fiscal Years ended June 30; 000)

Fiscal year	O&D	Share of total	Annual % change	Connecting	Share of total	Annual % change	Total	Annual % change
2024	9,157	32.0%	13.0%	19,483	68.0%	12.4%	28,640	12.6%
2023	8,104	31.9%	15.2%	17,339	68.1%	8.4%	25,443	10.5%
2022	7,032	30.5%	81.8%	16,002	69.5%	25.2%	23,034	38.4%
2021¹	3,868	23.2%	-33.9%	12,777	76.8%	-5.8%	16,645	-14.2%
2020¹	5,848	30.1%	-19.9%	13,561	69.9%	-18.6%	19,409	-19.0%
2019	7,301	30.5%	4.4%	16,658	69.5%	3.6%	23,959	3.8%
2018	6,996	30.3%	4.6%	16,079	69.7%	1.6%	23,075	2.5%
2017	6,688	29.7%	7.8%	15,828	70.3%	-2.1%	22,516	0.6%
2016	6,207	27.7%	9.7%	16,173	72.3%	-2.2%	22,380	0.9%
2015	5,657	25.5%	4.0%	16,533	74.5%	0.0%	22,190	1.0%

NOTES:

¹FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

Data in this schedule has been restated due to new source of information implemented in FY 2023.

SOURCE:

Estimated by City of Charlotte Aviation Department using data from U.S. Department of Transportation DB1B database.

SCHEDULE 24

ENPLANED PASSENGERS BY AIRLINE

(Fiscal Years ended June 30; 000)

ENPLANED PASSENGERS BY AIRLINE	2024		2023		2022		2021	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total
American Airlines								
American Airlines	20,231	70.6%	18,499	72.7%	15,069	65.4%	9,785	58.8%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
American Eagle	-	0.0%	258	1.0%	-	0.0%	-	0.0%
Endeavor Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Envoy Air	388	1.4%	-	0.0%	239	1.0%	63	0.4%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	1,410	4.9%	1,040	4.1%	978	4.2%	655	3.9%
PSA Airlines	3,405	11.9%	3,088	12.1%	4,420	19.2%	4,088	24.6%
Republic Airways	3	0.0%	75	0.3%	470	2.0%	1,113	6.7%
SkyWest Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total American Airlines	25,438	88.8%	22,960	90.2%	21,176	91.8%	15,704	94.4%
US Airways & Affiliates								
US Airways, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
PSA Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways & American Airlines	25,438	88.8%	22,960	90.2%	21,176	91.8%	15,704	94.4%
Delta Air Lines (inc former Northwest)								
Delta Air Lines	576	2.0%	514	2.0%	523	2.3%	215	1.3%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Endeavor Air	146	0.5%	135	0.5%	86	0.4%	38	0.2%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
GoJet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pinnacle Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	120	0.4%	105	0.4%	108	0.5%	48	0.3%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	2	0.0%	-	0.0%	16	0.1%	27	0.1%
Total Delta Air Lines	845	2.9%	754	3.0%	733	3.3%	328	1.9%
United Airlines (inc former Continental)								
United Air Lines, Inc.	528	1.8%	373	1.5%	57	0.2%	32	0.2%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
GoJet Airlines	3	0.0%	5	0.0%	27	0.1%	25	0.1%
Mesa Airlines	81	0.3%	76	0.3%	107	0.5%	59	0.3%
Republic Airways	20	0.1%	67	0.3%	89	0.4%	63	0.4%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	2	0.0%	24	0.1%	69	0.3%	43	0.3%
Trans State Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total United Airlines	633	2.2%	545	2.1%	349	1.5%	222	1.3%

Continued on next page

ENPLANED PASSENGERS BY AIRLINE	2024		2023		2022		2021	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total
Other Domestic Carriers								
Contour Airlines	52	0.2%	38	0.1%	14	0.1%	6	0.0%
Frontier Airlines	355	1.2%	244	1.0%	194	0.8%	102	0.6%
JetBlue Airways	60	0.2%	69	0.3%	48	0.2%	12	0.1%
Miami Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
National Airlines	-	0.0%	1	0.0%	-	0.0%	-	0.0%
Sun Country Airlines	17	0.1%	7	0.0%	1	0.0%	-	0.0%
Southwest Airlines	390	1.4%	365	1.4%	300	1.3%	177	1.1%
Spirit Airlines, Inc.	724	2.5%	347	1.4%	163	0.7%	83	0.5%
ViaAir, LLC / Mauiva, LLC	-	0.0%	5	0.0%	-	0.0%	-	0.0%
Republic Airway, Ceasar Charter	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Swift Air	-	0.0%	-	0.0%	1	0.0%	1	0.0%
XTRA Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Other Domestic Carriers	1,598	5.6%	1,076	4.2%	721	3.1%	381	2.3%
Foreign Flag Carriers								
Aeromexico	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Aerolines Nacionales, S.A. de C.V.	1	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Canada/AC Jazz/Air Georgian	38	0.1%	23	0.1%	3	0.0%	-	0.0%
Insel Air International	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interjet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Lufthansa German Airlines	71	0.2%	70	0.3%	39	0.2%	-	0.0%
Sunwing Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Vacation Express-Volaris	-	0.0%	-	0.0%	1	0.0%	-	0.0%
Volaris	17	0.1%	15	0.1%	12	0.1%	10	0.1%
Total Other International Carriers	126	0.4%	108	0.4%	55	0.3%	10	0.1%
Total	28,640	100%	25,443	100%	23,034	100%	16,645	100%

ENPLANED PASSENGERS BY AIRLINE

(Fiscal Years ended June 30; 000)

Continued from previous page

ENPLANED PASSENGERS BY AIRLINE	2020		2019		2018		2017	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total
American Airlines								
American Airlines	11,917	61.4%	14,749	61.5%	14,361	62.3%	14,026	62.3%
Air Wisconsin	-	0.0%	-	0.0%	122	0.5%	383	1.7%
American Eagle	67	0.4%	-	0.0%	-	0.0%	-	0.0%
Endeavor Air	83	0.4%	-	0.0%	-	0.0%	-	0.0%
Envoy Air	-	0.0%	158	0.6%	74	0.3%	29	0.1%
ExpressJet Airlines	-	0.0%	67	0.3%	73	0.3%	13	0.1%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	682	3.5%	662	2.8%	481	2.1%	497	2.2%
PSA Airlines	4,460	23.0%	5,483	23.0%	5,395	23.4%	5,029	22.3%
Republic Airways	473	2.4%	614	2.6%	511	2.2%	569	2.5%
SkyWest Airlines	-	0.0%	95	0.4%	-	0.0%	-	0.0%
Total American Airlines	17,682	91.1%	21,828	91.2%	21,017	91.1%	20,546	91.2%
US Airways & Affiliates								
US Airways, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
PSA Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways & American Airlines	17,682	91.1%	21,828	91.2%	21,017	91.1%	20,546	91.2%
Delta Air Lines (inc former Northwest)								
Delta Air Lines	488	2.5%	613	2.6%	581	2.6%	599	2.7%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines	-	0.0%	-	0.0%	-	0.0%	1	0.0%
Endeavor Air	73	0.4%	130	0.6%	141	0.6%	103	0.5%
ExpressJet Airlines	-	0.0%	-	0.0%	54	0.2%	49	0.2%
GoJet Airlines	-	0.0%	4	0.0%	8	0.0%	27	0.1%
Pinnacle Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	17	0.1%	35	0.1%	4	0.0%	4	0.0%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	11	0.1%
SkyWest Airlines	18	0.1%	30	0.1%	26	0.1%	34	0.2%
Total Delta Air Lines	596	3.1%	812	3.4%	814	3.5%	828	3.8%
United Airlines (inc former Continental)								
United Air Lines, Inc.	85	0.4%	114	0.5%	124	0.5%	131	0.6%
ExpressJet Airlines	25	0.1%	2	0.0%	3	0.0%	5	0.0%
GoJet Airlines	4	0.0%	19	0.1%	7	0.0%	21	0.1%
Mesa Airlines	109	0.6%	147	0.6%	132	0.6%	138	0.6%
Republic Airways	98	0.5%	156	0.7%	174	0.8%	133	0.6%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	6	0.0%
SkyWest Airlines	50	0.3%	73	0.2%	71	0.3%	61	0.3%
Trans State Airlines	-	0.0%	-	0.0%	-	0.0%	2	0.0%
Total United Airlines	371	1.9%	511	2.1%	511	2.2%	497	2.2%

Continued on next page

ENPLANED PASSENGERS BY AIRLINE	2020		2019		2018		2017	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total
Other Domestic Carriers								
Contour Airlines	6	0.0%	3	0.0%	-	0.8%	-	0.7%
Frontier Airlines	187	1.0%	199	0.8%	179	0.8%	146	0.7%
JetBlue Airways	91	0.5%	133	0.6%	117	0.5%	117	0.5%
Miami Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
National Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Sun Country Airlines	1	0.0%	1	0.0%	2	0.0%	2	0.0%
Southwest Airlines	250	1.3%	351	1.5%	318	1.4%	278	1.2%
Spirit Airlines, Inc.	146	0.8%	6	0.0%	-	0.0%	-	0.0%
ViaAir, LLC / Mauiva, LLC	-	0.0%	2	0.0%	15	0.1%	13	0.1%
Republic Airway, Ceasar Charter	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Swift Air	2	0.0%	3	0.0%	2	0.0%	2	0.0%
XTRA Airways	-	0.0%	-	0.0%	1	0.0%	2	0.0%
Total Other Domestic Carriers	682	3.6%	698	2.9%	634	2.8%	560	2.4%
Foreign Flag Carriers								
Aeromexico	-	0.0%	-	0.0%	-	0.0%	1	0.0%
Aerolines Nacionales, S.A. de C.V.	1	0.0%	2	0.0%	-	0.0%	-	0.0%
Air Canada/AC Jazz/Air Georgian	17	0.1%	26	0.1%	27	0.1%	24	0.1%
Insel Air International	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interjet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Lufthansa German Airlines	51	0.2%	74	0.3%	70	0.3%	59	0.3%
Sunwing Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Vacation Express-Volaris	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Volaris	8	0.0%	8	0.0%	2	0.0%	1	0.0%
Total Other International Carriers	77	0.3%	110	0.4%	99	0.4%	85	0.4%
Total	19,409	100%	23,959	100%	23,075	100%	22,516	100%

ENPLANED PASSENGERS BY AIRLINE

(Fiscal Years ended June 30; 000)

Continued from previous page

ENPLANED PASSENGERS BY AIRLINE	2016		2015	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total
American Airlines				
American Airlines	10,637	47.5%	498	2.2%
Air Wisconsin	345	1.5%	-	0.0%
American Eagle	11	0.1%	-	0.0%
Endeavor Air	-	0.0%	-	0.0%
Envoy Air	-	0.0%	-	0.0%
ExpressJet Airlines	-	0.0%	-	0.0%
Mesa Airlines	38	0.2%	-	0.0%
Piedmont Airlines	496	2.2%	-	0.0%
PSA Airlines	3,325	14.9%	-	0.0%
Republic Airways	432	1.9%	-	0.0%
SkyWest Airlines	-	0.0%	-	0.0%
Total American Airlines	15,284	68.3%	498	2.2%
US Airways & Affiliates				
US Airways, Inc.	5,139	23.0%	13,459	60.7%
Air Wisconsin	-	0.0%	547	2.5%
Mesa Airlines	-	0.0%	1,199	5.4%
Piedmont Airlines	-	0.0%	785	3.5%
PSA Airlines	-	0.0%	3,256	14.7%
Republic Airways	-	0.0%	680	3.0%
Total US Airways	5,139	23.0%	19,926	89.8%
Total US Airways & American Airlines	20,423	91.3%	20,424	92.0%
Delta Air Lines (inc former Northwest)				
Delta Air Lines	764	3.4%	776	3.5%
Chautauqua Airlines	-	0.0%	17	0.1%
Compass Airlines	-	0.0%	11	0.0%
Endeavor Air	-	0.0%	-	0.0%
ExpressJet Airlines	46	0.2%	22	0.1%
GoJet Airlines	40	0.2%	41	0.2%
Pinnacle Airlines	91	0.4%	72	0.3%
Republic Airways	-	0.0%	-	0.0%
Shuttle America	11	0.1%	14	0.1%
SkyWest Airlines	13	0.1%	2	0.0%
Total Delta Air Lines	965	4.4%	955	4.3%
United Airlines (inc former Continental)				
United Air Lines, Inc.	86	0.4%	23	0.1%
ExpressJet Airlines	55	0.3%	192	0.9%
GoJet Airlines	23	0.1%	7	0.0%
Mesa Airlines	108	0.5%	54	0.3%
Republic Airways	54	0.2%	-	0.0%
Shuttle America	47	0.2%	23	0.1%
SkyWest Airlines	72	0.3%	21	0.1%
Trans State Airlines	3	0.0%	9	0.0%
Total United Airlines	448	2.0%	329	1.5%

Continued

ENPLANED PASSENGERS BY AIRLINE	2016		2015	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total
Other Domestic Carriers				
Contour Airlines	-	0.4%	-	0.2%
Frontier Airlines	89	0.4%	53	0.2%
JetBlue Airways	121	0.5%	121	0.6%
Miami Air	-	0.0%	1	0.0%
National Airlines	-	0.0%	-	0.0%
Sun Country Airlines	-	0.0%	-	0.0%
Southwest Airlines	248	1.1%	211	1.0%
Spirit Airlines, Inc.	-	0.0%	-	0.0%
ViaAir, LLC / Mauiva, LLC	1	0.0%	1	0.0%
Republic Airway, Ceasar Charter	-	0.0%	3	0.0%
Swift Air	1	0.0%	-	0.0%
XTRA Airways	1	0.0%	1	0.0%
Total Other Domestic Carriers	461	2.0%	391	1.8%
Foreign Flag Carriers				
Aeromexico	1	0.0%	-	0.0%
Aerolineas Nacionales, S.A. de C.V.	-	0.0%	-	0.0%
Air Canada/AC Jazz/Air Georgian	22	0.1%	20	0.1%
Insel Air International	2	0.0%	5	0.0%
Interjet Airlines	1	0.0%	1	0.0%
Lufthansa German Airlines	55	0.2%	64	0.3%
Sunwing Airlines	2	0.0%	1	0.0%
Vacation Express-Volaris	-	0.0%	-	0.0%
Volaris	-	0.0%	-	0.0%
Total Other International Carriers	83	0.3%	91	0.4%
Total	22,380	100%	22,190	100%

SOURCE:

City of Charlotte Aviation Department

This page intentionally left blank.

SCHEDULE 25

ORIGIN AND DESTINATION PASSENGERS BY TYPE

(Fiscal Years ended June 30; 000)

Fiscal year	Resident	Share of total	Annual % change	Visitor	Share of total	Annual % change	Total	Annual % change
2024	5,194	56.7%	12.4%	3,963	43.3%	13.8%	9,157	13.0%
2023	4,621	57.0%	16.5%	3,483	43.0%	13.5%	8,104	15.2%
2022	3,965	56.4%	91.5%	3,068	43.6%	70.7%	7,032	81.8%
2021¹	2,070	53.5%	-36.3%	1,797	46.5%	-30.8%	3,868	-33.9%
2020¹	3,250	55.6%	-20.6%	2,598	44.4%	-19.0%	5,848	-19.9%
2019	4,094	56.1%	6.0%	3,207	43.9%	2.3%	7,301	4.4%
2018	3,861	55.2%	4.0%	3,135	44.8%	5.3%	6,996	4.6%
2017	3,711	55.5%	8.5%	2,977	44.5%	6.9%	6,688	7.8%
2016	3,420	55.1%	9.0%	2,786	44.9%	10.6%	6,207	9.7%
2015	3,138	55.5%	2.8%	2,519	44.5%	5.5%	5,657	4.0%

NOTES:

¹FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

Data in this schedule has been restated due to new source of information implemented in FY 2023.

SOURCE:

Estimated by City of Charlotte Aviation Department using data from U.S. Department of Transportation DB1B database.

SCHEDULE 26
LANDED WEIGHT BY AIRLINE
(Fiscal Years ended June 30; 000)

LANDED WEIGHT BY AIRLINE	2024		2023		2022		2021	
	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total
American Airlines								
American Airlines	21,888,742	67.9%	19,965,724	69.4%	16,326,407	61.7%	11,996,891	55.2%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
American Eagle	-	0.0%	301,919	1.0%	-	0.0%	-	0.0%
Endeavor Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Envoy Air	447,877	1.4%	-	0.0%	278,065	1.1%	75,554	0.3%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	74	0.0%
Piedmont Airlines	1,427,093	4.4%	1,057,159	3.7%	994,391	3.8%	771,383	3.5%
PSA Airlines	3,856,933	12.0%	3,548,019	12.3%	5,166,681	19.5%	5,299,715	24.4%
Republic Airways	4,197	0.0%	89,860	0.3%	535,575	2.0%	1,340,873	6.2%
SkyWest Airlines	-	0.0%	-	0.0%	67	0.0%	-	0.0%
Total American Airlines	27,624,844	85.7%	24,962,681	86.7%	23,301,186	88.0%	19,484,490	89.6%
US Airways & Affiliates								
US Airways, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
PSA Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways & American Airlines	27,624,844	85.7%	24,962,681	86.7%	23,301,186	88.0%	19,484,490	89.6%
Delta Air Lines (inc former Northwest)								
Delta Air Lines	736,753	2.3%	613,163	2.1%	621,338	2.3%	393,669	1.8%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Endeavor Air	199,166	0.6%	191,776	0.7%	133,488	0.5%	77,999	0.4%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
GoJet Airlines	-	0.0%	-	0.0%	-	0.0%	150	0.0%
Pinnacle Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	149,605	0.5%	132,359	0.5%	164,911	0.6%	100,524	0.5%
Rosenbalm Aviation	-	0.0%	75	0.0%	-	0.0%	-	0.0%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	4,540	0.0%	-	0.0%	20,653	0.1%	45,959	0.2%
Trans State Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Delta Air Lines	1,090,064	3.4%	937,373	3.3%	940,390	3.5%	618,301	2.9%
United Airlines (inc former Continental)								
United Airlines, Inc.	618,714	1.9%	422,232	1.5%	79,045	0.3%	49,290	0.2%
Air Wisconsin	-	0.0%	94	0.0%	-	0.0%	94	0.0%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
GoJet Airlines	3,965	0.0%	7,076	0.0%	38,074	0.1%	35,269	0.2%
Mesa Airlines	92,793	0.3%	82,200	0.3%	125,148	0.5%	80,239	0.4%
Republic Airways	23,219	0.1%	76,190	0.2%	109,484	0.4%	87,370	0.4%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	1,725	0.0%	25,575	0.1%	75,901	0.3%	53,817	0.2%
Trans State Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total United Airlines	740,416	2.3%	613,367	2.1%	427,652	1.6%	306,079	1.4%

Continued on next page

LANDED WEIGHT BY AIRLINE	2024		2023		2022		2021	
	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total
Other Domestic Carriers								
ABX Air, Inc.	-	0.0%	-	0.0%	-	0.0%	139,688	0.6%
Aeronexus Corporate	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Transport International, LLC	232,803	0.7%	250,255	0.9%	135,006	0.5%	-	0.0%
Airnet Systems	-	0.0%	-	0.0%	-	0.0%	-	0.0%
CSA, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Contour Airlines	138,813	0.4%	101,155	0.3%	34,309	0.1%	25,142	0.1%
Comair Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Elite Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
FedEx Corp.	254,571	0.8%	294,779	1.0%	353,711	1.3%	335,993	1.5%
Frontier Airlines, Inc.	406,434	1.3%	228,585	0.8%	191,856	0.7%	105,595	0.5%
Global Crossing Airlines	291	0.0%	146	0.0%	-	0.0%	-	0.0%
Gulf & Caribbean Cargo, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
IFL Group	-	0.0%	-	0.0%	47	0.0%	-	0.0%
Interjet West, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
JetBlue Airways	67,822	0.2%	73,225	0.3%	59,694	0.2%	22,359	0.1%
Kalitta Air, LLC	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Kalitta Charters	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Sun Country Airlines	24,871	0.1%	-	0.0%	-	0.0%	-	0.0%
Mountain Air Cargo, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
National Airlines	-	0.0%	803	0.0%	-	0.0%	-	0.0%
NC Air National Guard	-	0.0%	15,610	0.1%	-	0.0%	-	0.0%
Nonlinor Aviation	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airway, Caesar Charter	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Roush D. Aviation, LLC	-	0.0%	-	0.0%	-	0.0%	-	0.0%
MN Airlines LLC	-	0.0%	3,219	0.0%	25,164	0.1%	14,484	0.1%
Spirit Airlines, Inc.	744,381	2.3%	374,434	1.3%	165,710	0.6%	87,170	0.4%
Southwest Airlines	455,389	1.4%	408,222	1.4%	344,063	1.3%	277,781	1.3%
South Country Airlines	-	0.0%	22,091	0.1%	-	0.0%	-	0.0%
United Parcel Service Company	200,498	0.6%	240,207	0.8%	250,327	1.0%	292,448	1.3%
USA Jet	-	0.0%	-	0.0%	-	0.0%	-	0.0%
ViaAir, LLC	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Titan Airways	-	0.0%	-	0.0%	175	0.0%	-	0.0%
Wilson Air Center	29,902	0.1%	26,816	0.1%	15,686	0.1%	-	0.0%
Aeronaves TSM - VTM	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Other Domestic Carriers	2,555,775	7.9%	2,039,547	7.1%	1,575,748	5.9%	1,300,658	5.9%
Foreign Flag Carriers								
Aeromexico	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Aerolineas Nacionales, S.A. de C.V.	1,867	0.0%	568	0.0%	-	0.0%	-	0.0%
Air Austral	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Canada/ Air Georgian/ Jazz Aviation/ Sky Regional	52,582	0.2%	31,138	0.1%	3,487	0.0%	-	0.0%
Atlas Air Inc.	326	0.0%	-	0.0%	93,256	0.4%	1,920	0.0%
Avelo Airlines	-	0.0%	146	0.0%	-	0.0%	-	0.0%
Eastern Air Lines Group Inc.	-	0.0%	-	0.0%	15,070	0.1%	-	0.0%
Evelop Airlines	-	0.0%	-	0.0%	320	0.0%	-	0.0%
Dreamjet SAS dba La Compagnie	-	0.0%	-	0.0%	170	0.0%	-	0.0%
Insel Air International B.V	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Qatar Airways Corporation	-	0.0%	-	0.0%	-	0.0%	3,324	0.1%
Interjet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Link Conexion Aerea, SA de CV dba TAR Aerolineas	-	0.0%	49	0.0%	-	0.0%	-	0.0%
Lufthansa German Airlines	149,174	0.5%	170,588	0.6%	119,339	0.5%	-	0.0%
Miami Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Sunwing Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Swift Airlines	-	0.0%	-	0.0%	2,293	0.0%	2,315	0.0%
Tem Enterprises dba XTRA Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Silk Way Airlines	875	0.0%	-	0.0%	-	0.0%	-	0.0%
WestJet	146	0.0%	-	0.0%	-	0.0%	-	0.0%
Ukraine Air Alliance	128	0.0%	-	0.0%	-	0.0%	-	0.0%
Volaris	17,083	0.1%	15,230	0.1%	710	0.0%	14,860	0.1%
World Atlantic	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Other International Carriers	222,181	0.8%	217,719	0.8%	234,645	1.0%	22,419	0.2%
Total	32,233,281	100%	28,770,687	100%	26,479,621	100%	21,731,947	100%

LANDED WEIGHT BY AIRLINE

(Fiscal Years ended June 30; 000)

Continued from previous page

LANDED WEIGHT BY AIRLINE	2020		2019		2018		2017	
	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total
American Airlines								
American Airlines	14,544,746	57.6%	16,693,234	63.0%	16,431,659	59.7%	16,562,419	60.5%
Air Wisconsin	-	0.0%	-	0.0%	137,099	0.5%	429,110	1.6%
American Eagle	170,808	0.7%	-	0.0%	-	0.0%	-	0.0%
Endeavor Air	72,382	0.3%	-	0.0%	-	0.0%	-	0.0%
Envoy Air	-	0.0%	173,067	0.7%	89,384	0.3%	31,100	0.1%
ExpressJet Airlines	-	0.0%	90,048	0.3%	95,408	0.4%	17,420	0.1%
Mesa Airlines	74	0.0%	-	0.0%	-	0.0%	740	0.0%
Piedmont Airlines	808,311	3.2%	703,355	2.7%	531,931	1.9%	555,785	2.0%
PSA Airlines	5,882,875	23.3%	6,569,163	24.8%	6,403,987	23.3%	6,050,916	22.1%
Republic Airways	617,338	2.4%	732,439	2.6%	584,352	2.1%	647,643	2.4%
SkyWest Airlines	67	0.0%	122,262	0.4%	-	0.0%	-	0.0%
Total American Airlines	22,096,601	87.5%	25,083,568	94.5%	24,273,820	88.2%	24,295,133	88.8%
US Airways & Affiliates								
US Airways, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
PSA Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways & American Airlines	22,096,601	87.5%	25,083,568	94.5%	24,273,820	88.2%	24,295,133	88.8%
Delta Air Lines (inc former Northwest)								
Delta Air Lines	649,987	2.5%	771,329	2.9%	729,381	2.7%	778,984	2.8%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines	-	0.0%	-	0.0%	-	0.0%	972	0.0%
Endeavor Air	119,360	0.5%	178,102	0.7%	192,993	0.7%	144,256	0.5%
ExpressJet Airlines	-	0.0%	67	0.0%	84,385	0.3%	72,674	0.3%
GoJet Airlines	-	0.0%	5,591	0.0%	10,612	0.0%	36,049	0.1%
Pinnacle Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	29,059	0.1%	52,217	0.2%	7,179	0.0%	7,061	0.0%
Rosenbalm Aviation	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	17,060	0.1%
SkyWest Airlines	24,886	0.1%	44,652	0.2%	40,043	0.2%	42,779	0.2%
Trans State Airlines	-	0.0%	44	0.0%	-	0.0%	-	0.0%
Total Delta Air Lines	823,292	3.2%	1,052,002	4.0%	1,064,593	3.9%	1,099,835	4.0%
United Airlines (inc former Continental)								
United Airlines, Inc.	104,256	0.4%	144,998	0.5%	158,247	0.6%	162,390	0.6%
Air Wisconsin	94	0.0%	47	0.0%	-	0.0%	-	0.0%
ExpressJet Airlines	35,491	0.1%	1,994	0.0%	3,243	0.0%	5,344	0.0%
GoJet Airlines	5,421	0.0%	20,837	0.1%	7,437	0.0%	23,517	0.1%
Mesa Airlines	139,877	0.5%	162,265	0.6%	150,913	0.5%	168,628	0.6%
Republic Airways	122,035	0.5%	178,143	0.7%	190,409	0.7%	149,168	0.5%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	7,230	0.0%
SkyWest Airlines	65,580	0.2%	80,593	0.3%	77,692	0.3%	68,010	0.2%
Trans State Airlines	-	0.0%	44	0.0%	391	0.0%	1,711	0.0%
Total United Airlines	472,754	1.8%	588,921	2.2%	588,332	2.1%	585,998	2.1%

Continued on next page

LANDED WEIGHT BY AIRLINE	2020		2019		2018		2017	
	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total
Other Domestic Carriers								
ABX Air, Inc.	219,274	0.8%	147,021	0.6%	66,401	0.2%	66,144	0.2%
Aeronexus Corporate	320	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Transport International, LLC	652	0.0%	320	0.0%	74,268	0.3%	87,343	0.3%
Airnet Systems	-	0.0%	80	0.0%	126	0.0%	78	0.0%
CSA, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Contour Airlines	26,525	0.1%	15,895	0.1%	-	0.0%	-	0.0%
Comair Air	585	0.0%	-	0.0%	-	0.0%	-	0.0%
Elite Airways	134	0.0%	-	0.0%	-	0.0%	-	0.0%
FedEx Corp.	386,852	1.5%	360,803	1.4%	349,467	1.3%	320,016	1.2%
Frontier Airlines, Inc.	188,743	0.8%	185,323	0.7%	166,292	0.6%	139,768	0.5%
Global Crossing Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Gulf & Caribbean Cargo, Inc.	-	0.0%	328	0.0%	-	0.0%	-	0.0%
IFL Group	28	0.0%	219	0.0%	-	0.0%	-	0.0%
Interjet West, Inc.	300	0.0%	150	0.0%	-	0.0%	-	0.0%
JetBlue Airways	117,906	0.4%	147,477	0.6%	135,738	0.5%	129,551	0.5%
Kalitta Air, LLC	-	0.0%	15	0.0%	-	0.0%	5,195	0.0%
Kalitta Charters	-	0.0%	1,472	0.0%	231	0.0%	650	0.0%
Sun Country Airlines	1,782	0.0%	2,360	0.0%	4,517	0.0%	3,286	0.0%
Mountain Air Cargo, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
National Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
NC Air National Guard	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Nonlinor Aviation	-	0.0%	116	0.0%	-	0.0%	-	0.0%
Republic Airway, Ceasar Charter	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Roush D. Aviation, LLC	-	0.0%	-	0.0%	-	0.0%	-	0.0%
MN Airlines LLC	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Spirit Airlines, Inc.	185,369	0.7%	6,538	0.0%	-	0.0%	-	0.0%
Southwest Airlines	355,856	1.3%	421,758	1.6%	363,208	1.3%	316,424	1.2%
South Country Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
United Parcel Service Company	185,810	0.7%	143,012	0.5%	124,952	0.5%	96,537	0.4%
USA Jet	-	0.0%	2,867	0.0%	321	0.0%	1,439	0.0%
ViaAir, LLC	-	0.0%	8,339	0.0%	63,996	0.2%	53,418	0.2%
Titan Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Wilson Air Center	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Aeronaves TSM - VTM	-	0.0%	538	0.0%	-	0.0%	-	0.0%
Total Other Domestic Carriers	1,670,136	6.3%	1,444,631	5.5%	1,349,517	4.9%	1,219,849	4.5%
Foreign Flag Carriers								
Aeromexico	-	0.0%	-	0.0%	-	0.0%	904	0.0%
Aerolines Nacionales, S.A. de C.V.	852	0.0%	2,130	0.0%	-	0.0%	-	0.0%
Air Austral	-	0.0%	-	0.0%	-	0.0%	554	0.0%
Air Canada/ Air Georgian/ Jazz Aviation/ Sky Regional	28,936	0.1%	30,879	0.1%	31,255	0.1%	31,020	0.1%
Atlas Air Inc.	17,876	0.1%	65,352	0.2%	63,226	0.2%	5,216	0.0%
Avelo Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Eastern Air Lines Group Inc.	-	0.0%	-	0.0%	-	0.0%	1,170	0.0%
Evelop Airlines	-	0.0%	-	0.0%	-	0.0%	466	0.0%
Dreamjet SAS dba La Compagnie	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Insel Air International B.V	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Qatar Airways Corporation	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interjet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Link Conexion Aerea, SA de CV dba TAR Aerolineas	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Lufthansa German Airlines	109,666	0.4%	152,251	0.6%	148,674	0.6%	137,261	0.5%
Miami Air	-	0.0%	-	0.0%	146	0.0%	146	0.0%
Sunwing Airlines	-	0.0%	-	0.0%	174	0.0%	-	0.0%
Swift Airlines	3,636	0.0%	4,994	0.0%	2,050	0.0%	1,559	0.0%
Tem Enterprises dba XTRA Airways	-	0.0%	-	0.0%	2,376	0.0%	4,728	0.0%
Silk Way Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
WestJet	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Ukraine Air Alliance	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Volaris	11,543	0.1%	10,241	0.0%	1,988	0.0%	852	0.0%
World Atlantic	-	0.0%	-	0.0%	279	0.0%	419	0.0%
Total Other International Carriers	172,509	0.7%	265,847	0.9%	250,168	0.9%	184,295	0.6%
Total	25,235,292	99%	28,434,969	107%	27,526,430	100%	27,385,110	100.0%

LANDED WEIGHT BY AIRLINE

(Fiscal Years ended June 30; 000)

Continued from previous page

LANDED WEIGHT BY AIRLINE	2016		2015	
	Landed Weight	% to total	Landed Weight	% to total
American Airlines				
American Airlines	12,646,211	47.0%	568,775	2.1%
Air Wisconsin	380,747	1.4%	-	0.0%
American Eagle	12,662	0.0%	-	0.0%
Endeavor Air	-	0.0%	-	0.0%
Envoy Air	-	0.0%	-	0.0%
ExpressJet Airlines	-	0.0%	-	0.0%
Mesa Airlines	45,213	0.2%	-	0.0%
Piedmont Airlines	551,313	2.1%	-	0.0%
PSA Airlines	4,090,412	15.2%	-	0.0%
Republic Airways	493,442	1.9%	-	0.0%
SkyWest Airlines	-	0.0%	-	0.0%
Total American Airlines	18,220,000	67.8%	568,775	2.1%
US Airways & Affiliates				
US Airways, Inc.	5,876,807	21.9%	15,999,897	60.5%
Air Wisconsin	-	0.0%	592,247	2.2%
Mesa Airlines	-	0.0%	1,315,820	5.0%
Piedmont Airlines	-	0.0%	836,852	3.2%
PSA Airlines	-	0.0%	3,826,598	14.5%
Republic Airways	-	0.0%	758,874	2.9%
Total US Airways	5,876,807	21.9%	23,330,288	88.3%
Total US Airways & American Airlines	24,096,807	89.7%	23,899,063	90.4%
Delta Air Lines (inc former Northwest)				
Delta Air Lines	914,847	3.4%	944,827	3.5%
Chautauqua Airlines	-	0.0%	19,615	0.1%
Compass Airlines	-	0.0%	13,238	0.1%
Endeavor Air	-	0.0%	-	0.0%
ExpressJet Airlines	62,665	0.2%	31,450	0.1%
GoJet Airlines	53,774	0.2%	64,789	0.2%
Pinnacle Airlines	114,612	0.5%	105,023	0.4%
Republic Airways	-	0.0%	-	0.0%
Rosenbalm Aviation	-	0.0%	-	0.0%
Shuttle America	12,572	0.0%	19,777	0.1%
SkyWest Airlines	16,023	0.1%	2,820	0.0%
Trans State Airlines	-	0.0%	-	0.0%
Total Delta Air Lines	1,174,493	4.4%	1,201,539	4.5%
United Airlines (inc former Continental)				
United Airlines, Inc.	108,903	0.4%	28,197	0.1%
Air Wisconsin	-	0.0%	-	0.0%
ExpressJet Airlines	53,951	0.2%	185,767	0.7%
GoJet Airlines	25,326	0.1%	7,631	0.0%
Mesa Airlines	128,272	0.5%	68,462	0.3%
Republic Airways	60,679	0.2%	-	0.0%
Shuttle America	55,604	0.2%	27,478	0.1%
SkyWest Airlines	79,898	0.3%	24,534	0.1%
Trans State Airlines	3,556	0.0%	9,481	0.0%
Total United Airlines	516,189	1.9%	351,550	1.3%

Continued

LANDED WEIGHT BY AIRLINE	2016		2015	
	Landed Weight	% to total	Landed Weight	% to total
Other Domestic Carriers				
ABX Air, Inc.	-	0.0%	-	0.0%
Aeronexus Corporate	-	0.0%	-	0.0%
Air Transport International, LLC	-	0.0%	-	0.0%
Airnet Systems	-	0.0%	892	0.0%
CSA, Inc.	-	0.0%	34	0.0%
Contour Airlines	-	0.0%	-	0.0%
Comair Air	-	0.0%	-	0.0%
Elite Airways	-	0.0%	-	0.0%
FedEx Corp.	305,558	1.1%	267,448	1.0%
Frontier Airlines, Inc.	90,147	0.3%	59,477	0.2%
Global Crossing Airlines	-	0.0%	-	0.0%
Gulf & Caribbean Cargo, Inc.	-	0.0%	-	0.0%
IFL Group	-	0.0%	-	0.0%
Interjet West, Inc.	-	0.0%	-	0.0%
JetBlue Airways	133,193	0.5%	131,991	0.5%
Kalitta Air, LLC	-	0.0%	1,282	0.0%
Kalitta Charters	492	0.0%	2,056	0.0%
Sun Country Airlines	258	0.0%	-	0.0%
Mountain Air Cargo, Inc.	94	0.0%	119	0.0%
National Airlines	-	0.0%	-	0.0%
NC Air National Guard	-	0.0%	-	0.0%
Nonlinor Aviation	-	0.0%	-	0.0%
Republic Airway, Ceasar Charter	873	0.0%	7,081	0.0%
Roush D. Aviation, LLC	-	0.0%	5,887	0.0%
MN Airlines LLC	-	0.0%	-	0.0%
Spirit Airlines, Inc.	-	0.0%	-	0.0%
Southwest Airlines	269,368	1.0%	245,024	0.9%
South Country Airlines	-	0.0%	-	0.0%
United Parcel Service Company	103,939	0.4%	89,081	0.4%
USA Jet	886	0.0%	1,466	0.0%
ViaAir, LLC	19,320	0.1%	10,859	0.1%
Titan Airways	-	0.0%	-	0.0%
Wilson Air Center	-	0.0%	-	0.0%
Aeronaves TSM - VTM	-	0.0%	-	0.0%
Total Other Domestic Carriers	924,128	3.4%	822,697	3.1%
Foreign Flag Carriers				
Aeromexico	844	0.0%	-	0.0%
Aeroenlaces Nacionales, S.A. de C.V.	-	0.0%	-	0.0%
Air Austral	-	0.0%	-	0.0%
Air Canada/ Air Georgian/ Jazz Aviation/ Sky Regional	29,610	0.1%	28,303	0.1%
Atlas Air Inc.	-	0.0%	-	0.0%
Avelo Airlines	-	0.0%	-	0.0%
Eastern Air Lines Group Inc.	-	0.0%	-	0.0%
Evelop Airlines	-	0.0%	-	0.0%
Dreamjet SAS dba La Compagnie	-	0.0%	-	0.0%
Insel Air International B.V	3,898	0.0%	7,239	0.0%
Qatar Airways Corporation	-	0.0%	-	0.0%
Interjet Airlines	852	0.0%	1,846	0.0%
Link Conexion Aerea, SA de CV dba TAR	-	0.0%	-	0.0%
Aerolineas	-	0.0%	-	0.0%
Lufthansa German Airlines	130,228	0.5%	153,385	0.6%
Miami Air	292	0.0%	1,022	0.0%
Sunwing Airlines	1,609	0.0%	1,317	0.0%
Swift Airlines	605	0.0%	-	0.0%
Tem Enterprises dba XTRA Airways	2,396	0.0%	1,116	0.0%
Silk Way Airlines	-	0.0%	-	0.0%
WestJet	-	0.0%	-	0.0%
Ukraine Air Alliance	-	0.0%	-	0.0%
Volaris	-	0.0%	-	0.0%
World Atlantic	130	0.0%	-	0.0%
Total Other International Carriers	170,464	0.6%	194,228	0.7%
Total	26,882,081	100.0%	26,089,408	100.0%

SOURCE:
City of Charlotte Aviation Department

*SCHEDULE 27***AIRCRAFT OPERATIONS**

(Fiscal Years ended June 30; 000)

FISCAL YEAR	OPERATIONS
2024	572
2023	516
2022	520
2021 ¹	445
2020 ¹	495
2019	565
2018	547
2017	549
2016	546
2015	546

NOTE:

¹FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:

Federal Aviation Administration Monthly Traffic Activity Reports

*SCHEDULE 28***AVERAGE LOAD FACTOR**

(Fiscal Years ended June 30; 000)

FISCAL YEAR	ENPLANEMENTS	TOTAL SEATS	LOAD FACTOR
2024	28,640	33,649	85.1%
2023	25,443	29,633	85.9%
2022	23,034	27,093	85.0%
2021 ¹	16,645	22,061	75.4%
2020 ¹	19,409	25,051	77.5%
2019	23,959	28,232	84.9%
2018	23,075	27,142	85.0%
2017	22,516	27,308	82.5%
2016	22,380	27,399	81.7%
2015	22,190	24,423	85.6%

NOTES:

¹FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.
Load Factor calculated by dividing enplaned passengers by total seats.

SOURCE:

City of Charlotte Aviation Department

This page intentionally left blank.

SCHEDULE 29
CARGO ENPLANED

(Fiscal Years ended June 30; 000)

FISCAL YEAR	POUNDS ENPLANED
2024	150,625
2023	173,417
2022	184,144
2021	167,439
2020	161,054
2019	177,094
2018	184,741
2017	160,607
2016	132,750
2015	130,382

NOTE:

Data in this schedule has been restated due to revised source information.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 30
EMPLOYEE COUNT BY DIVISION

(Fiscal Years ended June 30)

Division/Group	2024	2023	2022	2021	2020
Administration	73	63	59	52	53
Operations	356	333	282	290	303
Facilities	213	194	186	180	181
Development	48	41	36	37	37
Business Office	26	21	19	14	16
Finance	22	19	26	23	24
Innovation & Experience	16	16	12	11	10
Technology	44	38	32	26	26
Compliance Services	26	19	-	-	-
Total	824	744	652	633	650

Continued

Division/Group	2019	2018	2017	2016	2015
Administration	45	40	34	31	26
Operations	300	269	258	259	245
Facilities	181	167	155	144	126
Development	36	32	27	27	20
Business Office	16	19	14	12	10
Finance	21	19	20	17	16
Innovation & Experience	11	-	-	-	-
Technology	31	23	16	14	10
Compliance Services	-	-	-	-	-
Total	641	569	524	504	453

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 31

RENTAL CAR REVENUE MARKET SHARE

(Fiscal Years ended June 30; \$000)

	2024	2023	2022	2021 ¹	2020 ¹
GROSS REVENUE²					
On-Airport					
Hertz	\$ 40,003	\$ 37,670	\$ 37,498	\$ 18,539	\$ 23,924
National	54,080	48,774	42,374	30,327	37,697
Avis	36,374	33,813	31,169	14,967	18,495
Enterprise	30,932	28,571	27,076	19,529	19,360
Budget	25,885	29,280	30,130	14,258	13,902
Dollar	10,931	12,574	15,101	7,800	7,424
Sixt/Advantage/Simply Wheelz ³	12,073	8,020	3,316	1,646	2,033
Total On-Airport	210,278	198,702	186,664	107,066	122,835
Off-Airport					
Ace Rent A Car	1,009	936	707	-	-
Airport Van Rental	-	-	-	-	-
East Coast Rental/Sixt RAC	-	-	-	-	-
ER Travel, DBA Easirent	1,831	1,880	273	-	-
HPower Inv NC, LLC	140	49	5	-	-
Mega MC, LLC	243	185	389	-	-
Payless	-	-	-	-	-
Prestige Rentals LLC	-	-	-	-	9
Silvercar	-	-	-	52	431
Thrifty	-	-	-	-	-
Triangle	-	-	-	-	-
Total Off-Airport	3,223	3,050	1,374	52	440
GRAND TOTAL - GROSS REVENUE	\$ 213,501	\$ 201,752	\$ 188,038	\$ 107,118	\$ 123,275
MARKET SHARE					
On-Airport					
Hertz	18.7%	18.7%	20.0%	17.3%	19.4%
National	25.3%	24.2%	22.5%	28.3%	30.6%
Avis	17.0%	16.8%	16.6%	14.0%	15.0%
Enterprise	14.5%	14.2%	14.4%	18.2%	15.7%
Budget	12.1%	14.5%	16.0%	13.3%	11.3%
Dollar	5.1%	6.2%	8.0%	7.3%	6.0%
Sixt/Advantage/Simply Wheelz ³	5.7%	4.0%	1.8%	1.6%	1.6%
Total On-Airport	98.4%	98.6%	99.3%	100.0%	99.6%
Off-Airport					
Ace Rent A Car	0.5%	0.5%	0.4%	0.0%	0.0%
Airport Van Rental	0.0%	0.0%	0.0%	0.0%	0.0%
East Coast Rental/Sixt RAC	0.0%	0.0%	0.0%	0.0%	0.0%
ER Travel, DBA Easirent	0.9%	0.9%	0.1%	0.0%	0.0%
HPower Inv NC, LLC	0.1%	0.0%	0.0%	0.0%	0.0%
Mega MC, LLC	0.1%	0.0%	0.2%	0.0%	0.0%
Payless	0.0%	0.0%	0.0%	0.0%	0.0%
Prestige Rentals LLC	0.0%	0.0%	0.0%	0.0%	0.0%
Silvercar	0.0%	0.0%	0.0%	0.0%	0.4%
Thrifty	0.0%	0.0%	0.0%	0.0%	0.0%
Triangle	0.0%	0.0%	0.0%	0.0%	0.0%
Total Off-Airport	1.6%	1.4%	0.7%	0.0%	0.4%
GRAND TOTAL - MARKET SHARE	100.0%	100.0%	100.0%	100.0%	100.0%

Continued

	2019	2018	2017	2016	2015
GROSS REVENUE²					
On-Airport					
Hertz	\$ 33,603	\$ 31,830	\$ 30,629	\$ 31,693	\$ 31,524
National	47,669	46,694	43,073	39,374	34,971
Avis	25,536	24,900	24,265	24,262	23,304
Enterprise	24,909	24,808	21,615	19,081	17,516
Budget	16,839	14,342	13,637	13,241	11,948
Dollar	9,284	8,707	7,495	6,351	5,805
Sixt/Advantage/Simply Wheelz ³	3,606	3,803	3,065	3,253	2,653
Total On-Airport	161,446	155,084	143,779	137,255	127,721
Off-Airport					
Ace Rent A Car	-	-	-	-	-
Airport Van Rental	305	-	-	-	-
East Coast Rental/Sixt RAC	-	-	-	1,664	441
ER Travel, DBA Easirent	-	-	-	-	-
HPower Inv NC, LLC	-	-	-	-	-
Mega MC, LLC	-	-	-	-	-
Payless	395	1,078	998	879	377
Prestige Rentals LLC	12	-	-	-	-
Silvercar	534	-	-	-	-
Thrifty	-	12	2,608	2,553	3,042
Triangle	-	-	-	-	17
Total Off-Airport	1,246	1,090	3,606	5,096	3,877
GRAND TOTAL - GROSS REVENUE	\$ 162,692	\$ 156,174	\$ 147,385	\$ 142,351	\$ 131,597
MARKET SHARE					
On-Airport					
Hertz	20.7%	20.4%	20.8%	22.3%	24.0%
National	29.3%	29.9%	29.2%	27.7%	26.6%
Avis	15.7%	15.9%	16.5%	17.0%	17.7%
Enterprise	15.3%	15.9%	14.6%	13.4%	13.3%
Budget	10.4%	9.2%	9.2%	9.3%	9.1%
Dollar	5.7%	5.6%	5.1%	4.5%	4.4%
Sixt/Advantage/Simply Wheelz ³	2.2%	2.4%	2.1%	2.3%	2.0%
Total On-Airport	99.3%	99.3%	97.5%	96.5%	97.1%
Off-Airport					
Ace Rent A Car	0.0%	0.0%	0.0%	0.0%	0.0%
Airport Van Rental	0.2%	0.0%	0.0%	0.0%	0.0%
East Coast Rental/Sixt RAC	0.0%	0.0%	0.0%	1.1%	0.3%
ER Travel, DBA Easirent	0.0%	0.0%	0.0%	0.0%	0.0%
HPower Inv NC, LLC	0.0%	0.0%	0.0%	0.0%	0.0%
Mega MC, LLC	0.0%	0.0%	0.0%	0.0%	0.0%
Payless	0.2%	0.7%	0.7%	0.6%	0.3%
Prestige Rentals LLC	0.0%	0.0%	0.0%	0.0%	0.0%
Silvercar	0.3%	0.0%	0.0%	0.0%	0.0%
Thrifty	0.0%	0.0%	1.8%	1.8%	2.3%
Triangle	0.0%	0.0%	0.0%	0.0%	0.0%
Total Off-Airport	0.7%	0.7%	2.5%	3.5%	2.9%
GRAND TOTAL - MARKET SHARE	100.0%	100.0%	100.0%	100.0%	100.0%

NOTES:

¹FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.²Gross Revenue represents total revenues received by the rental car operators in connection with automobile rentals or other products and services provided to their customers at the Airport.³Advantage became Sixt, in successor to Advantage in April 2022

SOURCE:

City of Charlotte Aviation Department





*5501 Josh Birmingham Parkway
Charlotte, NC 28208*



APPENDIX B

REPORT OF THE AIRPORT CONSULTANT

[THIS PAGE INTENTIONALLY LEFT BLANK]

REPORT OF THE AIRPORT CONSULTANT

**Prepared for the
CITY OF CHARLOTTE
In Connection with the Proposed Issuance of its
Airport Revenue Bonds, Series 2025A (Non-AMT), and
Airport Revenue Bonds, Series 2025B (AMT)
For the
CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT**

May 6, 2025

Prepared By:





May 6, 2025

Ms. Teresa Smith, CPA
Chief Financial Officer
City of Charlotte
600 East Fourth Street
Charlotte, NC 28202

Re: Report of the Airport Consultant
City of Charlotte, Airport Revenue Bonds,
Series 2025A (Non-AMT) and Airport Revenue Bonds Series 2025B (AMT)

Dear Ms. Smith:

Newton & Associates, Inc. ("NAI") is pleased to submit herewith this report ("Report")¹ which has been prepared for the City of Charlotte, North Carolina ("City") by Newton & Associates, Inc. ("NAI") in connection with the City's issuance of its Airport Revenue Bonds, Series 2025A (Non-AMT) (the "Series 2025A Bonds"), and Airport Revenue Bonds Series 2025B (AMT) (the "2025B Bonds" and collectively with the 2025A Bonds, the "2025 Bonds"). Proceeds of the 2025 Bonds will fund, in part, certain improvements to the Airport (the "2025 Project") and refund all or a portion of the City's outstanding 2014A Bonds (the "2025 Refunding"), as hereinafter described, and which are to be secured by and paid from Net Revenue derived from the City's operation of the Charlotte Douglas International Airport (the "Airport"). The purpose of this Report is to examine the factors influencing and state our opinion of the financial feasibility of the City issuing the 2025 Bonds.

Terms not otherwise defined herein have the meanings ascribed to them in the City's Bond Order (defined in Section I subsection D hereof) and the 2016 Airline Use and Lease Agreement (as discussed in Section I subsection E).

The test of financial feasibility is the Airport's forecast ability to generate Revenue sufficient to pay: (1) Current Expenses (the expenses of operating and maintaining the Airport); (2) debt service and related expenses on Bonds currently outstanding ("Outstanding Bonds"); (3) debt service and related expenses on the 2025 Bonds; (4) costs of any other capital assets required during the Forecast Period (as defined below) necessary for the operation of the Airport, but not included in the 2025 Project; and (5) to otherwise satisfy the requirements of Section 704(a) of the Bond Order.

¹ This letter and the attached body of the report titled *BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS* comprise the *REPORT OF THE AIRPORT CONSULTANT*.

In applying the test of feasibility, NAI has considered, and this Report describes, the Airport, the demographic and economic characteristics of the primary geographic area served by the Airport (“Air Service Area”), the demand for air service at the Airport and the financial performance of the Airport, for the fiscal years ending June 30 (“Fiscal Year” or “FY”) 2020 through 2024, or the most recent five-year period for which complete data were available (“Study Period”)².

This Report also examines and discusses the future demand for air service at the Airport and forecasts passenger enplanements at the Airport, revenues and expenses of the Airport, Passenger Facility Charges (“PFC”) to be collected by the Airport and available for debt service, the Net Revenue of the Airport available for debt service, debt service requirements and debt service coverage for FY 2026 through FY 2032 (“Forecast Period”). FY 2025 (unaudited) serves as the base year for the Forecast Period.

This Report concludes with NAI’s findings regarding the feasibility of the City proceeding with the issuance of the 2025 Bonds.

Based upon NAI’s analysis of these factors and certain assumptions contained in the Airport Financial Plan (defined below) regarding Future Projects identified in Section II of the Report, NAI projects Net Revenue, estimated debt service coverage and airline costs per enplaned passenger for each year of the Forecast Period as set forth below:³

Fiscal Year	Net Revenue (000's)	Net Debt Service	Debt Service Coverage	Airline Cost Per Enplaned Passenger
2026	\$208,953	\$48,424	4.32	\$5.06
2027	\$216,421	\$53,416	4.05	\$5.34
2028	\$226,357	\$84,578	2.68	\$5.94
2029	\$260,200	\$99,410	2.62	\$7.16
2030	\$260,320	\$83,415	3.12	\$7.47
2031	\$265,056	\$74,902	3.54	\$8.32
2032	\$290,359	\$107,213	2.71	\$9.60

The 2025 Project

The 2025 Project is a sub-set of a multi-year capital improvement program (collectively the “2017 - 2025 CIP” or “CIP”), which were identified in the Airport’s Master Plan and by the Signatory Airlines and Airport management as needed to: (i) address inadequacies of Airport facilities to accommodate existing demand; (ii) provide additional facilities to meet projected demand; and (iii) replace, repair or refurbish existing facilities that have deteriorated over time and with usage.

² In analyzing certain trends in this Report, other periods of performance have been included in the Study Period as necessary to provide meaningful trends.

³ See Section V in the body of the Report and Tables V-9 and V-11 therein.

The CIP, having a current total estimated cost of approximately \$4 billion⁴, is being funded in phases with proceeds of BANs and permanent funding with a combination of various state and federal grants, PFC cash on hand (“PAYGO”), airport cash and long-term airport revenue bonds (“Bonds”), the proceeds of which are used to take out the BANs and make final construction fund deposits. Permanent funding of the CIP currently includes proceeds of the previously issued 2017 Bonds, 2019 Bonds, 2021 Bonds, 2022 Bonds, 2023 Bonds, and will be augmented with the proceeds of the 2025 Bonds.

The 2025 Project comprises: (i) Fourth Parallel Runway; and (ii) Concourse D Renovation.

The Fourth Parallel Runway includes the design, site preparation and construction of a fourth parallel runway, along with associated taxiway system, an aircraft hold pad, and an Aircraft Rescue and Fire Fighting (“ARFF”) Station (the “Fourth Parallel Runway”).

The Concourse D Renovation includes the renovation of public areas including corridors, holdrooms, restrooms and all finishes on the ticketing level. This project also includes certain major system upgrades including a new fire protection, sprinkler system, new air handling units and a new redundant power source to protect against an electrical system failure.

The total estimated funding for the 2025 Project includes approximately \$290 million of AIP grant funds, \$170.1 million of PFC PAYGO, \$208.6 million of Prior Bonds, \$239.1 million of 2025 Bonds, and \$166 million of Future Bonds. See **Table II-1** for the 2025 Project Funding Plan.

Feasibility Analysis

The test of feasibility is whether it is reasonable to expect the City to be able to satisfy the requirements of Section 704(a) of the Bond Order after the issuance of the 2025 Bonds for a period beginning with the date of issuance and continuing for two years after the expected completion of the 2025 Project. In conducting its study, NAI has examined the operational and financial performance of the Airport and the economic characteristics of the Air Service Area for the Study Period, analyzed historical, existing and potential future air traffic levels at the Airport, and has prepared a forecast of passenger enplanement activity and Net Revenue for the Forecast Period.

The City and the Airport

The City is a municipal corporation of the State of North Carolina. The City is governed by a mayor and an 11-member Council elected biennially on a partisan basis. The mayor presides over all Council meetings and can vote only in the event of a tie but does have limited veto power. The Council enacts all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approves contracts and originates general management policies. The Council employs a City Manager who directs the daily operations of the City through department heads appointed by the City Manager.

⁴ Source: Charlotte Douglas International Airport: <https://cltairport.mediaroom.com/destination-clt>

The Airport is owned and operated as a department (“Aviation Department”) of the City and, for accounting purposes, is treated as a self-supporting enterprise fund. The Airport’s financial accounting system is on a full accrual basis in accordance with generally accepted accounting principles for government entities.

Management of the Airport is vested by the City in the Aviation Director who reports directly to the City Manager. The Aviation Director is supported by such staff as is deemed necessary by the Aviation Director and the City Manager to properly operate, develop and maintain the Airport.

The Airport is a large hub⁵ commercial airport located in the western part of Charlotte, Mecklenburg County, North Carolina. It is served primarily by commercial passenger and cargo airlines. It is the second largest connecting hub for American Airlines in terms of passenger traffic. American Airlines is the largest airline in the world in terms of annual passengers carried.

The Airport was built by the City of Charlotte in 1932. In 1940, the United States took over use of the Airport and expanded it into the Morris Field Army Air Corps Bomber Training Base. After World War II, it was returned to the City in 1946 and put into service as a commercial airport. It has experienced much growth since 1946 and today comprises more than 4,400 acres of contiguous land, on which is located an airfield that includes three runways, (including one of ten thousand feet in length), a passenger terminal building of more than 2.4 million square feet and includes 122 passenger gates, an air cargo center, an aircraft maintenance base, and public automobile parking facilities for 23,319 automobiles in a combination of structured and surface, self-parking and valet facilities. See Section I in the body of the Report for a more detailed discussion of the Airport, its management, and its facilities.

Financial Structure of the Airport

The Airport operates as a self-sustaining enterprise of the City. No general fund revenue of the City is used for Airport purposes. The City operates the Airport so that Revenue in each Fiscal Year is, at a minimum, sufficient to pay the expenses of operating and maintaining the Airport and to pay the debt service on all parity Outstanding Bonds and any subordinate indebtedness of the Airport Enterprise Fund in such Fiscal Year.

The Bond Order

The Bond Order was adopted in 2017 (as amended and supplemented, the “Bond Order”). It amended and restated the original bond order adopted in 1985. The proposed 2025 Bonds are to be issued under the terms and conditions of the Bond Order and the Series Resolution describing

⁵ There are four categories of airports as defined by the FAA: commercial service, cargo service, reliever and general aviation. Commercial service airports are publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. The Airport is classified as a primary large hub airport meaning it enplanes at least 1% of all annual passenger boardings in the U.S.

the terms for the sale of the 2025 Bonds, adopted by the City Council of the City on April 28, 2025.

Pursuant to the Rate Covenant included in the Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenue in each Fiscal Year at least equal to the sum of deposits required to be made in each Fiscal Year to: (i) the Operating Fund; (ii) the Revenue Bond Fund; and (iii) all the other deposits described in Section V subsection B in the body of the Report, plus an amount, if any, which provides an amount on deposit in the Revenue Fund as of the opening of business on the first day of the next Fiscal Year, equal to the Coverage Factor for such preceding Fiscal Year.

The Coverage Factor for each Fiscal Year is defined as an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenue into the Revenue Bond Interest Account and the Revenue Bond Principal and Sinking Fund Accounts for such Fiscal Year. Revenue for a Fiscal Year is deemed to include amounts retained by the City in the Revenue Fund as of the end of the preceding Fiscal Year. For a complete description of the Rate Covenant and Coverage Factor, please see the Bond Order.

As described in the Report, the Airline Agreement requires the City to separately account for revenue and expenses of the Airport by Cost Centers. It establishes two broad categories of Cost Centers – Included Cost Centers and Excluded Cost Centers. The Included Cost Centers are the Terminal Complex Cost Center and the Airfield Cost Center.

The concept and the requirements for separately accounting for revenue and expenses of the Included and Excluded Cost Centers had been embodied in the original bond order adopted in 1985 and the City has established separate funds, accounts, and sub-accounts to record revenue, expenses and debt service obligations and payments in the Included Cost Centers accounts. However, in connection with the issuance of the 2021 Bonds, as permitted by the Bond Order, the City amended the Bond Order to reclassify all revenue and expenses of the Excluded Cost Centers as Revenue and Current Expenses and to pledge such Net Revenue to payment of the debt service on the City's Outstanding Bonds and BANs effective as of July 1, 2021, including debt service on the 2025 Bonds and Future Bonds, hereinafter defined.

As a result of the reclassification, Revenues are defined in the Bond Order as income derived by the City from the Included Cost Centers and former Excluded Cost Centers of the Airport plus any amounts that the City may authorize to transfer, but is not obligated to transfer, to the Revenue Fund. Revenue does not include income from Passenger Facility Charges or Contract Facility Charges (see discussions of Passenger Facility Charges and Contract Facility Charges in Section II hereof). For any Fiscal Year, Net Revenue is the sum of Revenue for such Fiscal Year and Revenue retained in the Revenue Fund from the prior Fiscal Year as required debt service coverage, less Current Expenses for such Fiscal Year. Current Expenses are the costs incurred by the City in operating and maintaining Airport facilities, but do not include depreciation expense for assets, certain expenses accrued as depreciation expense for assets, or certain expenses accrued under accounting rules, but paid in future years.

This change in the constitution of Included Cost Center Revenue notwithstanding, the City is not required to share any surplus revenue from the formerly Excluded Cost Centers with the Signatory Airlines. To recognize this distinction, for the purpose of the financial analysis contained in Section V hereof, and the tables contained therein, we have categorized former Included Cost Centers (Airfield and Terminal Complex) as “Airline Cost Centers” and the formerly Excluded Cost Centers as “Non-Airline Cost Centers.”

The Outstanding Bonds are parity obligations under the Bond Order (collectively, the “Prior Bonds”) which are secured by a pledge by the City of the Net Revenue of the Airport. The initial par amounts and principal amounts outstanding as of the date of this Report are as follows:

- (i) \$74,290,000 Airport Refunding Revenue Bonds, Series 2014A (non-AMT) (the “2014A Bonds”), of which \$64,975,000 are currently outstanding;
- (ii) \$167,385,000 Airport Revenue Bonds, Series 2017A (non-AMT) (the “2017A Bonds”), of which \$149,915,000 are currently outstanding;
- (iii) \$16,345,000 Airport Revenue Bonds, Series 2017B (AMT) (the “2017B Bonds”), of which \$14,815,000 are currently outstanding;
- (iv) \$119,050,000 Airport Revenue Refunding Bonds, Series 2017C (non-AMT) (the “2017C Bonds” and together with the 2017A Bonds and the 2017B Bonds, the “2017 Bonds”), of which \$93,720,000 are currently outstanding;
- (v) \$142,220,000 Airport Revenue Bonds, Series 2019A (non-AMT) (the “2019A Bonds”), of which \$131,300,000 are currently outstanding;
- (vi) \$36,145,000 Airport Revenue Bonds, Series 2019B (AMT) (the “2019B Bonds” and together with the 2019A Bonds, the “2019 Bonds”), of which \$33,545,000 are currently outstanding;
- (vii) \$271,525,000 Airport Revenue Bonds, Series 2021A (non-AMT) (the “2021A Bonds”), of which \$253,195,000 are currently outstanding;
- (viii) \$108,420,000 Airport Revenue Bonds, Series 2021B (AMT) (the “2021B Bonds” and together with the 2021A Bonds, the “2021 Bonds”), of which \$95,050,000 are currently outstanding;
- (ix) \$298,705,000 Airport Revenue Bonds, Series 2022A (non-AMT) (the “2022A Bonds”), of which \$290,270,000 are currently outstanding;
- (x) \$74,225,000 Airport Revenue Bonds, Series 2022B (AMT) (the “2022B Bonds” and together with the 2022A Bonds, the “2022 Bonds”), of which \$72,160,000 are currently outstanding;
- (xi) \$256,875,000 Airport Revenue Bonds, Series 2023A (non-AMT) (the “2023A Bonds”), of which \$256,875,000 are currently outstanding; and

- (xii) \$110,285,000 Airport Revenue Bonds, Series 2023B (AMT) (the “2023B Bonds” and together with the 2023A Bonds, the “2023 Bonds”), of which \$110,285,000 are currently outstanding.

The total principal of the Prior Bonds outstanding as of the date of this Report, excluding BANs, is \$1,566,105,000. In addition, there is \$21,614,007 of the 2023 BAN outstanding as of the date of this Report.

Historical Airport Financial Performance

NAI has reviewed the financial performance of the Airport during the Study Period and the estimated Revenue and Current Expenses and Bond debt service coverage results for FY 2025 (see Tables V-3 and V-9 of the Report).

During each year of the Study Period, Airport Revenue has been more than sufficient to meet the requirements of the Bond Order. The ratio of Net Revenue to the required Bond Fund Deposits (net of PFCs) ranged from 3.92 times in FY 2020 down to 3.83 times in FY 2021. The decrease in coverage in FY 2021 reflects the impacts of COVID-19. In FY 2022, debt service coverage increased to 5.29 times, reflecting strong recovery from the impacts of COVID-19. In FY 2023 and FY 2024, debt service coverage increased over the FY 2022 level to 6.00 times and 7.63 times, respectively, reflecting the continuation of a strong recovery from the pandemic as well as the application of certain NCAIP funds and COVID Relief Grant funds applied to the payment of Current Expenses and Debt Service. (See Table V-3).

Based on the Airport’s revenue and expense estimates, FY 2025 debt service coverage is estimated to 5.16 times (see Table V-9 of the Report).

Airport Financial Model

The Airport has utilized a multi-year financial planning model (“Airport Financial Model”) for the purpose of tracking the timing, funding and financing strategies for the CIP. The Airport Financial Model also estimates the financial impacts of implementing the CIP including impacts on operating revenue, operating expenses, airline and other rates, fees and charges, airline cost per enplaned passenger and debt service coverages; and forecasts those impacts through its multi-year planning period. The Airport adjusts the Airport Financial Model on an ongoing basis to capture necessary changes as needed. The Airport Financial Model is the source for the information describing the 2025 Project, the plans of finance for the 2025 Project and future projects identified in Section II of the Report. The Airport Financial Model, as adapted to incorporate NAI’s enplanement forecast, Current Expenses forecast and certain non-airline revenue forecasts, is also the source for the forecast of airline landing fees and terminal rents and use fees during the Forecast Period.

The Signatory Airline Agreements

The current agreement between the City and certain passenger airlines which serve the Airport became effective July 1, 2016 (“Airline Agreement”). Each of American Airlines, Delta Air

Lines, Frontier Airlines, JetBlue Airways⁶, Southwest Airlines, Spirit Airlines⁷ and United Airlines have executed the Airline Agreement and are, collectively, the “Signatory Airlines.” The term of the Airline Agreement extends to June 30, 2026. The Airport is currently in the process of negotiating with the Signatory Airlines for a new airline agreement, the eventual terms of which are unknown at this time. For the purposes of this Report, we have assumed that substantially similar terms and conditions concerning the calculation of rentals, fees and charges, and other financial obligations contained in the Airline Agreement will continue in effect throughout the Forecast Period.

The Airline Agreement sets forth the rights and obligations of the parties as well as the procedures for calculating airline rentals, fees and charges for the use and occupancy of the Terminal Complex and the Airfield. Two broad categories of Cost Centers: Included Cost Centers and Excluded Cost Centers are established in the Airline Agreement. The Airline Agreement also establishes the Airport Services Facilities (“ASF”) cost center which is independent of the Included Cost Centers and Excluded Cost Centers, but the expenses allocated to the ASF Cost Centers are further allocated to the Included Cost Centers and Excluded Cost Centers, based on a formula set forth in the Airline Agreement.

The Airline Agreement also established procedures for the establishment, review and adjustment, at least annually, of rentals, fees and charges payable by the Signatory Airlines and other airlines operating from the Terminal Building and use of the Airfield (“Airline Rates and Charges”) and provides for mid-year adjustments and an annual settlement based upon actual costs and activity. The Airline Rates and Charges are calculated under what is referred to as a compensatory method and are set based upon the projected activity and budgeted annual cost to the City of providing and operating the Airfield and those facilities of the Terminal Building used by the airlines in processing their passengers through the Terminal Building. The City is required to pay for the non-airline areas of the Terminal Complex with non-airline Terminal Complex Revenue (“Non-Airline Terminal Revenue”). The Airline Agreement also provides that the City is to credit the Airlines Rates and Charges payable by the Signatory Airlines, 40% of the Net Remaining Terminal Complex Revenue (if any) for such Fiscal Year over the sum of O&M Expenses, ASF Costs, Capital Expense and the Revenue Bond Debt Service allocated to the Terminal Complex for such Fiscal Year (“Revenue Sharing”). The blending of compensatory rate setting with Revenue Sharing is referred to as a “hybrid” rate-setting methodology.

Extraordinary Coverage Protection

In addition to the Airline Rates and Charges established in the Airline Agreement, each Signatory Airline is required to make payments (“Extraordinary Coverage Protection”) in any Fiscal Year in which the amount of Revenues less O&M Expense is forecasted to be less than one hundred twenty-five percent (125%) of the Revenue Bond Debt Service or is otherwise insufficient to make any deposit required by the Bond Order. Any amounts that must be collected for such Extraordinary Coverage Protection payments shall be allocated in a fair and not unjustly

⁶ JetBlue ceased service to the Airport on October 26, 2024.

⁷ On November 2024, Spirit Airlines announced that it had filed for bankruptcy protection to allow the airline to restructure its debt obligations.

discriminatory manner to the Airfield Revenue Requirement or the Airline Terminal Revenue Requirement, or both, at the reasonable discretion of the Aviation Director. Should Extraordinary Coverage Protection payments be made in any given Fiscal Year, the City shall subsequently refund to the Signatory Airlines such payments made by the Signatory Airlines as soon as uncommitted funds become available in the Airport Discretionary Fund (as defined in the Bond Order).

MII Approval of Capital Projects

Under certain circumstances and with specific exceptions, the Airline Agreement requires approval by a Majority-In-Interest (“MII”) of Signatory Airlines for additions or improvements to the Airport’s physical plant or equipment, and the acquisition by the City of land or rights in land for expansion or operation of the Airport (“Capital Improvement Project”). No MII Approval is required for Capital Projects already approved by the Signatory Airlines through their execution of the Airline Agreement (“Pre-Approved Projects”), or pursuant to prior MII Approvals (“Approved Projects”); or for certain other Capital Projects that are paid for with PFCs or that meet certain other criteria (collectively, “Exempt Projects”).

According to Airport management, it has obtained MII approval for the 2025 Project elements requiring MII approval.

Affiliate Airlines

The Airline Agreement allows Signatory Airlines, upon the satisfaction of certain conditions, to designate one or more non-signatory airlines operating at the Airport as an “Affiliate” of the Signatory Airline. For each designation to be effective, the Affiliate must execute an Affiliate Operating Agreement with the City. A Signatory Airline is required to pay on behalf of its Affiliates the same Rates and Charges for the Affiliates’ use of the Airfield and the Terminal Building as established by the City for the Signatory Airlines. Among the benefits to the Signatory Airline of designating Affiliates is that the Affiliate’s activity at the Airport is attributed to the Signatory Airline for the purposes of MII voting and Revenue Sharing. As of the date hereof, American Airlines, Delta Air Lines and United Airlines have designated Affiliates each of which have executed Affiliate Operating Agreements.

In addition to Affiliates, certain Signatory Airlines, from time-to-time, contract with non-affiliate air carriers to operate flights for the Signatory Airline at the Airport. See Table IV-2 for a complete list of passenger air carriers serving the Airport as of the date hereof.

Terminal Building Airline Premises

Under the Airline Agreement, the City issued, and each Signatory Airline has accepted, a Premises Notice which describes the Exclusive Premises, Preferred Use Premises and Joint Use Premises assigned to the Signatory Airline pursuant to the Airline Agreement and for which the Signatory Airline is obligated under the Airline Agreement to pay the terminal rents, fees and charges calculated according to Article 10 of the Airline Agreement.

The City has designated 109 gates in the Terminal Building as Preferential Use Gates, each of which is assigned to a Signatory Airline pursuant to its Premises Notice. Thirteen gates are under control of Airport management as “Common Use Gates.” Common Use Gates are assigned by the Aviation Director for the use of non-signatory Airlines operating at the Terminal Building as well as one or more Signatory Airlines that need a Common Use Gate to accommodate its flight schedule. The Premises Notices have assigned to each Signatory Airline a certain amount of exclusive use premises, preferential use premises and joint use premises (“Assigned Premises”) in the Terminal Building. “Preferential Use Premises” means those areas within the Terminal Building, including Preferential Use Gates (including associated Gate Ramps) and Preferential Use Ticket Counters, to which an airline has a higher priority of use over all other passenger airlines, subject to certain conditions. All of the gates assigned to the Signatory Airlines are Preferential Use Gates, which means they are subject to being used by other airlines (“Gate Requesting Airlines”) if they are not scheduled for use by the assignee Signatory Airline and are needed by the Gate Requesting Airline to accommodate its flight schedule. Gate Requesting Airlines may be either other Signatory Airlines or non-signatory airlines. The City shall charge any Gate Requesting Airline that is accommodated at any of a Signatory Airline’s Preferential Use Gates the same charges for use of the gate that the Gate Requesting Airline would have been required to pay the City for use of a Common Use Gate plus a 15% administrative fee and must credit the full amount of such fees to the account of the Signatory Airline whose gate was used by the Gate Requesting Airline.

The Airline Agreement gives the City the ability to reallocate Assigned Premises under certain circumstances to accommodate changing needs of the Airport to accommodate the various flight schedules of all the passenger airlines operating from the Terminal Building.

The Airline Agreement sets forth the form of operating agreement the City requires each non-Affiliate, non-signatory passenger airline at the Airport must execute before such airline can exercise any rights as a Gate Requesting Airline at the Airport.

Non-Signatory Airlines

In addition to the Signatory Airlines, the Airport is also served by non-signatory airlines. These passenger and all-cargo carriers serve the Airport independent from the Signatory Airlines and pay landing fees directly to the City. Non-signatory passenger airlines operate from one or more City Gates (defined below) and pay terminal use fees directly to the City. Other non-signatory airlines which serve the Airport operate as either Affiliates of the Signatory Airlines or non-Affiliate contract carriers for the Signatory Airlines and do not lease any Terminal Building gate facilities controlled by the City (“City Gates”). These airlines operate solely from the Assigned Premises of their Signatory Airline and make no payments to the City for the use of Terminal Building facilities.

All passenger airlines regularly operating at the Airport, other than Signatory Airlines, operate under an Affiliate Operating Agreement, Non-Affiliate Operating Agreement or Commercial Use Permit issued by the City. All airlines operating at the Airport pay landing fees and other charges, either directly to the City or through the Signatory Airline under which they operate. Under the terms of the Affiliate Operating Agreement, the Signatory Airline pays landing fees and terminal use charges for its Affiliates.

Under the Non-Affiliate Operating Agreement, the Non-Affiliate airline pays landing fees and terminal use charges, determined according to the schedule of rates, fees and charges set by the City under the Airline Agreement for Signatory Airlines.

Under the terms of the Commercial Use Permit, these carriers pay the City a landing fee and terminal use fee (“Turn Charge”) for the use of each gate directly to the City.

Air Service Area and Demand for Air Service

Under the Airline Agreement, the Signatory Airlines are obligated to pay landing fees and terminal rents and use fees as calculated each Fiscal Year by the Airport in accordance with the Airline Agreement. An assumption that the Airlines will honor these obligations in each year of the Forecast Period is a key element of our opinion regarding the feasibility of the 2025 Project.

In addition, NAI has analyzed the historical demand for air service at the Airport; considered the impacts of the COVID-19 Pandemic in FY 2022 and FY 2023; the recovery in passenger traffic activity that that was experienced during the Study Period; and data available from the Bureau of Transportation Statistics, the FAA, the Airport regarding the rates at which air traffic at the Airport and in the U.S. have recovered from the pandemic. With reference to this historical data, we have developed our own forecast of traffic levels at the Airport for each year of the Forecast Period which is set forth in **Table IV-13** of the Report. See Section IV of the Report for the detailed discussion of the demand for air service anticipated during the Forecast Period.

It is the revenue expected to be generated by the passengers forecasted to fly from the Airport during the Forecast Period, plus the anticipated landing fees and terminal rents and use fees to be paid by the airlines, plus the revenue generated by the formerly Excluded Cost Centers (now Non-Airline Cost Centers) which total the Airport Revenue included in the financial forecast tables in the Report and which drive the Bond coverage calculations set forth in **Table V-9**, “Forecast Application of Revenue Under the Bond Order.”

Origin and destination (“O&D”) passengers are largely responsible for the Airport’s parking Revenues (estimated at \$125.0 million in FY 2025) and the rental car Revenues (estimated at \$23.9 million in FY 2025).⁸ Together, these two activities are estimated to have generated approximately \$148.9 million which was approximately 33.4% of total estimated Airline Cost Center (Included Cost Centers) Revenues in FY 2025. By comparison, Airlines are estimated to pay the City approximately \$188.2 million in Airport fees and charges during FY 2025, approximately 42.0% of the total Airline Cost Centers Revenue. Furthermore, the Signatory Airlines are expected to receive a credit payment from the City in the estimated amount of \$54.4 million as their share of FY 2025 Revenue available for revenue sharing, and an estimated \$5.1 million of debt service coverage rebate reducing total revenue estimated for FY 2025 to \$127.8 million.⁹

⁸ See Table V-4.

⁹ See Tables V-4, V-9 and V-11.

NAI believes that locally generated demand for air service at the Airport is created by air travelers from an even larger geographic area, defined by the Bureau of Economic Analysis as the Charlotte-Gastonia-Salisbury, NC-SC Economic Area. This area comprises 20 counties in North Carolina and South Carolina: Alexander, Anson, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, McDowell, Mecklenburg, Rowan, Rutherford, Stanly, and Union Counties in North Carolina and Chester, Chesterfield, Lancaster, and York Counties in South Carolina. NAI has defined this 20-county area as the Airport's primary Air Service Area. Mecklenburg County is the most populous county in the Air Service Area, accounting for 33.28% of the ASA's population.

The City has long been known as a financial hub in the U.S. The City and San Francisco compete for second place, based on consolidated assets, to New York City. According to the Federal Reserve Bank, of the top 50 insured chartered commercial banks, measured by consolidated assets of more than \$300 million in the United States, eight have operations in Charlotte, two of which, Bank of America and Truist, are headquartered in Charlotte. In aggregate, these banks have consolidated assets over \$6.1 trillion.

The following summarizes the trends over the Study Period for the major economic indicators of the Air Service Area:

Population

Population in the Air Service Area has experienced stronger growth (1.36%) during the Study Period compared to the State of North Carolina and the United States (CAGR of 1.14%, and 0.43% respectively). Growth in Population in the Air Service Area is expected to continue during the Forecast Period at rates greater than that of North Carolina and the United States (1.57%, 1.31% and 0.93% respectively).

Employment

Employment in the Air Service Area increased during the Study Period at a CAGR of 3.30%. The Labor Force in the Air Service Area increased by a CAGR of 2.35% and the unemployment rate in the Air Service Area remained comparable at 3.7% during the Study Period. Each of these measures were commensurate with or stronger than the State of North Carolina and the United States. The Air Service Area benefits from diverse employment (as depicted on Table III-5) which helps to insulate the overall economic strength of the Air Service Area against an industry specific downturn. All industry sectors experienced positive growth through the Study Period.

Income

Growth in Personal Income in the Air Service Area was stronger than that for North Carolina and the United States over the Study Period (CAGR of 3.69%, 2.63% and 1.59%, respectively). Income Per Capita also increased in the Air Service Area and grew at a rate greater to that of the State of North Carolina and United States. Each of these are expected to continue to grow at similar or slightly lower rates over the Forecast Period.

Retail Sales

Growth in Retail Sales in the Air Service Area grew faster than that of the State of North Carolina and the United States during the Study Period (4.69%, 4.49% and 3.87% respectively). Mecklenburg County Retail Sales experienced the greatest increase, a CAGR of 4.81%. The growth in Retail Sales for Mecklenburg Country and the Air Service Area is projected to slow during the Forecast Period but remain higher than the State of North Carolina and the United States.

Visitors/Tourism

Visitor numbers and tourism are important measures of the economy. Visitors consume goods and services in the Air Service Area, which supports employment and the local tax base.

Conclusion

The data set forth in Section III, **Table III-11**, indicates that the economic base of the Air Service Area is a vibrant component of the economy in North Carolina and the United States. The projections portray a recovering and growing environment in terms of population, employment, income, retail sales and visitors/tourism during the Forecast Period. The United States has been in a state of recovery from a global pandemic caused by COVID-19. According to the Consumer Price Index, inflation has slowed from 7.0% in 2021 to approximately 3.4% in 2024. The Russian-Ukrainian conflict and the 2023 Isreal-Hamas war have also affected economic activities worldwide, causing an element of uncertainty in the near term. However, the rate of recovery and strength of the economic base of the Air Service Area is evident, and NAI believes it is reasonable to expect that the Air Service Area will continue to generate significant demand for air service at the Airport during the Forecast Period.

Section IV of the Report, Air Traffic Analysis, also examines the current and expected future demand for air service at the Airport, considering the following factors:

- National economic conditions;
- State of the airline industry;
- Airline labor constraints;
- Aircraft delivery delays;
- Capacity of the national air transportation system;
- Airport capacity;
- Air fares and airline competition;
- Aviation taxes and security costs;
- Role of regional airlines;
- American Airlines' continued use of the Airport as a connecting hub;
- Competition from other airports; and
- Extraneous Conditions Affecting Air Commerce - states of emergency or duress in the U.S., other countries or the world that suppress or restrict the propensity and ability of

persons to travel by air. These include armed conflicts, security concerns and pandemics such as COVID-19 and its variants.

In consideration of the foregoing, we estimate 28.9 million total passenger enplanements at the Airport during FY 2025 and that this will grow to 33.2 million enplanements in FY 2032.

Our forecasts and projections do not reflect potential affects of the Russian/Ukrainian and Palestinian/Israeli conflicts.

Locally Generated Enplanements

Collectively, Section III and Section IV show that the local demand for air service at the Airport, measured in terms of the volume of origin and destination enplaned passengers was strong and growing at a CAGR of 6.59% from FY 2015 to FY 2019 (pre-pandemic), accounting for approximately 7.3 million local enplanements, or approximately 30.4% of total Airport enplanements in FY 2019. NAI believes that the level of demand for local air service is a function of the historically strong economy in the Charlotte region. In FY 2020, 2021 and 2022, however, origin and destination enplanements decreased substantially, reflecting the impact of the pandemic. O&D enplanements decreased to 5.8 million in FY 2020 and 3.9 million in FY 2021. In FY 2022, origin and destination enplanements experienced a strong recovery reaching 7.0 million enplanements, an 81.1% increase over FY 2021. In FY 2023, origin and destination enplanements continued to recover and exceeded the FY 2019 level, reaching 8.1 million, a 15.4% increase over FY 2022. In FY 2024, O&D enplanements grew to 9.2 million, representing a 13.0% increase over FY 2023.

Based on the historical growth from FY 2015 to FY 2024, we forecast locally generated enplanements to increase to 9.5 million in FY 2025, and to 12.1 million in FY 2032, a CAGR of 3.50% over the Forecast Period. See Table IV-13 of the Report.

American Airlines Hubbing Activity

In addition to the O&D passenger traffic generated by the Air Service Area, 16.7 million arriving passengers connected to other flights at the Airport in FY 2019, due largely to the hubbing activity of American Airlines, which operates its second largest hub at the Airport.¹⁰ In FY 2020 and 2021, however, connecting enplanements decreased to 13.6 and 12.8 million passengers, respectively, also reflecting the impact of the pandemic. In FY 2022, connecting enplanements also showed a strong recovery reaching 16.0 million enplanements, a 25.2% increase over FY 2021. In FY 2023, connecting enplanements recovery continued, reaching 17.3 million, an increase of 8.4% over FY 2022. In FY 2024, connecting enplanements grew to 19.5 million, representing a 12.4% increase over FY 2023. We forecast connecting traffic to be 19.4 million enplanements in FY 2025 and 21.1 million passengers in FY 2032.

¹⁰ Second to DFW. The term “hub” in this context has a different meaning than the FAA term hub under which the Airport is a large “hub” airport. The American hub at Charlotte means that it uses the Airport as a central location at which to aggregate passengers from flights from many different locations and to reroute these passengers on different aircraft to their eventual destinations.

The Airport is the second busiest airport in the American Airlines system (behind only DFW) based on the number of destination and daily flights. As of July 2024, American Airlines operated 690 daily flights from the Airport to 170 destinations to 25 countries.

The City believes that American Airlines hub at the Airport has a much greater impact on the economy of the region than the Revenues generated by the connecting passengers at the Airport, or the Airline Rates and Charges paid by American Airlines at the Airport. This greater impact includes the economic value to local residents and businesses of having access to a much greater number of non-stop destinations from the Airport than would be justified by only the O&D passenger demand. NAI believes that this level of air service has contributed greatly to the success the Charlotte region has enjoyed in attracting national businesses to the area and the resulting economic vitality of the region.

Although American Airlines has executed the Airline Agreement, American Airlines is not obligated to operate any flights to the Airport. In spite of its investment in facilities at the Airport, the low cost of operations at the Airport and the financial value of its share of the local market, it is possible that American Airlines could decide to reduce or eliminate its hubbing activities at the Airport. Such a reduction would not relieve American Airlines of its obligation to pay its Terminal Complex Charges, but its reduction in aircraft operations on the Airfield would eliminate American Airline's obligation to pay landing fees. This reduction would cause the Landing Fee Rate to increase due to the resulting lower total units of aircraft landed weight, passing the landing fee revenue burden to the carriers that continue flights to the Airport. Total landing fee revenue to the City would remain unchanged.

Forecast Application of Revenue and Debt Service Coverage

NAI has prepared a forecast Application of Revenue under provisions of the Bond Order considering: (i) a forecast of Revenue and Current Expenses; and (ii) the estimated impacts of the implementation of the 2017-2025 CIP estimated in the Airport Financial Model to occur over the Forecast Period. These impacts include: (i) estimates of additional Revenue to be generated from the use of the completed 2025 Project; (ii) estimated incremental Revenue to be generated by certain Future Bonds project Elements; (iii) estimated, additional Current Expenses to be incurred as a result of the 2025 Project and certain Future Bonds project elements; (iv) the estimated debt service on the 2025 Bonds; and (v) the estimated debt service on the Future Bonds.¹¹

As shown on **Table V-9**, over the Forecast Period, the ratio of Net Revenue to Bond Fund Deposits, net of PFCs, is projected to range from 5.11 times in FY 2025 to 2.86 times in FY 2032. The results of this Coverage Forecast are based on the Revenue the City is projected to generate from the operation of the Airline Cost Centers and Non-Airline Cost Centers and the

¹¹ The estimated debt service on the 2025 Bonds and Future Bonds were provided by BofA Securities, Inc. The estimated debt service on the future short term notes was provided by the City in the Airport Financial Model.

Ms. Teresa Smith
May 6, 2025

projected costs of operating the Airline Cost Centers and Non-Airline Cost Centers, including the 2025 Bonds debt service and the Future Bonds debt service.

With respect to the Revenue projected to be generated from the Signatory Airlines, under the Extraordinary Coverage Provision of the Airline Agreement, the City may impose additional rental requirements on the Signatory Airlines in any Fiscal Year that such additional rentals are required to enable the City to meet the obligations of the rate covenant of the Bond Order. No such additional rentals are expected to be necessary during the Forecast Period.

NAI has also estimated the cost to the airlines operating at the Airport during the Forecast Period as shown on **Table V-11** of the Report. The airline cost per enplaned passenger is forecast to be \$4.43 in FY 2025 and to increase to \$9.22 in FY 2032. See Table V-11 for the details.

Airport Liquidity

Although not strictly a component of the test of feasibility, the amount of unrestricted cash on hand can be an important cushion to allow an airport to endure unforeseen and temporary periods of business interruption. Along with debt service reserve funds, PFC funds and unrestricted cash can enable an airport to meet its debt service obligations and pay operating expenses for a temporary period when Airport Revenue is diminished or non-existent.

As shown on **Table V-10**, total cash and cash equivalents for the Airport were \$1.09 billion as of June 30, 2024. This amount includes, among other items, the PFC Fund, the CFC Fund, the Cannon Estate Fund and the debt service Coverage Factor funds which the City considers to be restricted in use and not available to pay for the operation and maintenance of the Airport. Therefore, they are excluded from the estimation of unrestricted cash for FY 2024 available to pay Current Expenses. PFC funds, debt service funds and the debt service coverage funds would be available to pay debt service.

Also depicted on **Table V-10**, the total unrestricted cash of June 30, 2024 was \$667.2 million. According to the City, this amounted to enough cash on-hand to fund Airport operations for approximately 950 days based on total FY 2024 Airport Current Expenses. This amount of cash would be available to pay for continued Airport operations during a period of diminished or non-existent Airport Revenue.

The Report of the Airport Consultant

A detailed report on our examination of these issues is attached hereto in the document entitled *BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS*. Said document, along with this letter, comprise the *REPORT OF THE AIRPORT CONSULTANT*.

In preparing the Report, NAI has studied and analyzed, among other things, the 2025 Project, the plan of finance, the issuance of the 2025 Bonds¹², the future traffic and earnings prospects of the

¹² The City also intends to refund all or a portion of the outstanding principal amount of its Series 2014A to achieve economic savings compared to existing scheduled 2014A debt service expense.

Airport during the Forecast Period, and has considered whether, in its opinion, the City will be able to satisfy the requirements of the Rate Covenant with respect to the 2025 Project, the 2025 Bonds, and the Prior Bonds during the Forecast Period. In addition, NAI has projected the impacts of Future Bonds which are planned to be issued during the Forecast Period. In conducting the study NAI has:

- 1) examined the historical financial performance of the Airport from FY 2020 through FY 2024 and the City's estimate for FY 2025;
- 2) determined the historical relationship between Airport passenger enplanements and related Airport Revenues;
- 3) performed an analysis of the Air Service Area of the Airport and projected the number of passengers to be enplaned at the Airport through FY 2032;
- 4) estimated future Current Expenses at the Airport, considering the scope of the 2025 Project, and projected general price-level increases;
- 5) estimated Revenue and Net Revenue to be generated at the Airport from both the Included Cost Centers and Excluded Cost Centers (as defined in the Bond Order) during the Forecast Period if the 2025 Project is completed and the assumptions underlying the projections are realized; and
- 6) prepared a Forecast Application of Revenues under Provisions of the Bond Order and projected debt service coverages for the Included Cost Centers and Excluded Cost Centers for the Forecast Period to test the sufficiency of Revenue during the Forecast Period to pay Current Expenses for the Included Cost Centers and Excluded Cost Centers and to make the debt service payments on the 2025 Bonds and to otherwise satisfy the requirements of Section 704(a) of the Bond Order with respect to the 2025 Bonds.

The scope of our study and a report of our findings are set forth in the body of this Report.

ASSUMPTIONS UNDERLYING CASH FLOW PROJECTIONS

In preparing the Report, and our analysis of the feasibility of the 2025 Project, NAI has estimated Revenue, Current Expenses and Debt Service requirements of the Airport based upon the following assumptions:

- 1) Total 2025 Project cost of approximately \$1.1 billion including payments to contractors, architects and engineers, owner's cost and consulting fees, escalation and phasing costs, general conditions and contingency;
- 2) The City's receipt of federal grants in the amount set forth on Table II-1 of the Report, and applied to the cost of the 2025 Project;

- 3) Total 2025 Project construction funding requirement (construction fund deposits) of approximately \$239.1 million of 2025 Bonds proceeds;
- 4) The sources (including 2025 bonds proceeds and premium) and uses of 2025 Bonds funds of approximately \$326.4 million, including construction fund deposits, debt service reserve fund deposits, capitalized interest fund deposits, and issuance expenses;
- 5) The continued growth in O&D and connecting passenger enplanements during the Forecast Period as set forth in Section IV of the Report;
- 6) The assumption that Signatory Airlines will provide the level of air service at the Airport necessary to accommodate the level of enplaned passengers estimated over the Forecast Period, and continue to fulfill their obligations under the Airline Agreement to pay Airline Rates and Charges as calculated pursuant to the Airline Agreement; and
- 7) That there will be no acts of God, military conflicts, or, global or national health crisis which significantly impairs the national economy, the passenger airline industry, or successful operation of the Airport over the Forecast Period. As stated in Section IV, our analysis, forecasts and projections do not reflect any potential affects of the Russian-Ukrainian, or Israeli-Palestinian conflicts.

In NAI's opinion, the techniques employed for this analysis are consistent with industry practice for airport facilities and in support of issuances of airport revenue bonds and other Revenue supported debt.

In making these projections and formulating this Report, NAI has relied upon certain information and estimates provided by the City and its financial advisor, the Airport and its financial advisor, and BofA Securities, Inc., the senior manager and representative for the underwriters for the 2025 Bonds. Historical Airport financial data and estimates of 2025 Project costs and construction schedules were provided by the Airport. 2025 Bonds amortization, estimated interest rate assumptions and resulting sources and uses of funds were provided by BofA Securities, Inc. Estimated debt service on the Future Bonds was also provided by BofA Securities, Inc. The estimated debt service on anticipated future short term notes was provided by the City in its Airport Financial Model.

While NAI believes the information and assumptions relied upon in formulating its opinion are accurate and reasonable, actual variations from these assumptions, estimated costs, estimated interest rates, Revenue and trends are inevitable, and such variations may be material.

Subject to the foregoing, however, NAI expects the Airport to generate Net Revenue, as defined in the Bond Order, in amounts which will be sufficient for the City to make all payments required under the Bond Order with respect to the Outstanding Bonds, the 2025 Bonds and to satisfy the Rate Covenant with respect to such debt obligations in each Fiscal Year of the

Ms. Teresa Smith
May 6, 2025

Forecast Period and to satisfy the requirements of Section 7.04(a) of the Bond Order concerning the proposed issuance of the 2025 Bonds.

Accordingly, NAI concludes it is feasible to proceed with issuance of the 2025 Bonds in the approximate principal amount of \$342.0 million and to use the proceeds thereof, along with other funds, for the purposes described herein.

This Report and its conclusions are provided as of the date hereof, and NAI has no obligation to update this Report subsequent to such date.

Sincerely,

NEWTON & ASSOCIATES, INC.



Frank C. Newton III
President

Attachment

BACKGROUND ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS

**Airport Revenue Bonds, Series 2025A (Non-AMT), and
Airport Revenue Bonds, Series 2025B (AMT)**

CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT

May 6, 2025

Prepared By:

Newton & Associates, Inc.

TABLE OF CONTENTS

I.	INTRODUCTION	26
A.	PURPOSE AND SCOPE OF THIS REPORT	26
B.	THE AIRPORT	27
C.	THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT	33
D.	THE BOND ORDER.....	33
E.	THE SIGNATORY AIRLINE AGREEMENTS.....	35
II.	THE 2025 PROJECT	39
A.	NEED FOR THE 2025 PROJECT	39
B.	DESCRIPTION OF THE 2025 PROJECT.....	39
C.	2025 PROJECT COST AND FUNDING.....	40
D.	THE 2025 REFUNDING	41
E.	THE 2025 BONDS	41
F.	2025 BONDS DEBT SERVICE – FORECAST PERIOD	43
G.	SOURCE OF PAYMENT FOR THE 2025 BONDS	43
H.	AIRPORT IMPROVEMENT PROGRAM GRANTS	43
I.	PASSENGER FACILITY CHARGES.....	46
J.	ADDITIONAL FUTURE CAPITAL IMPROVEMENT PROJECTS.....	46
III.	ECONOMIC BASE OF THE AIR SERVICE AREA.....	48
A.	AIR SERVICE AREA DESCRIPTION	48
B.	POPULATION	50
C.	EMPLOYMENT	51
D.	INCOME/SALES	63
E.	THE CITY	65
F.	AIR SERVICE AREA VISITORS AND TOURISM	66
G.	SUMMARY.....	69
IV.	AIR TRAFFIC ANALYSIS	71
A.	IMPORTANCE OF AIR TRAFFIC	73
B.	LEVEL OF EXISTING SCHEDULED PASSENGER AIRLINE SERVICE	73
C.	HISTORICAL PASSENGER TRAFFIC	78
D.	AIRCRAFT OPERATIONS AND MARKET SHARE	86
E.	HISTORICAL SCHEDULED PASSENGER AIRLINE LANDED WEIGHT	87

F. FACTORS AFFECTING FUTURE AIR TRAFFIC.....	89
G. FORECAST OF PASSENGER ENPLANMENT ACTIVITY	108
V. FINANCIAL ANALYSIS	112
A. GENERAL.....	112
B. APPLICATION OF REVENUE UNDER PROVISIONS OF THE BOND ORDER.....	112
C. RATE COVENANT	115
D. HISTORICAL AIRPORT REVENUE	115
E. HISTORICAL AIRPORT EXPENSE	117
F. HISTORICAL APPLICATION OF REVENUE.....	119
G. FORECAST OF AIRPORT REVENUE AND EXPENSE	121
H. IMPACT OF PASSENGER FACILITY CHARGES	129
I. FORECAST APPLICATION OF REVENUE UNDER PROVISIONS OF BOND ORDER	134
J. AIRPORT LIQUIDITY	137
K. AIRLINE COST PER ENPLANED PASSENGER.....	139
 EXHIBIT “A” Airport Layout Plan.....	 32
 FIGURE III-1 Charlotte Douglas International Airport Air Service Area	 49
FIGURE III-2 ASA Industry Employment (Jobs)	 54
FIGURE III-3 CAGRs of Service Industry Subsector Employment	 55
FIGURE IV-1a Non-Stop Domestic Flights.....	 77
FIGURE IV-1b Non-Stop International Flights.....	 78
FIGURE IV-2 National Enplanements & Real GDP	 91
FIGURE IV-3 Airline Industry Operating Revenue	 93
FIGURE IV-4 U.S. Airline Net Income & Enplanements.....	 94
FIGURE IV-5 Comparison Jet Fuel Price and Enplaned Passengers	 95
FIGURE IV-6 Average U.S. Airfares vs U.S. Enplanements.....	 102
FIGURE IV-7 Average Round Trip Airfares CLT vs U.S.	 102

FIGURE V-1

Application of Revenue	114
TABLE II-1	
2025 Bonds Project Cost and Funding Plan.....	41
TABLE II-2	
Estimated 2025 Sources & Uses of Funds	42
TABLE II-3	
Estimated 2025 Bonds Debt Service.....	43
TABLE II-4	
2017-2025 CIP Estimate Future Financing Requirement	47
TABLE II-5	
2017-2025 CIP Estimated Future Financing Requirement	47
TABLE III-1	
ASA Population	50
TABLE III-2	
Historical Employment	52
TABLE III-3	
Labor Force.....	52
TABLE III-4	
Historical Unemployment Rates	53
TABLE III-5	
Non-Agricultural Employees by Industry	54
TABLE III-6	
Building Permits & Values	60
TABLE III-7	
Air Service Area Largest Non-Governmental Employers	62
TABLE III-8	
Total Personal Income.....	63
TABLE III-9	
Income per Capita	64
TABLE III-10	
Retail Sales.....	65
TABLE III-11	
Summary of Economic Base Indicators.....	70
TABLE IV-1	
Large Hub Enplanement Rankings	72
TABLE IV-2	
Airlines Serving the Airport.....	74
TABLE IV-3	
Domestic & International Enplanements	79
TABLE IV-4	
Historical CLT Originating & Connecting Enplanements.....	82
TABLE IV-5	
Historical Enplaned Passengers & Market Share.....	84

TABLE IV-6	
Historical Airline Market Share – Available Seats	85
TABLE IV-7	
Top 25 Origin & Destination Markets	86
TABLE IV-8	
Historical Passenger Airline Operations & Market Share	87
TABLE IV-9	
Historical Passenger Airline Landed Weight.....	89
TABLE IV-10	
Historical Airline Ancillary Revenue	96
TABLE IV-11	
Historical Trends in Aviation Taxes	104
TABLE IV-12	
Comparison of American Airlines Hubs.....	106
TABLE IV-13	
Forecast of Enplaned Passengers	111
TABLE V-1	
Historical Airport Revenue	116
TABLE V-2	
Historical Airport Expenses	118
TABLE V-3	
Historical Application of Revenue Under the Bond Order.....	120
TABLE V-4	
Forecast Airport Revenue	126
TABLE V-5	
Forecast Airport Expenses	129
TABLE V-6	
PFC Authorization Summary.....	130
TABLE V-7	
PFC Fund Activity	132
TABLE V-8	
Forecast of Passenger Facility Charge Collection	133
TABLE V-9	
Forecast Application of Revenue Under the Bond Order.....	136
TABLE V-10	
Historical Airport Unrestricted Cash	138
TABLE V-11	
Airline Cost Per Enplaned Passenger	139

I. INTRODUCTION

A. PURPOSE AND SCOPE OF THIS REPORT

This Report of the Airport Consultant (“Report”) has been prepared for the City of Charlotte, North Carolina (“City”) by Newton & Associates, Inc. (“NAI”) in connection with the City’s issuance of its Airport Revenue Bonds, Series 2025A (Non-AMT) (the “Series 2025A Bonds”), and Airport Revenue Bonds Series 2025B (AMT) (the “2025B Bonds” and collectively with the 2025A Bonds, the “2025 Bonds”). Proceeds of the 2025 Bonds will fund, in part, certain improvements to the Airport (the “2025 Project”) and refund all or a portion of the City’s outstanding 2014A Bonds (the “2025 Refunding”), as hereinafter described, and which are to be secured by and paid from Net Revenue derived from the City’s operation of the Charlotte Douglas International Airport (the “Airport”). The purpose of this Report is to examine the factors influencing and state our opinion of the financial feasibility of the City issuing the 2025 Bonds.

The test of financial feasibility is the Airport’s forecast ability to generate Revenue sufficient to pay: (1) Current Expenses (the expenses of operating and maintaining the Airport); (2) debt service and related expenses on Bonds currently outstanding (“Outstanding Bonds”); (3) debt service and related expenses on the 2025 Bonds; (4) costs of any other capital assets required during the Forecast Period (as defined below) necessary for the operation of the Airport, but not included in the 2025 Project; and (5) to otherwise satisfy the requirements of Section 704(a) of the Bond Order.

In applying the test of feasibility, NAI has considered, and this Report describes, the Airport, the demographic and economic characteristics of the primary geographic area served by the Airport (“Air Service Area”), the demand for air service at the Airport and the financial performance of the Airport, for the fiscal years ending June 30 (“Fiscal Year” or “FY”) 2020 through 2024, or the most recent five-year period for which complete data were available (“Study Period”)¹³.

This Report also examines and discusses the future demand for air service at the Airport and forecasts passenger enplanements at the Airport, revenues and expenses of the Airport, Passenger Facility Charges (“PFC”) to be collected by the Airport and available for debt service, the Net Revenue of the Airport available for debt service, debt service requirements and debt service coverage for FY 2026 through FY 2032 (“Forecast Period”). FY 2025 (unaudited) serves as the base year for the Forecast Period.

This Report concludes with NAI’s findings regarding the feasibility of the City proceeding with the issuance of the 2025 Bonds.

¹³ In analyzing certain trends in this Report, other periods of performance have been included in the Study Period as necessary to provide meaningful trends.

B. THE AIRPORT

1. General Description/Location of the Airport

The Airport is a large hub¹⁴ commercial service airport served primarily by commercial passenger and cargo airlines. It is the second largest connecting hub for American Airlines, in terms of passenger traffic, following Dallas/Fort Worth International Airport. American Airlines is the largest airline in the world in terms of passengers carried and, together with its subsidiaries and affiliates, accounted for approximately 88.8% of the passenger activity at the Airport in FY 2024.

The Airport is located within the city limits of Charlotte, in Mecklenburg County, North Carolina and is approximately seven miles west of the City's central business district. The Airport is bounded by I-85, U.S. 74 (Wilkinson Boulevard) and the Norfolk Southern Railroad to the north, Billy Graham Parkway to the east, West Boulevard to the south and I-485 to the west.

2. The City

The City is a municipal corporation of the State of North Carolina. The City is governed by a mayor and an 11-member council elected biennially on a partisan basis. The mayor presides over all Council meetings and can vote only in the event of a tie but does have limited veto power. The Council enacts all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approves contracts and originates general management policies. The Council employs a City Manager who directs the daily operations of the City through department heads, including the Aviation Director, who are appointed by the City Manager.

3. Airport Ownership and Management

The Airport is owned and operated as a department ("Aviation Department") of the City and, for accounting purposes, is treated as a self-supporting enterprise fund. The Airport's financial accounting system is on a full accrual basis in accordance with generally accepted accounting principles for government entities.

Management of the Airport is vested by the City in the Aviation Director who reports to the City Manager. The Aviation Director is supported by such staff as is deemed necessary by the Aviation Director and the City Manager to properly operate, develop and maintain the Airport. The current Aviation Director is Ms. Haley Gentry. She is assisted by Mr. Jack Christine, Chief Infrastructure Officer; Mr. Michael Hill, Chief Financial Officer; Mr. Ted Kaplan, Chief Business, and Innovation Officer; Mr. Jerome Woodward, Chief Operating Officer and Ms. Elizabeth Smithers, Lead Counsel.

¹⁴ There are four categories of airports as defined by the FAA: commercial service, cargo service, reliever and general aviation. Commercial service airports are publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. The Airport is classified as a primary large hub airport, meaning that it enplanes at least 1% of all annual passenger boardings in the U.S.

4. The Land Comprising the Airport

The Airport is located on approximately 4,400 contiguous acres of land (“Contiguous Land”)¹⁵. Located on the Contiguous Land are the Airfield; Terminal Complex; Cargo area; General Aviation areas; North Carolina Air National Guard base; North Carolina National Guard facilities; Airport roadways; automobile parking areas; and an office park located immediately south of the airfield. In addition to the Contiguous Land, the City owns approximately 1,300 acres of land in the vicinity of the Airport but separated from the Contiguous Land by one or more roadways (“Non-Contiguous Land”). The Non-Contiguous Land was acquired by the City in part for noise abatement purposes that the City intends to use for development of airport-compatible operational, business and commercial uses. A portion of the Non-Contiguous Land has already been redeveloped by the City and is assigned to the Airport rental car concessionaires for use as remote rental automobile storage and service facilities.

5. Existing Facilities

The existing facilities of the Airport are described in general below and depicted on Exhibit “A.”

a. Airfield

The largest portion of Airport land consists of the airfield (“Airfield”), which comprises approximately 1,731 acres. The Airfield has three parallel runways, associated taxiways, runway safety areas and runway protection zones. Runways 18L/36R (8,676 feet long and 150 feet wide) and 18C/36C (10,000 feet long and 150 feet wide) have a separation of 5,000 feet. Runway 18R/36L is 4,300 feet west of Runway 18C/36C and is 150 feet wide and 9,000 feet long. Simultaneous independent parallel departures and approaches are authorized on these parallel runways. Former Runway 5/23 is 7,500 feet long and 150 feet wide and intersected Runway 18L/36R was decommissioned and reconstructed as Taxiway J which opened on February 20, 2025.

b. Terminal Complex

The Terminal Complex occupies approximately 265 acres and consists of the passenger terminal building (“Terminal Building”), terminal aircraft parking apron, public automobile parking facilities, rental car facilities, employee parking lots, airline fueling facilities, and public roadways.

i. Passenger Terminal Building

The existing passenger Terminal Building was originally constructed in 1982. Since its initial construction of approximately 325,000 square feet, the Terminal Building has been renovated and expanded to 2,397,131 square feet.

The Terminal Building consists of a main terminal building and seven passenger concourses with 122 passenger boarding gates, all of which are equipped with passenger loading bridges or ramp access passenger boarding units.

The main terminal building has five levels: (i) the basement level consists mainly of building maintenance equipment and vendor storage and receiving areas; (ii) the ground or ramp level

¹⁵ See Exhibit “A” included in this Section I.

consists of passenger baggage inspection, make-up and claim areas and baggage conveyor devices; (iii) the ticketing level consists of airline ticket counters, offices, passenger screening areas, gates and food, beverage and retail merchandise concessions; (iv) the administrative level consists of some Aviation Department offices and, airline and concessionaire offices and conference rooms; and (v) the ramp control level which contains two ramp control towers to facilitate airline control over aircraft movements on the Terminal Building aircraft parking apron and taxi lanes. The main terminal building is presently undergoing a major expansion which is being financed in part with the proceeds of the Prior Bonds issued by the City.

ii. Aircraft Parking Apron

The Terminal Building aircraft parking apron is approximately 220 acres of paved concrete contiguous to the Terminal Building and includes in-ground hydrant aircraft fueling stations. It accommodates up to 135 aircraft parked at the concourses and 32 remote parking positions which are primarily used for the parking of aircraft remaining overnight (“RON”).

iii. Public Automobile Parking Facilities

The existing public automobile parking facilities include both surface and multi-level parking facilities. Together, the public parking facilities comprise 23,319 parking spaces contained in a combination of structured and surface, self-parking and valet parking facilities.

Structured Public Parking

The structured public parking comprises four parking decks with a total of 12,341 spaces. The largest of these decks has seven levels and is located directly across the terminal roadway from the Terminal Building (“Hourly Deck”). Three levels of the Hourly Deck are dedicated to rental car parking and operations and four levels with a total of 4,352 spaces are used for short-term public parking. The Hourly Deck is intended for convenient short-term parking for persons dropping-off or picking-up passengers or doing business in the Terminal Building.

Two decks with a total of 5,732 parking spaces intended for daily parking (the “Daily Decks”) are located just north of the Hourly Deck in the terminal area and within walking distance of the Terminal Building.

The other deck is located on Wilkinson Boulevard adjacent to the CLT Center (the “Express Deck”) and includes 2,257 public parking spaces. Patrons of the Express Deck deliver their automobiles to an attendant for parking and are transported to and from the Terminal Building in courtesy buses operated by the Airport.

Surface Parking

There are two separate surface lots with a total of 10,248 spaces (including 2,257 “Overflow” spaces) intended for long-term parking at budget rates (the “Long-Term Lots”). Passengers are transported to and from the Long-Term Lots in courtesy buses operated by the Airport.

Cell Phone Lot

There is also a free parking lot with 730 spaces intended for persons who wish to park for a short time while waiting to pick up arriving passengers who phone the driver upon the arrival of their flight (the “Cell Phone Lot”).

Curbside Valet Parking

The Airport also offers premium valet parking at the terminal at a cost of \$45.00 per day. Valet patrons deliver their vehicle to an attendant at the terminal roadway curbside and phone to have it delivered to the curb upon their return.

iv. Rental Car Ready/Return Parking and Service Facilities

The rental car facilities are located on the three lower levels of the Hourly Deck and comprise a quick turn-around service facility (“QTA”) on the ground level and two levels of rental car parking with approximately 2,900 ready/return and quick-turn-around parking spaces. The rental car facilities also include remote storage and service facilities on Non-Contiguous Land located off Wilkinson Boulevard.

c. The CLT Center

The CLT Center is a multi-purpose building containing approximately 279,590 square feet located on Wilkinson Boulevard adjacent to the Express Decks. It houses most of the Aviation Department’s administrative, business, financial, planning, engineering and maintenance functions and contains the Airport’s archives. The CLT Center also serves as the Airport’s storage facility and maintenance warehouse for equipment and supplies. A recently completed Vehicle Maintenance Facility serves as the Airport’s motor pool and vehicle maintenance facility.

d. General Aviation Facilities

The Airport’s general aviation facilities are located east of Runway 18L/36R and include approximately 82 acres of land, approximately 44,000 square feet of general aviation terminal facilities and approximately 480,120 square feet of aircraft hangars and operations space. The general aviation facilities include a full-service fixed base operator (“FBO”) which is operated for the City by Wilson Air Center-North Carolina, LLC under a management contract with the City. They also include 10 large aircraft storage hangars, 11 small aircraft storage hangars, 17 T-hangars, and approximately 25 acres of aircraft parking aprons sufficient to accommodate 50 to 70 aircraft. Seven of the large storage hangars are leased to long-term tenants for their exclusive use. The other hangars are group storage hangars licensed to individual aircraft owners on a month-to-month basis. The general aviation facilities also include aircraft fuel storage and delivery facilities.

e. Other Leased Facilities

The Airport's other leased facilities consist of cargo facilities, airline maintenance and training facilities, an airline flight kitchen facility, Army National Guard and North Carolina Air National Guard facilities and various buildings located at diverse areas of the Airport that are leased to tenants with a need to conduct business proximate to the Airport.

f. Aircraft Rescue and Fire Fighting Facilities

The Airport has two aircraft rescue and firefighting facilities: one is located east of the intersection of Taxiway "D" and Taxiway "R", proximate to the general aviation facilities and the other is located between Runway 18C/36C and Runway 18R/36L and southwest of the intersection of Runway 5/23 and Runway 18C/36C. A third aircraft rescue and firefighting facility will be constructed as part of the Fourth Parallel Runway Program (See description of the 2025 Project).

g. Airline Fueling Facilities

Commercial airlines serving the Airport obtain their fuel from a consolidated airline fuel storage and distribution facility located on Airport property. The fuel farm is owned and operated by the City. The facility has fuel storage capacity of 167,000 barrels and is connected to pavement hydrant fueling stations in the Terminal Building aircraft parking apron by underground transmission lines. Aviation fuel is delivered to the fuel farm by underground transmission pipelines to the Plantation and Colonial pipelines Paw Creek fuel terminal located approximately three miles north of the fuel farm. The facility includes pumping and filtration systems and allows airlines to obtain fuel directly from the hydrant fueling stations at the Terminal Building gates without the need for fuel tankers on the Terminal Building aircraft parking apron. Airlines receiving fuel from the fuel storage system at locations other than the Terminal Building are fueled by tankers that draw the fuel directly from the fuel storage system.

(Remainder of Page Intentionally Left Blank)

EXHIBIT “A” Airport Layout Plan



C. THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT

Under the provisions of the North Carolina State and Local Government Revenue Bond Act, the City is empowered to undertake the obligations and commitments related to the issuance of the proposed 2025 Bonds. The 2025 Bonds are being issued with the approval of the Local Government Commission of North Carolina.

D. THE BOND ORDER

The Bond Order was adopted in 2017 (as amended and supplemented, the “Bond Order”). It amended and restated the original bond order adopted in 1985. The proposed 2025 Bonds are to be issued under the terms and conditions of the Bond Order and the Series Resolution describing the terms for the sale of the 2025 Bonds, adopted by the City Council of the City on April 28, 2025.

As described in Section E below, the Airline Agreement requires the City to separately account for revenue and expenses of the City by Cost Centers. It establishes two broad categories of Cost Centers – Included Cost Centers and Excluded Cost Centers. The Included Cost Centers are the Terminal Complex Cost Center and the Airfield Cost Center, the expenses and revenue of which are counted in calculating the landing fees, terminal rents and terminal use charges paid by the airlines that operate at the Terminal. The Excluded Cost Centers are the Cargo Cost Center, the Consolidated Rental Car Facility Cost Center, the General Aviation and Fixed Base Operator Cost Center and Other Excluded Areas Cost Center. The expenses and revenue of the Excluded Cost Centers are specifically excluded from the airline’s rate base for calculating airline fees, rentals, and charges.

The concept and the requirements for separately accounting for revenue and expenses of the Included and Excluded Cost Centers had been embodied in the original bond order adopted in 1985 and the City has established separate funds, accounts, and sub-accounts to record revenue, expenses and debt service obligations and payments in the Included Cost Centers accounts. However, in connection with the issuance of the 2021 Bonds, as permitted by the Bond Order, the City amended the Bond Order to reclassify all revenue and expenses of the Excluded Cost Centers as Revenue and Current Expenses and to pledge such Net Revenue to payment of the debt service on the City’s Outstanding Bonds and short-term bond anticipation notes (“BANs”) effective as of July 1, 2021, including debt service on the 2025 Bonds and Future Bonds, hereinafter defined.

As a result of the reclassification, Revenues are defined in the Bond Order as income derived by the City from the Included Cost Centers and former Excluded Cost Centers of the Airport plus any amounts that the City may authorize to transfer, but is not obligated to transfer, to the Revenue Fund. Revenue does not include income from Passenger Facility Charges or Contract Facility Charges (see discussions of Passenger Facility Charges and Contract Facility Charges in Section II hereof). For any Fiscal Year, Net Revenue is the sum of Revenue for such Fiscal Year and Revenue retained in the Revenue Fund from the prior Fiscal Year as required debt service coverage, less Current Expenses for such Fiscal Year. Current Expenses are the costs incurred by the City in operating and maintaining Airport facilities, but do not include depreciation expense for assets, certain expenses accrued as depreciation expense for assets, or certain expenses accrued under accounting rules, but paid in future years.

This change in the constitution of Included Cost Center Revenue notwithstanding, the City is not required to share any surplus revenue from the formerly Excluded Cost Centers with the Signatory Airlines. To recognize this distinction, for the purpose of the financial analysis contained in Section V hereof, and the tables contained therein, we have categorized former Included Cost Centers (Airfield and Terminal Complex) as “Airline Cost Centers” and the formerly Excluded Cost Centers as “Non-Airline Cost Centers.”

The Outstanding Bonds are parity obligations under the Bond Order (collectively, the “Prior Bonds”) which are secured by a pledge by the City of the Net Revenue of the Airport. The initial par amounts and principal amounts outstanding as of the date of this Report are as follows:

- (i) \$74,290,000 Airport Refunding Revenue Bonds, Series 2014A (non-AMT) (the “2014A Bonds”), of which \$64,975,000 are currently outstanding;
- (ii) \$167,385,000 Airport Revenue Bonds, Series 2017A (non-AMT) (the “2017A Bonds”), of which \$149,915,000 are currently outstanding;
- (iii) \$16,345,000 Airport Revenue Bonds, Series 2017B (AMT) (the “2017B Bonds”), of which \$14,815,000 are currently outstanding;
- (iv) \$119,050,000 Airport Revenue Refunding Bonds, Series 2017C (non-AMT) (the “2017C Bonds” and together with the 2017A Bonds and the 2017B Bonds, the “2017 Bonds”), of which \$93,720,000 are currently outstanding;
- (v) \$142,220,000 Airport Revenue Bonds, Series 2019A (non-AMT) (the “2019A Bonds”), of which \$131,300,000 are currently outstanding;
- (vi) \$36,145,000 Airport Revenue Bonds, Series 2019B (AMT) (the “2019B Bonds” and together with the 2019A Bonds, the “2019 Bonds”), of which \$33,545,000 are currently outstanding;
- (vii) \$271,525,000 Airport Revenue Bonds, Series 2021A (non-AMT) (the “2021A Bonds”), of which \$253,195,000 are currently outstanding;
- (viii) \$108,420,000 Airport Revenue Bonds, Series 2021B (AMT) (the “2021B Bonds” and together with the 2021A Bonds, the “2021 Bonds”), of which \$95,050,000 are currently outstanding;
- (ix) \$298,705,000 Airport Revenue Bonds, Series 2022A (non-AMT) (the “2022A Bonds”), of which \$290,270,000 are currently outstanding;
- (x) \$74,225,000 Airport Revenue Bonds, Series 2022B (AMT) (the “2022B Bonds” and together with the 2022A Bonds, the “2022 Bonds”), of which \$72,160,000 are currently outstanding;
- (xi) \$256,875,000 Airport Revenue Bonds, Series 2023A (non-AMT) (the “2023A Bonds”), of which \$256,875,000 are currently outstanding; and
- (xii) \$110,285,000 Airport Revenue Bonds, Series 2023B (AMT) (the “2023B Bonds” and together with the 2023A Bonds, the “2023 Bonds”), of which \$110,285,000 are currently outstanding.

The total principal of the Prior Bonds outstanding as of the date of this Report, excluding BANs, is \$1,566,105,000. In addition, there is \$21,614,007 of the 2023 BAN outstanding as of the date of this Report.

The 2025 Bonds will be parity obligations with the Prior Bonds. In the Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenue in each Fiscal Year at least equal to the sum of deposits required to be made in each Fiscal Year to: (i) the Operating Fund; and (ii) the Revenue Bond Fund, plus an amount, if any, which provides an amount on deposit in the Revenue Fund as of the opening of business on the first day of the next Fiscal Year, equal to the Coverage Factor for such preceding Fiscal Year. The Coverage Factor for each Fiscal Year is defined as an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenue into the Revenue Bond Fund for such Fiscal Year. Revenue for a Fiscal Year is deemed to include amounts retained by the City in the Revenue Fund as of the end of the preceding Fiscal Year.

The land and facilities allocated to the Airline Cost Centers generate most of the revenue received by the City from the Airport. In Fiscal Year 2024, estimated Revenue from the Airline Cost Centers accounted for approximately 87% of total Airport revenue¹⁶.

Revenue and Expenses for areas of the Airport that are not allocated to the Airline Cost Centers are allocated to one of the Non-Airline Cost Centers. Income from the Non-Airline Cost Centers are regarded as Revenue under the Bond Order and included in the pledge of Net Revenue. Revenues of the Non-Airline Cost Centers are the general aviation areas, cargo areas, the aircraft maintenance center, catering areas, the fixed base operator area, military areas, the intermodal area and the undeveloped land of the Airport. In Fiscal Year 2024, the estimated Non-Airline Cost Centers accounted for approximately 13% of total Airport revenue.

E. THE SIGNATORY AIRLINE AGREEMENTS

The current agreement between the City and certain passenger airlines which serve the Airport became effective July 1, 2016 (“Airline Agreement”). Each of American Airlines, Delta Air Lines, Frontier Airlines, JetBlue Airways¹⁷, Southwest Airlines, Spirit Airlines¹⁸ and United Airlines have executed the Airline Agreement and are, collectively, the “Signatory Airlines.” The term of the Airline Agreement extends to June 30, 2026. Airport staff is currently in the process of negotiating with the Signatory Airlines for a new airline agreement, the eventual terms of which are unknown at this time. For the purposes of this Report, we have assumed that substantially similar terms and conditions concerning the calculation of rentals, fees and charges, and other financial obligations contained in the Airline Agreement will continue in effect throughout the Forecast Period.

¹⁶ See Table V-1 in Section V hereof.

¹⁷ JetBlue ceased service to the Airport on October 26, 2024 and on the date of this Report its Signatory Agreement was in the process of being terminated by the City.

¹⁸ In November 2024, Spirit Airlines announced that it had filed for bankruptcy protection to allow the airline to restructure its debt obligations.

The Airline Agreement sets forth the rights and obligations of the parties as well as the procedures for calculating airline rentals, fees and charges for the use and occupancy of the Terminal Complex and the Airfield. Two broad categories of Cost Centers: Included Cost Centers and Excluded Cost Centers are established in the Airline Agreement. The Airline Agreement also establishes the Airport Services Facilities (“ASF”) cost center which is independent of the Included Cost Centers and Excluded Cost Centers, but the expenses allocated to the ASF Cost Centers are further allocated to the Included Cost Centers and Excluded Cost Centers, based on a formula set forth in the Airline Agreement.

The Airline Agreement also established procedures for the establishment, review and adjustment, at least annually, of rentals, fees and charges payable by the Signatory Airlines and other airlines operating from the Terminal Building and use of the Airfield (“Airline Rates and Charges”) and provides for mid-year adjustments and an annual settlement based upon actual costs and activity. The Airline Rates and Charges are calculated under what is referred to as a compensatory method and are set based upon the projected activity and budgeted annual cost to the City of providing and operating the Airfield and those facilities of the Terminal Building used by the airlines in processing their passengers through the Terminal Building. The City is required to pay for the non-airline areas of the Terminal Complex with non-airline Terminal Complex Revenue (“Non-Airline Terminal Revenue”). The Airline Agreement also provides that the City is to credit the Airlines Rates and Charges payable by the Signatory Airlines, 40% of the Net Remaining Terminal Complex Revenue (if any) for such Fiscal Year over the sum of O&M Expenses, ASF Costs, Capital Expense and the Revenue Bond Debt Service allocated to the Terminal Complex for such Fiscal Year (“Revenue Sharing”). The blending of compensatory rate setting with Revenue Sharing is referred to as a “hybrid” rate-setting methodology.

Extraordinary Coverage Protection

In addition to the Airline Rates and Charges established in the Airline Agreement, each Signatory Airline is required to make payments (“Extraordinary Coverage Protection”) in any Fiscal Year in which the amount of Revenues less O&M Expense is forecasted to be less than one hundred twenty-five percent (125%) of the Revenue Bond Debt Service or is otherwise insufficient to make any deposit required by the Bond Order. Any amounts that must be collected for such Extraordinary Coverage Protection payments shall be allocated in a fair and not unjustly discriminatory manner to the Airfield Revenue Requirement or the Airline Terminal Revenue Requirement, or both, at the reasonable discretion of the Aviation Director. Should Extraordinary Coverage Protection payments be made in any given Fiscal Year, the City shall subsequently refund to the Signatory Airlines such payments made by the Signatory Airlines as soon as uncommitted funds become available in the Airport Discretionary Fund (as defined in the Bond Order).

MII Approval of Capital Projects

Under certain circumstances and with specific exceptions, the Airline Agreement requires approval by a Majority-In-Interest (“MII”) of Signatory Airlines for additions or improvements to the Airport’s physical plant or equipment, and the acquisition by the City of land or rights in land for expansion or operation of the Airport (“Capital Improvement Project”). No MII Approval is required for Capital Projects already approved by the Signatory Airlines through their execution of the Airline Agreement (“Pre-Approved Projects”), or pursuant to prior MII

Approvals (“Approved Projects”); or for certain other Capital Projects that are paid for with PFCs or that meet certain other criteria (collectively, “Exempt Projects”).

According to Airport management, it has obtained MII approval for the 2025 Project elements requiring MII approval.

Affiliate Airlines

The Airline Agreement allows Signatory Airlines, upon the satisfaction of certain conditions, to designate one or more non-signatory airlines operating at the Airport as an “Affiliate” of the Signatory Airline. For each designation to be effective, the Affiliate must execute an Affiliate Operating Agreement with the City. A Signatory Airline is required to pay on behalf of its Affiliates the same Rates and Charges for the Affiliates’ use of the Airfield and the Terminal Building as established by the City for the Signatory Airlines. Among the benefits to the Signatory Airline of designating Affiliates is that the Affiliate’s activity at the Airport is attributed to the Signatory Airline for the purposes of MII voting and Revenue Sharing. As of the date hereof, American Airlines, Delta Air Lines and United Airlines have designated Affiliates each of which have executed Affiliate Operating Agreements.

In addition to Affiliates, certain Signatory Airlines from time-to-time contract with non-affiliate air carriers to operate flights for the Signatory Airline at the Airport. See Table IV-2 for a complete list of passenger air carriers serving the Airport as of the date hereof.

Terminal Building Airline Premises

Under the Airline Agreement, the City issued, and each Signatory Airline has accepted, a Premises Notice which describes the Exclusive Premises, Preferred Use Premises and Joint Use Premises assigned to the Signatory Airline pursuant to the Airline Agreement and for which the Signatory Airline is obligated under the Airline Agreement to pay the terminal rents, fees and charges calculated according to Article 10 of the Airline Agreement.

The City has designated 109 gates in the Terminal Building as Preferential Use Gates, each of which is assigned to a Signatory Airline pursuant to its Premises Notice. Thirteen gates are under control of Airport management as “Common Use Gates.” Common Use Gates are assigned by the Aviation Director for the use of non-Signatory Airlines operating at the Terminal Building as well as one or more Signatory Airlines that need a Common Use Gate to accommodate its flight schedule. The Premises Notices have assigned to each Signatory Airline a certain amount of exclusive use premises, preferential use premises and joint use premises (“Assigned Premises”) in the Terminal Building. “Preferential Use Premises” means those areas within the Terminal Building, including Preferential Use Gates (including associated Gate Ramps) and Preferential Use Ticket Counters, to which an airline has a higher priority of use over all other passenger airlines, subject to certain conditions. All of the gates assigned to the Signatory Airlines are Preferential Use Gates, which means they are subject to being used by other airlines (“Gate Requesting Airlines”) if they are not scheduled for use by the assignee Signatory Airline and are needed by the Gate Requesting Airline to accommodate its flight schedule. Gate Requesting Airlines may be either other Signatory Airlines or non-signatory airlines. The City shall charge any Gate Requesting Airline that is accommodated at any of a Signatory Airline’s Preferential Use Gates the same charges for use of the gate that the Gate Requesting Airline

would have been required to pay the City for use of a Common Use Gate plus a 15% administrative fee and must credit the full amount of such fees to the account of the Signatory Airline whose gate was used by the Gate Requesting Airline.

The Airline Agreement gives the City the ability to reallocate Assigned Premises under certain circumstances to accommodate changing needs of the Airport to accommodate the various flight schedules of all the passenger airlines operating from the Terminal Building.

The Airline Agreement sets forth the form of operating agreement the City requires each non-Affiliate, non-signatory passenger airline at the Airport to execute before such airline can exercise any rights as a Gate Requesting Airline at the Airport.

Non-Signatory Airlines

In addition to the Signatory Airlines, the Airport is also served by non-signatory airlines. These passenger and all-cargo carriers serve the Airport independent from the Signatory Airlines and pay landing fees directly to the City. Non-signatory passenger airlines operate from one or more City Gates (defined below) and pay terminal use fees directly to the City. Other non-signatory airlines which serve the Airport operate as either Affiliates of the Signatory Airlines or non-Affiliate contract carriers for the Signatory Airlines and do not lease any Terminal Building gate facilities controlled by the City (“City Gates”). These airlines operate solely from the Assigned Premises of their Signatory Airline and make no payments to the City for the use of Terminal Building facilities.

All passenger airlines regularly operating at the Airport, other than Signatory Airlines, operate under an Affiliate Operating Agreement, Non-Affiliate Operating Agreement or Commercial Use Permit issued by the City. All airlines operating at the Airport pay landing fees and other charges, either directly to the City or through the Signatory Airline under which they operate. Under the terms of the Affiliate Operating Agreement, the Signatory Airline pays landing fees and terminal use charges for its Affiliates.

Under the Non-Affiliate Operating Agreement, the Non-Affiliate airline pays landing fees and terminal use charges, determined according to the schedule of rates, fees and charges set by the City under the Airline Agreement for Signatory Airlines.

Under the terms of the Commercial Use Permit, these carriers pay the City a landing fee and terminal use fee (“Turn Charge”) for the use of each gate directly to the City.

(Remainder of Page Intentionally Left Blank)

II. THE 2025 PROJECT

A. NEED FOR THE 2025 PROJECT

The 2025 Project is a sub-set of a multi-year capital improvement program (collectively the “2017 – 2025 CIP” or “CIP”), the elements of which are being completed in phases over multiple years. The CIP, having a current total estimated cost of approximately \$4 billion¹⁹, is being funded in phases with proceeds of BANs and permanent funding with a combination of various state and federal grants, PFC cash on hand (“PAYGO”), airport cash and long-term airport revenue bonds (“Bonds”), the proceeds of which are used to take out the BANs and make final construction fund deposits. Permanent funding of the CIP currently includes proceeds of the previously issued 2017 Bonds, 2019 Bonds, 2021 Bonds, 2022 Bonds, 2023 Bonds, and will be augmented with the proceeds of the 2025 Bonds.

The projects comprising the 2017 – 2025 CIP were identified in the Airport’s Master Plan and by the Signatory Airlines and Airport management as needed to: (i) address inadequacies of Airport facilities to accommodate existing demand; (ii) provide additional facilities to meet projected demand; and (iii) replace, repair or refurbish existing facilities that have deteriorated over time and with usage. Certain elements of the 2017 - 2025 CIP have already been permanently funded with 2017 Bonds, 2019 Bonds, 2021 Bonds, 2022 Bonds, 2023 Bonds and temporarily funded in whole or in part with BANs. Additional permanent financing is to be provided with proceeds of the 2025 Bonds and other, future Bonds which the City anticipates to issue during the Forecast Period (“Future Bonds”).

B. DESCRIPTION OF THE 2025 PROJECT

The 2025 Project comprises the improvements described below:

a. Fourth Parallel Runway

This project includes the design, site preparation and construction of a fourth parallel runway, along with associated taxiway system, an aircraft hold pad, and an Aircraft Rescue and Fire Fighting (“ARFF”) Station (“Fourth Parallel Runway”). The estimated cost of the Fourth Parallel Runway is approximately \$1.0 billion. The Fourth Parallel Runway has been identified as Runway 1/19 in the Airport’s Master Plan Update Phase I dated February 2016, the Fourth Parallel Runway Benefit Cost Analysis dated September 2022, and the City’s Letter of Intent (“LOI”) Application dated February 2023. In September 2024, the FAA approved the City’s LOI Application and its commitment of \$290 million in Airport Improvement Grant Funding (“AIP”) for the Fourth Parallel Runway.

The Fourth Parallel Runway, which will have a length of 10,000 feet with a width of 150 feet, will be constructed of concrete and capable of serving Aircraft Approach Category D and Airplane Design Group V aircraft. The Fourth Parallel Runway will be located 1,100 feet to the west of Runway 18C/36C and 3,200 feet to the east of Runway 18R/36L. The runway has been

¹⁹ Source: Charlotte Douglas International Airport: <https://cltairport.mediaroom.com/destination-clt>

identified as a primary departure runway, but its placement between the two existing runways provides for future flexibility for arrivals and departures. The Fourth Parallel Runway will include runway lighting, signage, and navigational aids.

The taxiway system serving the Fourth Parallel Runway Program will include end around taxiways, high-speed exit taxiways, a full parallel taxiway, an extension of Taxiway V and connector taxiways.

An aircraft hold pad of approximately 470,000-square feet of concrete will be constructed to provide space for aircraft queueing and staging. This hold pad will be centrally located adjacent to existing Taxiway F and Taxiway U and will provide air traffic control a place to hold aircraft that may be delayed departing or arriving early if its terminal gate assignment is unavailable.

A new ARFF Station will be constructed in the south airfield area to meet emergency response times due to the additional runway crossings with the new Runway 1/19. This ARFF Station will be approximately 27,500 square feet and will have 9 ARFF vehicle bays, administrative office space and support rooms, sleeping quarters and chemical storage and other necessary space for safety equipment, personal protective equipment, gear and clean-up facilities.

The Fourth Parallel Runway will also require the relocation of approximately one mile of West Boulevard, where traffic will be rerouted on the existing roads of Piney Top Drive and Byrum Drive.

The Airport expects the Fourth Parallel Runway to be completed in the fall of 2027 (FY 2028).

b. Concourse D Renovation

This project includes the renovation of public areas including corridors, holdrooms, restrooms and all finishes on the ticketing level. This project also includes certain major system upgrades including a new fire protection, sprinkler system, new air handling units and a new redundant power source to protect against an electrical system failure. The estimated cost of the Concourse D Renovation is \$67.9 million.

C. 2025 PROJECT COST AND FUNDING

The total cost of the 2025 Project is estimated to be approximately \$1.1 billion.

The total estimated funding for the 2025 Project includes approximately \$290 million of AIP grant funds, \$170.1 million of PFC PAYGO, \$208.6 million of Prior Bonds, \$239.1 million of 2025 Bonds, and \$166 million of Future Bonds.

The estimated costs and funding of the 2025 Project are depicted on **Table II-1**.

TABLE II-1
2025 Project – Estimated Cost and Funding Plan

2023 BONDS PROJECT ELEMENTS:	Project Funding Plan								
	Project Cost	AIP Grants ¹	PFC PAYGO	Prior Bonds ²	Series 2025 Bonds - New Money			Future Bonds	Total Funding
					PFC Bonds	Non-PFC Bonds	Total Bonds		
Fourth Parallel Runway Program	\$1,006,000,000	\$290,000,000	\$152,610,000	\$208,646,000	\$94,354,000	\$94,354,000	\$188,708,000	\$166,036,000	\$1,006,000,000
Concourse D Renovation	67,900,000	0	17,500,000	0	0	50,400,000	50,400,000	0	67,900,000
TOTAL 2023 BONDS PROJECT	\$1,073,900,000	\$290,000,000	\$170,110,000	\$208,646,000	\$94,354,000	\$144,754,000	\$239,108,000	\$166,036,000	\$1,073,900,000
¹ Represents FAA LOI grant funding commitment for the Fourth Parallel Runway. ² Proceeds of the City's Airport Revenue Bonds, Series 2023 for the Fourth Parallel Runway.									
Compiled by Newton & Associates, Inc. Source: Charlotte Douglas International Airport.								2025 Section II Tables Final 05/05/25	

D. THE 2025 REFUNDING

The City intends to refund all or a portion of the outstanding principal amount of its Series 2014A Bonds with proceeds of the Series 2025A Bonds. The Series 2014A are being refunded to achieve economic savings.

E. THE 2025 BONDS

The 2025 Bonds are to be issued as Airport Revenue Bonds on parity with the City's Prior Bonds, and Prior BANs.

Proceeds of the 2025 Bonds will be used to finance, in part, the 2025 Project and provide funds for the 2025 Refunding. The estimated sources and uses for the 2025 Bonds are set forth on **Table II-2**. As shown on Table II-2, the proceeds of the 2025 Bonds and other sources of funds are estimated to be approximately \$326.4 million.

(Remainder of Page Intentionally Left Blank)

TABLE II-2
Estimated 2025 Bonds Sources and Uses of Funds²⁰

SOURCES:	Series 2025A New Money Non-AMT	Series 2025A Refunding Non-AMT	Series 2025A Total Non-AMT	Series 2025B New Money AMT	Series 2025 Bonds Total
BOND PROCEEDS:					
Par Amount	\$240,275,000	\$58,440,000	\$298,715,000	\$27,385,000	\$326,100,000
Net Premium/OID	-2,855,303	2,597,897	-257,406	-637,450	-894,856
OTHER SOURCES:					
Debt Service Set Aside	0	1,177,083	1,177,083	0	1,177,083
TOTAL SOURCES	\$237,419,697	\$62,214,980	\$299,634,677	\$26,747,550	\$326,382,227
USES:					
PROJECT FUND DEPOSITS:					
Fourth Parallel Runway Program	\$188,708,000	\$0	\$188,708,000	\$0	\$188,708,000
Concourse D Renovation	27,396,945	0	27,396,945	23,003,055	50,400,000
Total Project Fund Deposits	\$216,104,945	\$0	\$216,104,945	\$23,003,055	\$239,108,000
REFUNDING DEPOSITS:	\$0	\$61,045,556	\$61,045,556	\$0	\$61,045,556
OTHER FUND DEPOSITS :					
Debt Service Reserve Fund	\$14,812,176	\$0	\$14,812,176	\$1,688,197	\$16,500,372
Capitalized Interest Fund	1,691,528	0	1,691,528	1,505,064	3,196,592
Total Other Fund Deposits	16,503,704	0	16,503,704	3,193,260	19,696,964
DELIVERY DATE EXPENSES	\$4,805,500	\$1,168,800	\$5,974,300	\$547,700	\$6,522,000
Other Uses of Funds					
Additional Proceeds	\$5,548	\$624	\$6,172	\$3,535	\$9,708
Total Other Uses of Funds	\$5,548	\$624	\$6,172	\$3,535	\$9,708
TOTAL USES	\$237,419,697	\$62,214,980	\$299,634,677	\$26,747,550	\$326,382,227
Source: BofA Securities. Preliminary Numbers as of April 15, 2025 + 50 bps Compiled by Newton & Associates, Inc. 2025 Section II Tables Final 05/05/25					

(Remainder of Page Intentionally Left Blank)

²⁰ Preliminary and Subject to Change.

F. 2025 BONDS DEBT SERVICE – FORECAST PERIOD

Table II-3 sets forth the estimated debt service (net of capitalized interest) for the 2025 Bonds included in the Forecast Application of Revenue Under Provisions of the Bond Order (see Section V, Table V-9).

TABLE II-3
Estimated 2025 Bonds Debt Service – Forecast Period²¹

Series 2025A (Non-AMT) - New Money				Series 2025A (Non-AMT) - Refunding				Series 2025B Bonds (AMT)			
Fiscal Year	Total Debt Service	Capitalized Interest	Net Debt Service	Fiscal Year	Total Debt Service	Capitalized Interest	Net Debt Service	Fiscal Year	Total Debt Service	Capitalized Interest	Net Debt Service
2026	12,681,181	1,691,528	10,989,653	2026	8,244,333	0	8,244,333	2026	1,505,064	1,505,064	0
2027	12,528,750	0	12,528,750	2027	8,244,000	0	8,244,000	2027	1,855,850	0	1,855,850
2028	12,528,000	0	12,528,000	2028	8,240,000	0	8,240,000	2028	1,854,350	0	1,854,350
2029	16,336,000	0	16,336,000	2029	8,247,250	0	8,247,250	2029	1,856,850	0	1,856,850
2030	16,337,250	0	16,337,250	2030	8,244,500	0	8,244,500	2030	1,858,100	0	1,858,100
2031	16,337,500	0	16,337,500	2031	8,241,500	0	8,241,500	2031	1,858,100	0	1,858,100
2032	16,336,250	0	16,336,250	2032	8,247,500	0	8,247,500	2032	1,856,850	0	1,856,850
	\$103,084,931	\$1,691,528	\$101,393,403		\$57,709,083	\$0	\$57,709,083		\$12,645,164	\$1,505,064	\$11,140,100

Source: BofA Securities. Preliminary Numbers as of April 15, 2025 + 50 bps
Compiled by Newton & Associates, Inc.

2025 Section II Tables Final
05/05/25

G. SOURCE OF PAYMENT FOR THE 2025 BONDS

Pursuant to the Bond Order, the City irrevocably pledges: (i) Net Revenue, and (ii) the City’s right to receive Net Revenue, for the payment of, interest on, credit support payment amounts for, sinking fund requirements for the payment of, and any premium required to be paid on the redemption of all Bonds and BANs outstanding under the Bond Order, including the 2025 Bonds. Under the Bond Order, “Net Revenue for any period, means the excess, if any, of Revenue over Current Expenses for such period.” See Section V hereof, Table V-9, for the Forecast Application of Revenue Under Provisions of the Bond Order.

H. AIRPORT IMPROVEMENT PROGRAM GRANTS

The Airport Improvement Program (“AIP”) was established by the Airport and Airway Improvement Act of 1982-Public Law 97-248 and has been amended from time to time to authorize funding levels on an annual or multi-federal fiscal year basis. The AIP was most recently amended with the passage of the FAA Reauthorization Act of 2024²². Funds obligated

²¹ Preliminary and Subject to Change.

²² According to the FAA, “The FAA Reauthorization Act of 2024 (Public Law 118-63) was signed into law on May 16, 2024. This authorization runs through Fiscal Year 2028 and communicates congressional priorities for how the agency carries out its mission to provide the safest, most efficient aerospace system in the world.”

for the AIP are drawn from the Airport and Airway Trust Fund, which is supported by user fees, fuel taxes, and other similar revenue sources.

The FAA uses two primary methods to distribute the AIP grants to airports: entitlement grants and discretionary grants. Entitlement grants are apportioned to airports according to a formula largely tied to the amount of passenger traffic at the airport. Discretionary grants are awarded by the FAA in its discretion and are usually awarded for projects that increase airport capacity or safety as further described below.

Because the demand for AIP funds exceeds the availability, FAA apportions these funds based upon national priorities and objectives. AIP funds typically are first apportioned into major entitlement categories such as primary, cargo, and general aviation. The remaining funds are then apportioned to a discretionary fund. Set-aside projects (airport noise and the Military Airport Program) receive first attention from this discretionary fund distribution. The remaining funds are true discretionary funds that are distributed according to national prioritization formula.²³

AIP-eligible projects include those for (i) airport planning, (ii) airport development, (iii) noise compatibility program, (iv) land acquisition and (v) terminal development. Under the AIP program, terminal development projects at large hub airports, such as the Airport, are not eligible for AIP funding.

1. Airport Improvement Program – Entitlement Grants

The FAA uses AIP Entitlement Grants to distribute AIP grants to commercial service airports based on levels of aviation activity. One of the most common types of funding available for commercial service airports is Passenger Entitlement Grants, which are an allocation of certain AIP funds based upon an airport's total enplanements compared to total U.S. enplanements.

Passenger Entitlement Grants may be carried over from one year to the next and used to pay the principal portion of debt service on bonds issued to finance eligible projects.

In addition to AIP Passenger Entitlement Grants, the Airport is eligible to receive Cargo Service Entitlements which are allocated to airports defined by the FAA as Cargo Service Airports based on the total landed weight of cargo aircraft at such airport as a percentage of total landed weight of cargo aircraft at all Cargo Service Airports.

Future AIP Entitlements may also be included in an FAA Letter of Intent ("LOI"), which is a multi-year funding commitment from the FAA. Because the funding authority is established by Congress under its annual budgeting process, an LOI does not guarantee that the FAA will have the funding authority from Congress in the future years of the LOI.

On September 24, 2024, the FAA approved an LOI application from the City and committed \$290 million of AIP Entitlement Grants and Discretionary Grants (see description below) to the Fourth Parallel Runway Program.

²³ Source: Federal Aviation Administration – <https://www.faa.gov/airports/aip/overview/#history>.

2. Airport Improvement Program – Discretionary Grants

Discretionary Grants are awarded to airports on a discretionary basis to fund eligible projects as determined by the FAA based on a priority system. The priority system is designed to allocate the available funding using a point-value system that gives the highest priority to safety, security, reconstruction, standards and capacity in that order. As with future Passenger Entitlement Grants, future Discretionary Grants may also be included in an LOI.

3. Status of the Airport Improvement Program

As previously stated, the FAA Reauthorization Act of 2024 (Public Law 118-63) was signed into law on May 16, 2024, and extends the authorization of the Airport Improvement Program through Fiscal Year 2028. NAI assumes that Congress and the President will continue to authorize the FAA and the Airport Improvement Program through the end of the Forecast Period.

4. Bipartisan Infrastructure Act

On November 15, 2021, the \$1.2 trillion Bipartisan Infrastructure Act (“BIL”) was signed into law. BIL included \$25 billion for investment in the nation’s air transportation system. Of this amount, \$5 billion is to address the physical condition of the FAA’s air traffic control facilities, \$15 billion is for airport infrastructure improvements, and \$5 billion is allocated to improve passenger terminal facilities.

Based on the same passenger enplanement activity apportionment system used by the FAA to allocate AIP Entitlement Grants, the Airport will be allocated an estimated \$220 million of airport BIL funds over the five-year grant program. From FY 2022 through FY 2025 the Airport received approximately \$174.5 million in BIL program grant funds.²⁴ For FY 2026, it is estimated that the Airport will receive \$45 million, approximately the same amount received in FY 2025 (\$44.9 million).

5. State Airport Aid Program²⁵

State Airport Aid Program is an airport (financial) aid program funded by the State of North Carolina. Under the terms of North Carolina General Statutes Chapter 63, *“the Department of Transportation is hereby authorized... to provide State aid in the form of loans and grants to cities, counties, and public airport authorities... for the purpose of planning, acquiring, constructing, or improving municipal, county, and other publicly owned or controlled airport facilities, and to authorize related programs of aviation safety, education, promotions, and long-range planning.”* The State Airport Aid Program funds projects from two different State Transportation fund sources – the Highway Fund and the Highway Trust Fund. Currently, no State Aid is programmed as permanent funding for the 2025 Project.

²⁴ <https://www.faa.gov/ijja/ijja-airport-infrastructure-grant-funding-amounts>.

²⁵ <https://connect.ncdot.gov/municipalities/State-Airport-Aid/Pages/default.aspx>.

I. PASSENGER FACILITY CHARGES

Pursuant to 14 CFR Part 158, airport sponsors (airport owners or operators) may apply to the FAA for authorization to impose a fee on every enplaning revenue passenger (“Passenger Facility Charge” or “PFC”) at the airport and to use the revenue derived from any such PFC to pay the allowable costs of PFC eligible airport improvements. The level of PFC which may be charged can vary from \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50 depending upon the authorization requested by the sponsor and approved by the FAA. PFCs are collected by each airport sponsor, less a handling charge, which the collecting airline is entitled to retain as compensation for its collecting, handling, and remitting the PFC revenue. The airline handling charge authorized by Part 158 is \$0.11 per PFC, regardless of the PFC level.

Under Part 158, PFCs may be used to fund and finance the allowable costs (project costs and bond-associated debt service and financing costs) of airport-related projects which would be eligible to receive federal grant funding under the Airport Improvement Program and which preserve or enhance safety, capacity, or security of the national air transportation system, or which reduce aircraft noise, furnish opportunities for enhanced competition between and among airlines, and which have been approved for any such use by the FAA.

On August 23, 2004, the FAA approved the City’s first PFC application to impose and use the revenue derived from a \$3.00 PFC to pay the PFC-eligible costs of certain improvements to the Airport. To date, the City has submitted and received FAA approval for ten (10) PFC applications. Each of these applications were originally approved at the \$3.00 level.

On February 8, 2024, the FAA approved multiple amendments submitted concurrently by the City to increase the PFC level from \$3.00 to \$4.50 for all of the previously approved and open PFC Applications. The charge effective date for the \$4.50 PFC charge level was June 1, 2024.²⁶

The \$4.50 PFC level will provide the City with additional PFC funding capacity. See Section V hereof for more detailed information regarding the City’s PFC application program, historical and projected PFC revenue and the application of PFC revenue to the debt service on certain of the Prior Bonds, the 2025 Bonds and Future Bonds.

J. ADDITIONAL FUTURE CAPITAL IMPROVEMENT PROJECTS

In addition to the 2025 Project, the Airport has identified certain other capital improvements (“Future Projects”) as part of the 2017- 2025 CIP which the City plans to complete during the Forecast Period. The City plans to fund the Future Projects, in whole or in part, with proceeds of Future Bonds as needed to fund the projects. **Table II-4** sets forth the estimated Future Bonds financing requirement for the 2017 – 2025 CIP.

The specific form, amount, and timing of debt to finance these Future Projects are preliminary and subject to change. The par amount of the bonds to be issued to fund the Future Projects would include certain amounts of interest expense incurred by the City on BANs used to

²⁶ FAA PFC approval letters dated February 8, 2024, covering amended PFC applications: 17-06-C-03-CLT; 18-07-U-01-CLT; 19-08-C-02-CLT; 21-09-U-01-CLT; 23-10-C-01-CLT.

temporarily fund the Future Projects as well as issuance costs and delivery date expenses incurred in the issuance of Airport Revenue Bonds.

According to the City, the actual implementation of the Future Projects will be conditioned upon the determination that it is financially feasible to do so and the issuance of any Future Bonds to fund said projects would be conditioned upon meeting the requirements for Additional Bonds set forth in the Bond Order.

TABLE II-4
2017-2025 CIP Estimated Future Financing Requirement

PROJECTS - BY AIRPORT COST CENTER	Estimated Project Cost	Non-Debt Funding Sources	2023 Bonds Funding	2025 Bonds Funding	Estimated Future Financing Reqmnt.
Terminal Complex Cost Center	\$512,600,000	\$122,482,302	\$150,517,698	\$50,400,000	\$189,200,000
Airfield Cost Center	1,759,601,300	851,010,803	208,646,000	188,708,000	511,236,497
TOTAL	\$2,272,201,300	\$973,493,105	\$359,163,698	\$239,108,000	\$700,436,497
Source: Charlotte Douglas International Airport. Compiled by Newton & Associates, Inc. 2025 Section II Tables Final 05/05/25					

(Remainder of Page Intentionally Left Blank)

III. ECONOMIC BASE OF THE AIR SERVICE AREA

In this section of the Report, a description of the Airport's Air Service Area is provided along with the historical trends of key elements of the economic base of the Air Service Area. The data reviewed in this section encompasses calendar years 2020 to 2024, unless otherwise noted. Due to the disruption caused by the COVID-19 pandemic²⁷, the decreases in performance trends observed in 2020, and to a lesser extent 2021, were to be expected. As of this Report, these anomalies have returned to pre-pandemic levels in the Air Service Area.

The geographical area served by an airport is known as the air service area. The locally generated demand for air service at an airport is dependent upon the strengths of the economic base of that airport's air service area. These strengths can be measured in terms of its demographic and economic characteristics. An analysis of the historical trends of this economic base is useful in assessing the probability of continued demand for air service, growth in demand for air service or a potential decrease in demand for air service.

The demographic and economic trends of the Air Service Area examined in this Report include population, employment, income, retail sales, and visitors and tourism. This section concludes with a summary of NAI's findings with respect to the historical and projected future strength of the economic base of the Air Service Area. These findings are considered along with other factors in the development of the origin and destination passenger enplanement forecasts set forth in Section IV hereof.

A. AIR SERVICE AREA DESCRIPTION

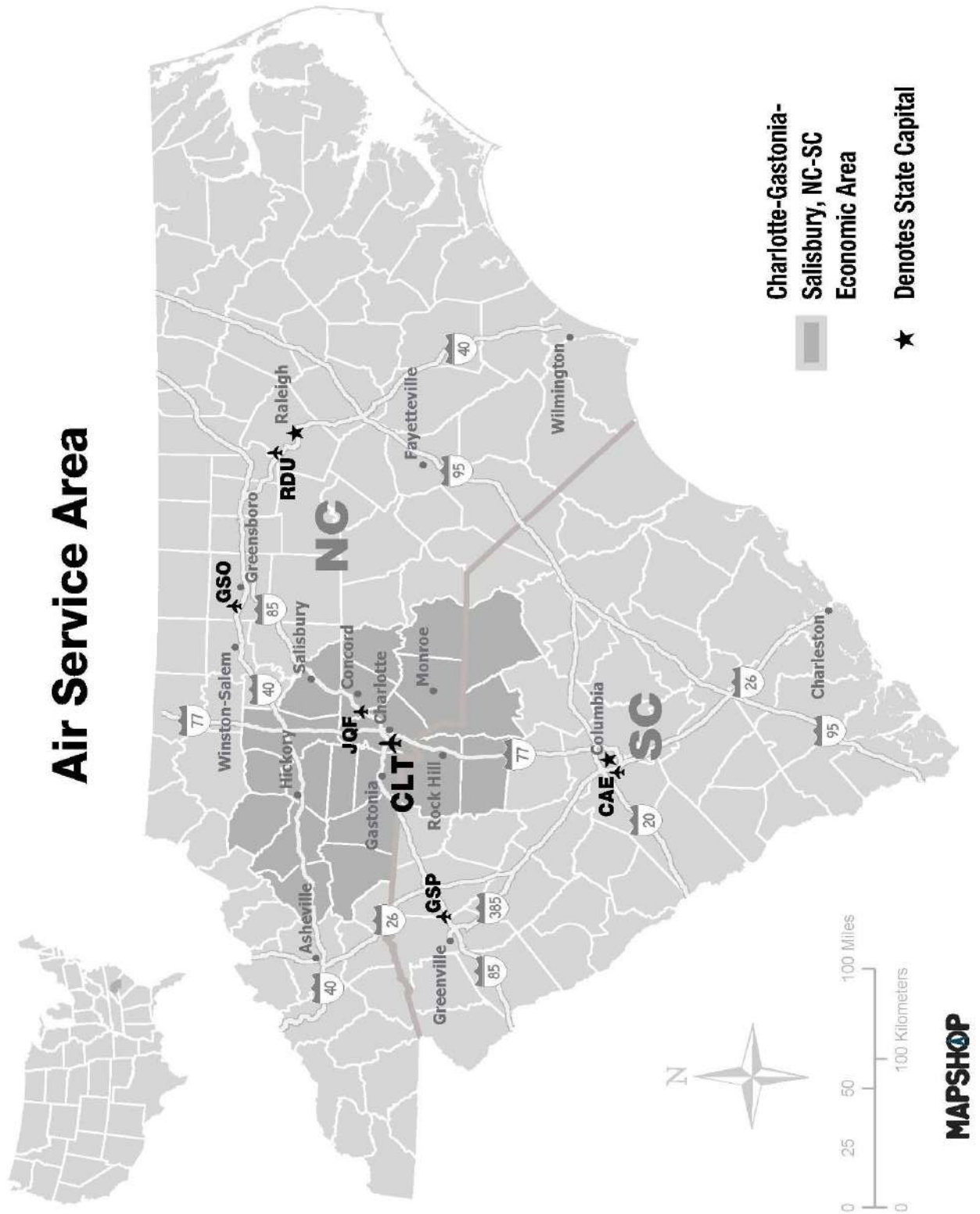
The combination of population growth and geographic location reinforces the City's role as an important regional center in the Southeast United States. The City is the core of the Charlotte-Concord, NC-SC Combined Statistical Area (the "CSA"), a region of nearly 3.5 million people in 2024 that includes the Charlotte-Concord-Gastonia, NC-SC metropolitan statistical area, the Albemarle, NC micropolitan statistical area and the Shelby, NC micropolitan statistical area.

NAI believes that locally generated demand for air service at the Airport is created by air travelers from an even larger geographic area, defined by the Bureau of Economic Analysis as the Charlotte-Gastonia-Salisbury, NC-SC Economic Area. This area comprises 20 counties in North Carolina and South Carolina: Alexander, Anson, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, McDowell, Mecklenburg, Rowan, Rutherford, Stanly, and Union Counties in North Carolina and Chester, Chesterfield, Lancaster, and York Counties in South Carolina. NAI has defined this 20-county area as the Airport's primary Air Service Area. Mecklenburg County is the most populous county in the Air Service Area, accounting for 33.28% of the ASA's population.

Figure III-1 depicts the counties which compose the Air Service Area and the location of each relative to the Airport.

²⁷ See Section I for current policy position of the United States.

FIGURE III-1
Charlotte Douglas International Airport Air Service Area



Many of the metrics included in this Section III rely upon data from Woods & Poole Economics, Inc.’s 2024 State Profiles for North Carolina and South Carolina.²⁸ Some historical data is estimated, and all historical data is subject to revision. All data in this *State Profile* for the years 2023 to 2060 is projected. Forecasts and projections are uncertain, and future data may differ substantially from the forecasts and projections in its *State Profile*. Woods & Poole Economics, Inc. makes no guarantee as to the accuracy of the data, analysis, forecasts, and projections in this *State Profile*.

B. POPULATION

For the purposes of this Report, U.S. population is defined as residential population on July 1 of each year, and includes civilian population, military population except personnel stationed overseas, college residents, institutional populations (such as prison inmates and residents of behavioral health facilities, nursing homes and hospitals) and estimates of undocumented aliens. Excluded are persons residing in Puerto Rico, other U.S. territories and possessions, and U.S. citizens living abroad.

1. Historical Population

As depicted in **Table III-1**, Woods & Poole Economics has estimated population in the Air Service Area to have increased from 3,349,993 in 2020 to 3,536,570 in 2024, a compound annual growth rate (“CAGR”) of 1.36%. This rate of growth in population is greater than that for the State of North Carolina as a whole (1.14%) and the United States (0.43%) over the same period of time.

**TABLE III-1
ASA Population**

						CAGR 2020-2024	Estimated 2025	Projected	
	2020	2021	2022	2023	2024			2030	CAGR 2025-2030
Mecklenburg	1,117,423	1,126,283	1,144,075	1,163,701	1,182,192	1.42%	1,200,829	1,295,029	2.16%
ASA	3,349,993	3,389,553	3,440,784	3,496,653	3,536,570	1.36%	3,576,768	3,779,178	1.57%
North Carolina	10,453,812	10,567,100	10,695,965	10,835,491	10,939,129	1.14%	11,043,211	11,561,836	1.31%
United States	331,526,933	332,048,977	333,271,411	334,914,895	337,214,903	0.43%	339,516,360	350,794,062	0.93%
Source: Woods & Poole Economics Compiled by Newton & Associates, Inc.								Section III 2025 Bonds 2/25/25	

²⁸ The last year of historical data in this *State Profile* is 2020.

2. Population Projection

The population of the Air Service Area is projected by Woods and Poole Economics to grow at rates quicker than that seen during the Study Period. For the period 2026 through 2030, the population in the ASA is projected to increase from the estimated level of 3,536,570 residents in 2024 to 3,779,178 residents in 2030, a CAGR of 1.57%. Population growth for the State of North Carolina is projected to grow over the Forecast Period to 11,561,836, a CAGR of 1.31%. The United States population is forecast to grow by a CAGR of 0.93% over the Forecast Period. Mecklenburg County is expected to grow at a faster rate than the Air Service Area, North Carolina, and the United States during the Forecast Period, at a CAGR of 2.16%.

C. EMPLOYMENT

The Bureau of Labor Statistics (“BLS”) defines employed persons as those persons 16 years and older in the civilian non-institutional population who, during the reference week, (a) did any work at all (at least one hour) as paid employees; worked in their own business, profession or on their own farm or worked 15 hours or more as an unpaid worker in an enterprise operated by a member of the family, and (b) all those who were not working but who had jobs or businesses from which they were temporarily absent due to vacation, illness, bad weather or other unforeseen temporary absences. Each employed person is counted only once, even though each such person may hold more than one job. Excluded from employed persons are those whose only activity consisted of work around their own home or volunteer work for religious, charitable and other organizations. The reference week is the calendar week (Sunday through Saturday) containing the 12th day of the month.

As reported by the Bureau of Labor Statistics, total employment in the Air Service Area increased at a CAGR of 3.30% from the 2020 level of 1,527,605 to 1,739,471 employed persons in 2024. During the same period, employment in the State of North Carolina increased by 3.08% and employment in the United States increased by 2.27%. Mecklenburg County employment increased the most at 3.73%. **Table III-2** summarizes the historical employment trends for Mecklenburg County, the Air Service Area, North Carolina and the United States.

(Remainder of Page Intentionally Left Blank)

TABLE III-2
Historical Employment

	2020	2021	2022	2023	¹ 2024	CAGR 2020-2024	Percent Change 2020-2024
Mecklenburg	559,368	591,711	629,309	643,343	647,636	3.73%	15.78%
Air Service Area	1,527,605	1,608,499	1,696,710	1,732,007	1,739,471	3.30%	13.87%
North Carolina	4,491,749	4,712,866	4,970,998	5,050,870	5,070,564	3.08%	12.89%
United States	147,794,750	152,580,667	158,291,083	161,249,727	161,661,000	2.27%	9.38%

¹ Source: Bureau of Labor Statistics : 2024 Annual Data is preliminary

Compiled by Newton & Associates, Inc.

Section III 2025 Bonds
02/25/25

1. Labor Force

The Labor Force is made up of all employed persons and all unemployed persons (defined in Section 2 below) willing and able to work.

According to the Bureau of Labor Statistics and as depicted in **Table III-3**, the total labor force of the Air Service Area increased at a CAGR of 2.35% from 1,645,807 in 2020 to 1,805,740 in 2024. This growth in the Air Service Area labor force is higher than that of North Carolina (2.14%) and the United States (1.19%) for the same period. Mecklenburg County had the greatest growth in the labor force, a CAGR of 2.66%. **Figure III-2 depicts** the rate of growth between population and labor force in the ASA.

Table III-3
Labor Force

	2020	2021	2022	2023	2024	CAGR 2020-2024	Percent Change 2020-2024
Mecklenburg	605,131	622,240	652,142	665,695	672,101	2.66%	11.07%
Air Service Area	1,645,807	1,687,604	1,757,658	1,790,673	1,805,740	2.35%	9.72%
North Carolina	4,839,372	4,954,783	5,159,329	5,231,638	5,266,400	2.14%	8.82%
United States	160,742,000	161,204,000	164,287,167	167,302,455	168,547,000	1.19%	4.86%

Source: Bureau of Labor Statistics : 2024 Annual Data is preliminary

Compiled by Newton & Associates, Inc.

Section III 2025 Bonds
2/25/25

2. Unemployment Rates

The Unemployment Rate represents the number of unemployed persons as a percent of the labor force. Unemployed persons are defined by the Bureau of Labor Statistics “people who had no employment during the reference week, were available for work at that time, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week.” (Note: People who were waiting to be recalled to a job from which they had been laid off need not be looking for work to be classified as unemployed.)

Table III-4 depicts the historical trend in the rate of unemployment in the Air Service Area, Mecklenburg County, the State of North Carolina and the United States for the period 2020, which was the start to COVID-19 outbreak, to 2024. Since this time, the unemployment rate decreased every year through 2023. The 2024 unemployment rate experienced a slight uptake. In 2020 unemployment in the Air Service Area was 7.2 %. In 2024, annual average unemployment was 3.7%. Unemployment for Mecklenburg County, North Carolina and the United States in 2024 were 3.6%, 3.7% and 4.1 respectively.

Table III-4
Historical Unemployment Rates

	2020	2021	2022	2023	2024
Mecklenburg	7.6%	4.9%	3.5%	3.4%	3.6%
Air Service Area	7.2%	4.7%	3.5%	3.3%	3.7%
North Carolina	7.2%	4.9%	3.7%	3.5%	3.7%
United States	8.1%	5.3%	3.6%	3.6%	4.1%

¹ Source: Bureau of Labor Statistics : 2024 Annual Data is preliminary
Compiled by Newton & Associates, Inc.

Section III 2025 Bonds
2/25/25

3. Industry Group Employment

An examination of employment by industry group illustrates the diversity of employment in the Air Service Area. **Table III-5** and **Figure III-3** summarize the number of full and part-time civilian, non-agricultural employees (expressed in number jobs) by major industry sector (as defined by the U.S. Department of Labor) for the Air Service Area, the State of North Carolina and the United States.

(Remainder of Page Intentionally Left Blank)

**Table III-5
Non-Agricultural Employees by Industry Sector**

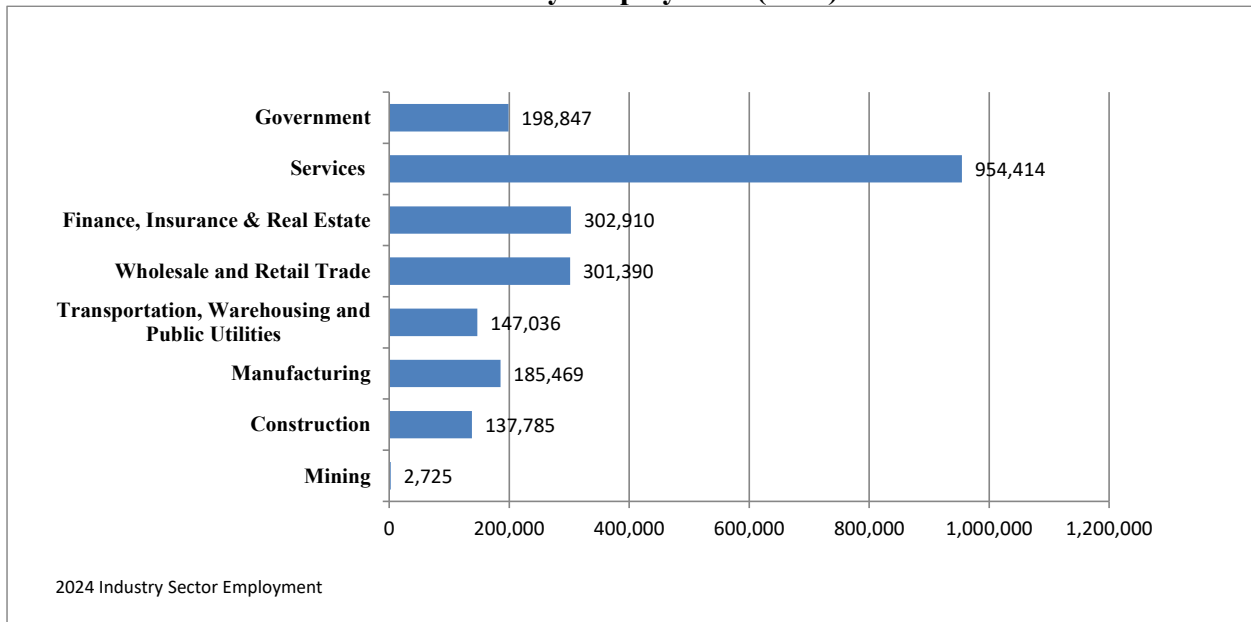
Industry Sector	Air Service Area					North Carolina		United States		
	2020	Percent of Total 2020	2024	Percent of Total 2024	Compound Annual Growth Rate	New Jobs	2024	Percent of Total 2024	2024	Percent of Total 2024
Mining	2,441	0.13%	2,725	0.12%	2.79%	284	6,708	0.10%	1,085,773	0.51%
Construction	129,255	6.62%	137,785	6.18%	1.61%	8,530	412,462	6.23%	12,075,924	5.66%
Manufacturing	174,731	8.95%	185,469	8.31%	1.50%	10,738	497,182	7.51%	13,623,103	6.38%
Transportation, Warehousing and Public Utilities	121,118	6.20%	147,036	6.59%	4.97%	25,918	331,326	5.01%	12,191,516	5.71%
Wholesale and Retail Trade	274,263	14.05%	301,390	13.51%	2.39%	27,127	874,887	13.22%	26,475,895	12.40%
Finance, Insurance & Real Estate	243,365	12.47%	302,910	13.58%	5.62%	59,545	764,689	11.56%	25,892,962	12.13%
Services	811,207	41.55%	954,414	42.79%	4.15%	143,207	3,002,652	45.38%	99,575,581	46.64%
¹ Government	195,941	10.04%	198,847	8.91%	0.37%	2,906	727,474	10.99%	22,576,325	10.57%
Total	1,952,321	100%	2,230,576	100%	3.39%	278,255	6,617,380	100%	213,497,079	100%

¹ Does not include military.

Source: Woods & Poole Economics
Compiled by Newton & Associates, Inc.

Section III 2025 Bonds
2/25/25

**FIGURE III-2
ASA Industry Employment (Jobs)**



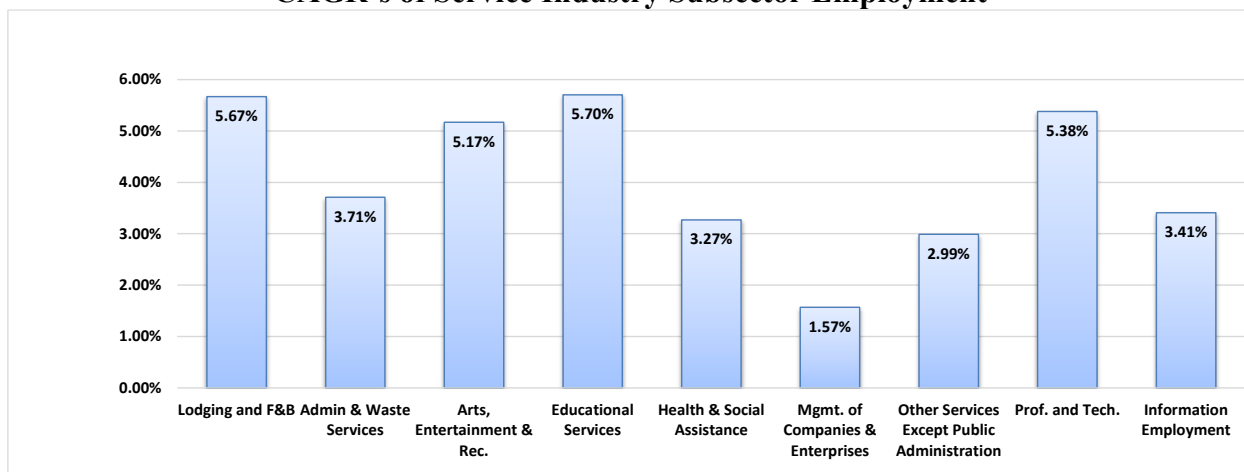
According to Woods & Poole Economics and as shown on Table III-5, in 2020 the Services industry sector was the largest non-agricultural employment sector in the Air Service Area. Employment in the Services industry sector grew at a CAGR of 4.15% from 2020 to 2024. The Services industry sector is also the largest industry sector for the State of North Carolina and the United States. Services employment accounted for 42.79% in of all employment in the Air Service Area in 2024, 45.38% in North Carolina and 46.64% for the United States. The Services industry sector in the Air Service Area is followed by Finance, Insurance & Real Estate, Wholesale and Retail Trade and Government sectors (13.58%, 13.51%, and 8.91% respectively) in the number of employed persons.

From 2020 to 2024, three industry sectors experienced growth at a CAGR greater than 3.00%. The Finance, Insurance & Real Estate sector experienced the largest growth with a CAGR of 5.62%. Following closely, the Transportation, Warehousing and Public Utilities industry sector experienced a CAGR of 4.97% and Services with a CAGR of 4.15%. Collectively, over the five-year period 2020 through 2024, an additional 278,255 jobs were generated in the Air Service Area.

a. Services

The Services sector, the broadest sector of employment, which includes health care institutions, research and development firms, personal services, business services, information services and employment agencies among others, is the largest non-agricultural employment sector in the Air Service Area, the State of North Carolina and the United States (42.79%, 45.38% and 46.64% respectively) for 2024. Within the Services industry sector, all but two sub-sectors experienced average annual growth rates in excess of 3.00% as depicted on **Figure III-3** Service Industry Employment. The Services industry sector grew at a CAGR of 4.15 % over the same period.

FIGURE III-3
CAGR's of Service Industry Subsector Employment



b. Finance, Insurance and Real Estate

According to Woods & Poole Economics, Inc., the Finance and Insurance sector includes establishments primarily engaged in or facilitating financial transactions. These establishments include depository institutions; credit institutions; credit card processing; investment companies; brokers and dealers in securities and commodities; security and commodity exchanges; carriers of all types of insurance; insurance agents and insurance brokers. Also included are central banks and monetary authorities charged with monetary control. NAI includes real estate in this category due to the sub-sector's dependency on these establishments.

The City has long been known as a financial hub in the U.S. The City, and San Francisco compete for second place based on consolidated assets, to New York City. According to the Federal Reserve Bank, of the top 50 insured chartered commercial banks by consolidated assets of more than \$300 million in the United States, eight have operations in Charlotte, two of which,

Bank of America and Truist, are headquartered in Charlotte. In aggregate, these banks have consolidated assets over \$6.1 trillion. The list below is not exhaustive.

Consolidated Assets as of September 30, 2024

	Millions
Bank of America*	2,565,878
Wells Fargo	1,698,675
PFC Bank	559,700
Truist Bank*	515,224
First Citizens	220,383
Fifth Third	213,583
Regions Bank	156,385
First Horizon Bank	82,363
Pinnacle Bank	50,562
SouthState Bank	46,072
	<u>6,108,825</u>

* Denotes Headquarters

TIAA (Teachers Insurance and Annuity Association of America) is an investment and retirement company listed on the Fortune 500. TIAA is headquarters in New York City with major offices in Denver, Colorado, Dallas, Texas and Charlotte TIAA is among Charlotte’s largest employers with 4,900 employees.

Based on data from Woods & Poole Economics, the finance and insurance sub-sectors, which make up approximately 60% of the total Finance, Insurance and Real Estate industry sector, gained an estimated 59,545 jobs from 2020 to 2024.

c. Wholesale and Retail Trade

Wholesale trade comprises establishments engaged in wholesaling merchandise, generally without transformation and rendering services incidental to the sale of the merchandise. This merchandise could include agriculture, mining, and manufacturing, among others. Wholesalers sell merchandise to other businesses and typically operate from a warehouse. Retail trade comprises establishments engaged in merchandise retailing to end users. The retailing process is the final step in the distribution of merchandise to the general public. These retailers operate in both brick and mortar locations and “virtual” locations.

Wholesale and Retail trade firms employed approximately 301,290 people in the Air Service Area in 2024. This industry sector gained 27,127 jobs from 2020 to 2024. The Wholesale and Retail trade service sector is third largest employment sector in the Air Service Area, North Carolina and the United States in 2024.

On January 13, 2025, The Charlotte Regional Business Alliance announced that Amazon will open a same-day delivery facility in Kannapolis in Cabarrus County, N.C., creating 100 new jobs.

d. Manufacturing

Manufacturing is an important part of the Charlotte area. Manufacturers create products such as textile goods, medications, equipment like vehicles, earth moving equipment and more. According to the Charlotte Regional Business Alliance, the Charlotte region is home to approximately 3,500 manufacturers, employing 146,000 workers.²⁹ These companies employ 145,000 workers. Since 2020, more than 7,500 jobs have been announced. Estimated employment for 2022 reflects a slight decrease of 0.59%.

On December 16, 2024, the North Carolina Department of Commerce (“NCDOC”) announced that Custom Flavors, a California based flavor developer and manufacturer, will invest \$6.5 million to establish an east coast production facility in Concord, N.C. The new facility will generate 30 new jobs.

In June 2024, the NCDOC announced that BRIOLF USA LLC, the U.S. subsidiary of the family-run international industrial group, Briolf headquartered in Spain, will locate its first manufacturing center in the United States in Union County, creating 100 jobs.

In May 2024, it was announced that L&J Machine and Fabrication, a steel and machining provider will create 33 new jobs in Gaston County. The company will also invest more than \$2.1 million to expand its production capacity in the town of Stanly.

On April 11, 2023, the NCDOC announced that EPOC Enviro, an Australian environmental company, would establish its first North American office in Iredell County. The company plans to invest \$4.1 million and create 226 new jobs. The new positions include electricians, engineers, fitters, technicians and others. The average salary is expected to be more than \$64,000. EPOC Environ is a subsidiary of OPEC Systems, with three decades of global environmental engineering experience.

As shown on **Table III-5** in 2024 the manufacturing industry sector employed 8.31% of all employed people (185,469) within the Air Service Area.

The Charlotte Observer reported that a Formula 1 racing team wants to develop a new facility in Concord, N.C. The investor, Motorsport IP Acquisition Co. plans to invest \$85 million to develop an engine factory for its Cadillac F1 vehicle. The project is expected to create highly skilled jobs in engineering, manufacturing, research and development with salaries ranging between \$100,00 to \$125,000³⁰.

²⁹ Charlotte Regional Business Alliance – website accessed 4-17-2025. <https://charlotteregion.com/do-business-here/industries-and-major-employers/advanced-manufacturing/>

³⁰ <https://www.charlotteobserver.com/news/business/article300129754.html>

e. Transportation, Warehousing and Public Utilities

Charlotte's strategic location and strength as a major transportation center has contributed to the Air Service Area's growth as one of the major distribution and logistics centers in the United States. Charlotte is served by two north-south interstate highways, Interstate 85 and Interstate 77. Both connect to major east-west interstate highways, Interstates 20 and 26 to the south and Interstate 40 to north. Charlotte has an inland port terminal operated by the North Carolina Ports Authority and Norfolk Southern's intermodal facility is located at the Airport. Charlotte is located equidistant to New York, Miami, Chicago, St. Louis and New Orleans. Collectively these networks create an ideal situation for distribution and logistics. Major highway access is also provided by U.S. Highways 74, 29, 49, and 21.

Because of Charlotte's interstate and highway system, strong manufacturing base, wholesale trade, and intermodal networks, the Charlotte region is part of one of the largest consolidated rail systems in the United States. CSX Transportation and Norfolk Southern link approximately 43,200 route miles of rail transportation. The rail system also accommodates passenger service in Charlotte via Amtrak.

According to the Airport, for calendar 2024 its enplaned passenger ranking was 7th busiest in the U.S., citing Airport Council International's 2024 preliminary rankings released in April of 2025.³¹ A complete analysis and discussion regarding the Airport's passenger traffic activity is provided in Section IV, herein. On January 7, 2025, the Charlotte Region Business Alliance reported that the Charlotte International Airport generates \$37 billion in economic impact.

These various transportation networks (trucking, rail and air transportation) situated within the Air Service Area provide the region with important intermodal transportation opportunities and contribute to the well-being and growth of the economic base of the Air Service Area.

The price of crude oil continues to remain well below the high of July 2008 (\$133.37 per barrel) in the United States. In 2020, crude oil (West Texas Intermediate) was approximately \$47.20 (December per barrel). The average cost of crude in 2024 was \$77.13 (11-month average) per barrel, an increase of approximately 50.08%. As of December 2024, the Energy Information Administration ("EIA") published its estimate for the West Texas Intermediate Crude Oil Spot Price for 2025. The estimate cost for 2025 varies from a high of \$68.20 to a low of \$66.32. per barrel.

The cost of utilities in the Charlotte area is affordable when compared to most U.S. locations. Duke Energy Corporation generated the majority of electric power for the area from a combination of natural gas/fuel, nuclear, coal-fired, hydro-electrical and solar facilities. According to EIA, North Carolina had an average residential electricity rate of \$0.1061 per kilowatt (reported November 6, 2024) less than the contiguous U.S. average rate of \$0.1268 per kilowatt.

³¹ <https://www.cltairport.com/news/press-releases/item/clt-climbs-to-sixth-busiest-airport-in-the-world-in-aci-preliminary-rankings/>.

The number of persons employed in the Transportation, Warehousing and Public Utilities industry sector grew at a CAGR of 4.97% during the Study Period and generated 25,918 new jobs in the ASA.

On November 26, 2024, the NCDOT announced that RXO “a leading freight transportation company headquartered in Charlotte, will expand its operations in Mecklenburg County, creating 216 jobs over the next several years. The company will invest \$13.7 million to expand its market presence.”

f. Construction-Residential/Commercial

In 2024, employment in the construction industry sector represented 6.18% (137,785) of the total non-agricultural employment within the Air Service Area, 6.23% (4412,462) in the State of North Carolina and 5.66% (12,075,924) in the United States. Construction industry employment has increased at a CAGR of 1.61% from 2020 through 2024 for the Air Service Area.

Table III-6 details the annual construction activity estimates for the Charlotte-Concord-Gastonia Metropolitan Statistical Area (“MSA”) in terms of residential units authorized for construction from 2020 through November 2024. There were 26,548 residential permits authorized for construction in 2020 with an estimated value of \$5.6 billion. Residential unit values increased to \$6.6 billion in 2023, a CAGR of 4.08%.

(Remainder of Page Intentionally Left Blank)

TABLE III-6
Charlotte-Concord-Gastonia, NC-SC Metropolitan Statistical Area
Building Permits & Values

Year	Total Permits	Value (Thousands)			Total
		Single Family	Two+ Units		
2020	26,548	\$4,955,062	\$14,151		\$5,634,102
2021	30,126	\$5,369,091	\$6,025		\$6,330,344
2022	27,212	\$5,206,344	\$32,015		\$6,292,675
2023	29,419	\$5,414,925	\$22,617		\$6,611,950
¹ 2024	23,814	\$5,157,310	\$19,863		\$6,003,572
CAGR 2020-2023	3.48%	3.00%	16.92%		4.08%

	New Residential Units					Total
	Single Family	Duplex	3 to 4	5 Plus		
2020	19,690	108	26	6,724		26,548
2021	20,830	40	70	9,186		30,126
2022	19,029	142	47	7,994		27,212
2023	19,146	120	26	10,127		29,419
¹ 2024	17,576	112	11	6,115		23,814

¹ 2024 through November

Source: <https://www.census.gov/construction/bps/current.html>
Compiled by Newton & Associates, Inc.

Section III 2025 Bonds
2/25/25

g. Major Non-Governmental Employers

According to the Charlotte Regional Alliance, the Charlotte Region is home to 18 companies on the Fortune 1000 ranking chart.

(Remainder of Page Intentionally Left Blank)

Fortune 1000 Companies Headquartered in the ASA

Rank	Company
18	Bank of America
49	Lowe's Companies, Inc
114	Honeywell
124	Nucor
132	Truist
148	Duke Energy
296	Sonic Automotive
412	Albemarle
502	Domtar
503	CommScope Holding
514	Ingersoll Rand
532	Coca-Cola Consolidate
603	Sealed Air
678	Jen-Weld
734	Brighthouse
751	Dentspy Sirona
760	RXO
919	Curtiss-Wright

Table III- 7 sets forth the major non-governmental employers (employing at least 2,000) in the Air Service Area as reported by the Charlotte Business Journal.

(Remainder of Page Intentionally Left Blank)

TABLE III-7
Charlotte Area Largest Non-Governmental Employers

Local Employees	Employer	Type of Business
39,000	Atruim Health	Services/Healthcare
27,000	Wells Fargo Company	Finance
15,000	Bank of America Corporation	Finance
14,923	American Airlines Group	Transportation
14,792	Novant Health	Services/Healthcare
11,000	Lowe's Companies Inc.	Retail
8,239	Harris Teeter Inc.	Retail
7,900	Duke Energy Corp.	Utilities
6,800	Daimler Trucks	Manufacturing
6,600	Charter Communications/Spectrum	Utility/Services
4,900	TIAA	Finance
4,729	Walmart Stores Inc.	Retail
4,000	Compass Group	Services
3,980	CaroMont Health Inc.	Services/Healthcare
3,900	Food Lion	Retail
3,483	Home Depot	Retail
3,290	AT&T North Carolina	Utility
3,049	Target Corporation	Retail
3,014	Amazon	Retail
2,850	LPL Financial	Finance
2,800	Ally Financial Inc.	Finance
2,600	Coca-Cola Consolidated	Retail
2,500	FedEx Corporation	Distribution/Logistics
2,500	Mariott International	Services/Accommodations
2,450	Century Furniture	Manufacturing
Source: Charlotte Business Journal Compiled by Newton & Associates, Inc. Section III 2025 Bonds 2/25/25		

(Remainder of Page Intentionally Left Blank)

D. INCOME/SALES

1. Total Personal Income

For the purposes of this discussion, total personal income is income received by persons from all sources. Personal income includes wages and salaries, other labor income, proprietor's income, rental income of persons, dividends, interest and rent, and transfer payments according to Woods & Poole Economics.

As depicted on **Table III-8**, total personal income expressed in millions of 2017 dollars, for the Air Service Area, grew from \$208,179 million in 2020 to an estimated \$240,628 million for 2024, a CAGR of 3.69%. This increase was greater than that for the State of North Carolina (2.63%), and the United States (1.59%). Mecklenburg County grew a CAGR of 6.16% for the same period according to Wood & Poole Economics.

2. Total Personal Income Projection

According to the same source, total personal income in the Air Service Area is projected to grow from the 2025 estimate of \$247,106 million to \$281,798 million in 2030, a CAGR of 2.66%. This estimated increase is greater than that of the State of North Carolina (2.49%) and the United States (2.16%) but less than Mecklenburg County (3.42%) from 2025 through 2030.

TABLE III-8
Total Personal Income
(Millions)

	Historical					CAGR 2020-2024	Estimated 2025	Projected	
	2020	2021	2022	2023	2024			2030	CAGR 2025-2030
Mecklenburg	\$66,224	\$76,335	\$75,450	\$81,204	\$84,109	6.16%	\$87,088	\$103,035	3.42%
Air Service Area	\$208,179	\$226,485	\$222,498	\$234,318	\$240,628	3.69%	\$247,106	\$281,798	2.66%
North Carolina	\$517,110	\$549,659	\$535,755	\$559,483	\$573,617	2.63%	\$588,089	\$664,998	2.49%
United States	\$18,741,325	\$19,626,253	\$18,803,588	\$19,522,869	\$19,959,948	1.59%	\$20,402,721	\$22,707,644	2.16%
Source: Woods & Poole Economics Compiled by Newton & Associates, Inc.								Section III 2025 Bonds 2/25/25	

3. Income Per Capita

Income per capita is personal income for a given area divided by the population of that area. As depicted on **Table III-9**, income per capita for the Air Service Area grew from \$62,143 in 2020 to \$68,040 in 2024, a CAGR of 2.29%. During the same period, income per capita for North Carolina and the United States increased from \$49,466 to \$52,437 (1.47%) and \$56,530 to \$59,191 (1.16%), respectively. The CAGR for Mecklenburg County was 2.10%.

4. Income Per Capita Projection

The income per capita in the Air Service Area is projected to grow from \$69,086 in 2025 to \$74,566 in 2030, a CAGR of 1.54%. Mecklenburg County is estimated to grow by a CAGR of 1.87%, North Carolina by 1.55% and the United States by a CAGR of 1.50%.

TABLE III-9
Income Per Capita

	Historical					CAGR 2020-2024	Estimated 2025	Projected	
	2020	2021	2022	2023	2024			2030	CAGR 2025-2030
Mecklenburg	\$65,472	\$67,776	\$65,949	\$69,781	\$71,146	2.10%	\$72,523	\$79,562	1.87%
Air Service Area	\$62,143	\$66,819	\$64,665	\$67,012	\$68,040	2.29%	\$69,086	\$74,566	1.54%
North Carolina	\$49,466	\$52,016	\$50,089	\$51,634	\$52,437	1.47%	\$53,253	\$57,517	1.55%
United States	\$56,530	\$59,107	\$56,421	\$58,292	\$59,191	1.16%	\$60,093	\$64,732	1.50%
Source: Woods & Poole Economics Compiled by Newton & Associates, Inc.								Section III 2025 Bonds 2/25/25	

5. Retail Sales

As depicted on **Table III-10**, Retail Sales in the Air Service Area increased from \$53,614 million in 2020 to \$64,393 million in 2024, a CAGR of 4.69%. This increase in retail sales is comparable with the State of North Carolina (4.49%) and greater than that of the United States (3.87%) during the same period. Mecklenburg County Retail Sales grew the largest over the Study Period, a CAGR of 4.81%.

6 Retail Sales Projection

According to the Woods and Poole Economics, the rate of growth in total retail sales in the Air Service Area is projected to slow over the Forecast Period to a CAGR of 2.31%. This projected rate of growth is greater than that projected for the State of North Carolina (2.10%) and the United States (1.82%). Mecklenburg County has the highest forecast CAGR of 2.63%.

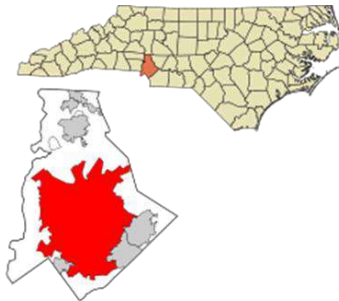
(Remainder of Page Intentionally Left Blank)

TABLE III-10
Total Retail Sales
(Millions)

	Historical					CAGR 2020-2024	Estimated 2025	Projected	
	2020	2021	2022	2023	2024			2030	CAGR 2025-2030
Mecklenburg	\$22,716	\$25,978	\$26,936	\$27,059	\$27,412	4.81%	\$28,235	\$32,152	2.63%
Air Service Area	\$53,614	\$61,533	\$63,704	\$63,778	\$64,393	4.69%	\$66,107	\$74,111	2.31%
North Carolina	\$168,572	\$193,384	\$199,601	\$199,413	\$200,917	4.49%	\$205,839	\$228,406	2.10%
United States	\$5,826,739	\$6,621,360	\$6,775,082	\$6,749,686	\$6,781,526	3.87%	\$6,928,270	\$7,582,397	1.82%
Source: Woods & Poole Economics Compiled by Newton & Associates, Inc.								Section III 2025 Bonds 2/25/25	

E. THE CITY

The City of Charlotte is the largest city on the east coast between Washington D.C. and Jacksonville, F.L. in terms of population. The City was incorporated in 1768 and has grown from an initial 360 acres (0.56 square miles) to 308.29 square miles in 2020 according to the Census Bureau.



According to the US News and World Report “Best Places to Live”³², Charlotte ranked as the fifth best place to live in 2024 – 2025 in the United States and 9th best place to retire. Additionally, Charlotte has been voted #1 best places to live in North Carolina in 2024-2025. The City has experienced steady growth in population over the last several decades from an estimated 359,934 in 1990, to an estimated 874,579 in 2020 (as estimated by the U.S. Census Bureau), a CAGR of 3.15%. As of July 1, 2022, the Census Bureau estimates population had increased to 897,720, which equates to a CAGR of 2.99% since 1990. Based upon the change in employment between 2021 and 2022, an average of 103 people a day moved to Charlotte and the surrounding areas during those years. The Charlotte Regional Business Alliance states *“People think about Charlotte as this huge financial and banking sector, and it is. But Charlotte is really becoming an innovation incubator and fueling unprecedented growth and opportunity in the innovation space, and that includes FinTech,”* continuing with *“Charlotte is one of the most*

³² <https://Realestate.usnews.com/places/north-carolina/charlotte#why-live-here>

rapidly growing tech talent markets in the U.S. and has the fourth-highest millennial population growth among top tech markets. The city's finance sector has the third-highest concentration of financial services talent among the top 50 metros, and its talent base in the financial services industry continues to grow with the sixth-most in-migration in 2020³³.” The Charlotte Business Alliance further cites the cost-of-living index (lower than the national average), the number of higher education institutions (25 in a 200-mile radius), a 2.5% corporate income tax (business friendly) and diversity as reasons for the continued growth. Additionally, the city's real estate market has appreciated in recent years and home prices hover above the national average.

There are many tourist and entertainment options available in Charlotte such as professional sports, performing arts, shopping venues, museums and others. The City owns and provides certain of these entertainment and exhibition facilities through the Charlotte Regional Visitors Authority³⁴, as set out in Section F below.

F. AIR SERVICE AREA VISITORS AND TOURISM

Visitor demand in the Charlotte region is dependent on the size and strength of the economic base of the Air Service Area, tourism, and convention activity, among other factors. The Charlotte Regional Visitors Authority (“CRVA”) supports these activities through their involvement with the Charlotte Convention Center, Spectrum Center, Bojangles’ Coliseum, Ovens Auditorium, NASCAR Hall of Fame, Charlotte Regional Film Commission, and Visit Charlotte, all in conjunction with the region’s “Charlotte’s Got a Lot” marketing brand.

In FY 2024, the CRVA produced a record-breaking \$1.1 billion economic impact. The Charlotte region experienced its eleventh consecutive year of visitor growth with approximately 32 million visitors arriving by all modes, including air. The CRVA Fiscal Year 2024 Annual Report to the City, reported that *“the CRVA is reinforcing its role in driving Charlotte’s economic growth through a mix of major events, conventions, leisure tourism and strategic marketing initiatives. This success highlights Charlotte’s evolution into a top-tier destination for both leisure and business travelers. Visit Charlotte ended strong at 102% of their room night booking pace which represents rooms booked through 2029 of 415,627 definite room nights for future years, an increase of 7% over 2023”*. The CRVA states that sports-related bookings represented 45% of FY 2024 bookings and association meetings & conventions about 30%. Other future events include youth and amateur sporting events as well as corporate retreats/teambuilding and other celebratory events.

CRVA 2024 Highlights

- *CRVA activities directly generated \$1.1 billion in economic impact for the community through leisure advertising, meetings and events, and venue operations.*
- *CRVA-managed venues generated revenues of \$247.7 million (Convention Center - \$143.6 million, BOplex - \$29.2 million, NASCAR Hall of Fame - \$74.9 million)*

³³ <https://charlotteregion.com/blog/2022/07/11/clt-alliance-blog/charlotte-emerging-as-innovation-incubator>

³⁴ The Charlotte Regional Visitors Authority is a “special district” as defined by North Carolina statutes. The City Council appoints the governing board, and the City pays outstanding general obligation bonded debt. Net operating proceeds are to be used to pay principal and interest on the bonded debt or as otherwise directed by City Council.

- *CRVA paid marketing efforts generated \$54.6 million in hotel revenue and 4.3 million hotel and flight searches and bookings for Charlotte.*
- *Leisure marketing reached all-time high of \$640 million in economic impact for FY 2024, comprising 58% of the CRVA's overall impact. The CRVA's largest investment in paid advertising to date - \$8 million – expanded its reach to a 400-mile radius, engaging 7.3 million people, generating 336,000 room nights and resulting in \$54.6 million in hotel revenue.*
- *The Charlotte Convention Center hosted 387 events with 476,925 in total attendance, producing a record \$28.2 million in revenue in FY 2024. The recent Convention Center expansion in FY 2020 resulted in 29 related group bookings and 175,000 hotel room nights.*
- *The NASCAR Hall of Fame generated \$74.9 million in economic impact, drawing 201,840 visitors with 80% coming from more than 100 miles away and overnight visitors from across the country and internationally, generating 85,000 hotel room nights.*
- *Visit Charlotte secured 2.8 million lead room nights for a new record in FY 2024 along with 415,627 definite room nights for future years, an increase of 7% year-over-year. Visit Charlotte is above their 5-year pace through 2029 (currently ahead by 102%).*
- *The Charlotte Regional Film Commission reported \$58.3 million (45% increase) in total film-related spending, with 9,201 hotel rooms booked and approximately 5,319 crew positions supported.*
- *Approximately \$8 million was invested in capital improvements for CRVA-managed venues.*

Below are brief descriptions of some of the CRVA managed attractions.

Bojangles Entertainment Complex

The Bojangles Entertainment Complex encompasses the Bojangles Coliseum and Ovens Auditorium and is referred to as BOplex.

The anchor tenant of BOplex continues to be the AHL Charlotte Checkers minor league professional ice hockey team, hosting 35 home games during 2023-2024 season with 28 taking place on weekends.

Bojangles' Coliseum, the City's original coliseum, opened in 1955 and for more than seven decades served as the region's major sports and entertainment venue. It closed in 1988 and reopened to the public in 1993 after extensive restoration and continues to operate as an entertainment and sports facility.

Ovens Auditorium opened in 1955 providing the City with its first major civic auditorium and sports venue. The complex has benefited from a connector expansion in 2020 between the coliseum and auditorium and has helped increase revenue. Ovens Auditorium has historically been a venue for concerts, Broadway shows, sporting events, graduations, and continues to be used in the same manner.

Spectrum Center

The Spectrum Center is home to the Charlotte Hornets, a professional NBA basketball team. The Spectrum Center hosts approximately 41 home games per season (excluding potential playoff

games), concerts, basketball tournaments, and high-profile Charlotte 49ers basketball games. In 2022, the Hornets Sports & Entertainment extended its operating agreement through 2045.

Charlotte Convention Center

In FY 2024, the Convention Center had a record year by generating over \$28.2 million in revenue by hosting 387 events with 476,925 in total attendance, including 37 conventions and tradeshow, 21 assemblies, 12 consumer shows and 317 local meetings and events.

In October 2021, the City completed a \$126.9 million expansion program to the Charlotte Convention Center. In FY 2022, the Charlotte Convention Center hosted 141 events with 266,220 attendees and generated \$13 million in revenue. The CRVA secured 313 total bookings equaling 349,643 definite room nights for future years, an increase of 55 percent over FY 2021 figures.

NASCAR Hall of Fame

The NASCAR Hall of Fame opened in May 2010 and is a 150,000 square foot interactive entertainment attraction honoring the history and heritage of NASCAR. This is a high-tech venue, designed to educate and entertain race fans and others by honoring NASCAR icons, their crew members, team owners and others who have impacted the sport. The NASCAR Hall of Fame Complex includes the NASCAR Hall of Fame, a 278-person theater, a restaurant, Hall of Fame Gear Shop along with the 40,000 square foot Crown Ballroom, the NASCAR Plaza Office Tower and the NASCAR Hall of Fame Parking Garage with more than 1,000 spaces.

Other Regional Attractions (Non-CRVA-managed):

Bank of America Stadium

Bank of America Stadium is the home of the NFL's Carolina Panthers professional football team. The stadium has seating for 74,867 spectators. Bank of America Stadium hosts approximately 10 home games each season for the Carolina Panthers, including pre-season games, with the potential for additional playoff games. In addition to Carolina Panthers' scheduled football games, the stadium is home to the Charlotte Football Club ("Charlotte FC") which in 2019 was named as the 30th franchise of the Major League Soccer. Charlotte FC played its inaugural game at Bank of America Stadium March 5, 2022, and will be hosting 17 home games in 2025. Bank of America Stadium also hosts a variety of other events including concerts, college football games and the FIFA Club World Cup in June of 2025.

Truist Field

Truist Field is home to the Charlotte Knights, a Triple-A minor league affiliate of the Chicago White Sox baseball team that plays in the International League. The ballpark contains 10,200 seats and hosts approximately 70 home games each season and hosted its 5th Annual Light the Knights Festival in 2024 along with four outdoor college hockey games.

U.S. National Whitewater Center

The U.S. National Whitewater Center is situated on approximately 1,100 acres adjacent to the Catawba River in Mecklenburg County. The U.S. National Whitewater Center is a non-profit outdoor recreation and athletic training facility for whitewater rafting, kayaking, canoeing, rock climbing, mountain biking and hiking, and opened in 2006. The facility offers instruction,

leadership school, team building, field trips, weddings, festivals, races and other outdoor events including the River Jam concert series, which occurs during the summer months.

G. SUMMARY

Population

Population in the Air Service Area has experienced stronger growth (1.36%) during the Study Period compared to the State of North Carolina and the United States (CAGR of 1.14%, and 0.43% respectively). Growth in Population in the Air Service Area is expected to continue during the Forecast Period at rates greater than that of North Carolina and the United States (1.57%, 1.31% and 0.93% respectively).

Employment

Employment in the Air Service Area increased during the Study Period at a CAGR of 3.30%. The Labor Force in the Air Service Area increased by a CAGR of 2.35% and the unemployment rate in the Air Service Area remained comparable at 3.7% during the Study Period. Each of these measures were commensurate with or stronger than the State of North Carolina and the United States. The Air Service Area benefits from diverse employment (as depicted on Table III-5) which helps to insulate the overall economic strength of the Air Service Area against an industry specific downturn. All industry sectors experienced positive growth through the Study Period.

Income

Growth in Personal Income in the Air Service Area was stronger than that for North Carolina and the United States over the Study Period (CAGR of 3.69%, 2.63% and 1.59%, respectively). Income Per Capita also increased in the Air Service Area and grew at a rate greater to that of the State of North Carolina and United States. Each of these are expected to continue to grow at similar or slightly lower rates over the Forecast Period.

Retail Sales

Growth in Retail Sales in the Air Service Area grew faster than that of the State of North Carolina and the United States during the Study Period (4.69%, 4.49% and 3.87% respectively). Mecklenburg County Retail Sales experienced the greatest increase, a CAGR of 4.81%. The growth in Retail Sales for Mecklenburg Country and the Air Service Area is projected to slow during the Forecast Period but remain higher than the State of North Carolina and the United States.

Visitors/Tourism

Visitor numbers and tourism are important measures of the economy. Visitors consume goods and services in the Air Service Area, which supports employment and the local tax base.

Conclusion

The data set forth in this Section and below in **Table III-11** indicates that the economic base of the Air Service Area is a vibrant component of the economy in North Carolina and the United States. The projections portray a recovering and growing environment in terms of population, employment, income, retail sales and visitors/tourism during the Forecast Period. The United

States has been in a state of recovery from a global pandemic caused by COVID-19. According to the Consumer Price Index, inflation has slowed from 7.0% in 2021 to approximately 3.4% in 2024. The Russian-Ukrainian conflict and the 2023 Israel-Hamas war have also affected economic activities worldwide, causing an element of uncertainty in the near term. However, the rate of recovery and strength of the economic base of the Air Service Area is evident, and NAI believes it is reasonable to expect that the Air Service Area will continue to generate significant demand for air service at the Airport during the Forecast Period.

TABLE III-11
Summary of Economic Base Indicators

	Study Period Growth (CAGR)	Forecast Period Growth (CAGR)
Population		
Mecklenburg	1.42%	2.16%
Air Service Area	1.36%	1.57%
North Carolina	1.14%	1.31%
United States	0.43%	0.93%
Employment		
Mecklenburg	3.73%	N/A
Air Service Area	3.30%	N/A
North Carolina	3.08%	N/A
United States	2.27%	N/A
Income		
Mecklenburg	6.16%	3.42%
Air Service Area	3.69%	2.66%
North Carolina	2.63%	2.49%
United States	1.59%	2.16%
Retail Sales		
Mecklenburg	4.81%	2.63%
Air Service Area	4.69%	2.31%
North Carolina	4.49%	2.10%
United States	3.87%	1.82%
Compiled by Newton & Associates, Inc.		
Section III 2025 Bonds 2/25/25		

IV. AIR TRAFFIC ANALYSIS

The Airport is categorized as a large-hub airport by the FAA.³⁵ As shown in **Table IV-1** and according to Bureau of Transportation Statistics (“BTS”) calendar year data, the Airport was the 9th busiest airport in the United States in terms of enplaned passengers in calendar year 2023 with 25,880,504 enplaned passengers, or 2.46% of total U.S. enplaned passengers for the year.

Comparatively, in FY 2019, the Airport ranked as the 11th busiest airport, when Airport enplanement activity reached historically high levels. In 2020 and 2021, enplanement activity, industry-wide, experienced significant reductions as a result of the COVID-19 pandemic. Although enplanements at the Airport had dropped to 13,065,000 in calendar 2020, reflecting the greatest impact of the pandemic on passenger activity at the Airport and the U.S., the Airport ranked as the 6th busiest airport in the U.S. according to BTS.

According the Airport, for calendar 2024 its enplaned passenger ranking was 7th busiest in the U.S., citing Airport Council International’s 2024 preliminary rankings released in April of 2025.³⁶

(Remainder of Page Intentionally Left Blank)

³⁵ The FAA categorizes airports that have at least 1% of the total U.S. enplanements in a given year as large hubs.

³⁶ <https://www.cltairport.com/news/press-releases/item/clt-climbs-to-sixth-busiest-airport-in-the-world-in-aci-preliminary-rankings/>.

TABLE IV-1
Large Hub Enplanement Rankings

		Calendar Year 2023				2022				2021				2020				2019				2023 % of 2019	
		Enplanements	Rank	% of Total US	% of Large Hubs	Enplanements	Rank	% of Total US	% of Large Hubs	Enplanements	Rank	% of Total US	% of Large Hubs	Enplanements	Rank	% of Total US	% of Large Hubs	Enplanements	Rank	% of Total US	% of Large Hubs		
1	ATL	Atlanta, GA: Hartsfield-Jackson Atlanta International	50,925,180	1	4.83%	7.69%	45,372,100	1	36,665,800	1	20,554,000	1	53,486,100	1	95.2%								
2	DFW	Dallas/Fort Worth, TX: Dallas/Fort Worth International	39,226,359	2	3.72%	5.93%	35,329,400	2	30,000,600	2	18,590,200	2	35,770,600	4	109.7%								
3	DEN	Denver, CO: Denver International	37,839,547	3	3.59%	5.72%	33,749,900	3	28,628,500	3	16,232,200	3	33,575,100	5	112.7%								
4	LAX	Los Angeles, CA: Los Angeles International	36,611,329	4	3.48%	5.53%	32,271,400	5	23,628,600	5	14,029,100	5	42,940,000	2	85.3%								
5	ORD	Chicago, IL: Chicago O'Hare International	35,828,284	5	3.40%	5.41%	33,100,400	4	26,360,600	4	14,602,700	4	40,876,800	3	87.6%								
6	JFK	New York, NY: John F. Kennedy International	30,511,651	6	2.90%	4.61%	26,923,300	6	15,298,400	13	8,272,300	13	31,118,700	6	98.0%								
7	MCO	Orlando, FL: Orlando International	28,019,056	7	2.66%	4.23%	24,431,300	8	19,612,300	7	10,469,000	9	24,564,000	9	114.1%								
8	LAS	Las Vegas, NV: Harry Reid International	27,642,282	8	2.62%	4.18%	25,264,700	7	18,951,100	8	10,486,100	8	24,414,500	10	113.2%								
9	CLT	Charlotte, NC: Charlotte Douglas International	25,880,504	9	2.46%	3.91%	23,085,500	10	20,889,400	6	13,065,000	6	24,181,100	11	107.0%								
10	SEA	Seattle, WA: Seattle/Tacoma International	24,550,658	10	2.33%	3.71%	22,113,500	11	17,385,200	10	9,418,100	10	24,961,600	8	98.4%								
11	MIA	Miami, FL: Miami International	24,543,802	11	2.33%	3.71%	23,673,000	9	17,347,800	11	8,586,700	12	21,315,000	15	115.1%								
12	EWR	Newark, NJ: Newark Liberty International	24,476,285	12	2.32%	3.70%	21,538,400	13	14,507,300	14	7,977,000	15	23,151,500	12	105.7%								
13	SFO	San Francisco, CA: San Francisco International	24,173,894	13	2.30%	3.65%	20,401,800	14	11,725,500	17	7,735,500	16	27,706,400	7	87.3%								
14	PHX	Phoenix, AZ: Phoenix Sky Harbor International	23,813,822	14	2.26%	3.60%	21,791,000	12	18,909,400	9	10,489,300	7	22,410,500	13	106.3%								
15	IAH	Houston, TX: George Bush Intercontinental/Houston	22,209,675	15	2.11%	3.36%	19,799,400	15	16,231,700	12	8,665,300	11	21,897,000	14	101.4%								
16	BOS	Boston, MA: Logan International	19,950,456	16	1.89%	3.01%	17,431,800	16	10,917,500	19	6,029,600	19	20,686,400	16	96.4%								
17	FLL	Fort Lauderdale, FL: Fort Lauderdale-Hollywood Intern	17,036,666	17	1.62%	2.57%	15,345,900	17	13,583,300	15	8,011,700	14	17,942,600	19	95.0%								
18	MSP	Minneapolis, MN: Minneapolis-St Paul International	16,984,511	18	1.61%	2.57%	15,202,700	18	12,187,300	16	7,045,500	17	19,152,700	17	88.7%								
19	LGA	New York, NY: LaGuardia	16,171,766	19	1.54%	2.44%	14,366,900	19	7,847,000	24	4,146,800	26	15,391,600	21	105.1%								
20	DTW	Detroit, MI: Detroit Metro Wayne County	15,350,399	20	1.46%	2.32%	13,725,600	20	11,498,600	18	6,811,100	18	18,122,000	18	84.7%								
21	PHL	Philadelphia, PA: Philadelphia International	13,629,373	21	1.29%	2.06%	12,398,600	21	9,792,200	21	5,831,400	21	15,995,400	20	85.2%								
22	SLC	Salt Lake City, UT: Salt Lake City International	12,892,409	22	1.22%	1.95%	12,370,400	22	10,783,800	20	5,977,300	20	12,829,400	23	100.5%								
23	BWI	Baltimore, MD: Baltimore/Washington International T	12,765,016	23	1.21%	1.93%	11,063,900	25	9,176,700	22	5,388,500	22	13,238,600	22	96.4%								
24	DCA	Washington, DC: Ronald Reagan Washington Nationa	12,346,579	24	1.17%	1.87%	10,239,800	28	6,732,000	29	3,636,200	30	11,576,100	26	106.7%								
25	SAN	San Diego, CA: San Diego International	12,156,421	25	1.15%	1.84%	11,122,100	24	7,808,800	25	4,622,500	24	12,640,700	24	96.2%								
26	IAD	Washington, DC: Washington Dulles International	12,048,559	26	1.14%	1.82%	10,239,800	28	7,188,300	28	3,880,400	28	11,868,100	25	101.5%								
27	TPA	Tampa, FL: Tampa International	11,656,432	27	1.11%	1.76%	10,516,300	26	8,800,100	23	4,966,800	23	10,922,400	27	106.7%								
28	BNA	Nashville, TN: Nashville International	11,195,381	28	1.06%	1.69%	9,805,500	29	7,577,200	27	4,006,000	27	8,923,000	31	125.5%								
29	AUS	Austin, TX: Austin - Bergstrom International	10,806,571	29	1.03%	1.63%	10,358,100	27	6,656,800	30	3,136,400	32	8,498,100	32	127.2%								
30	MDW	Chicago, IL: Chicago Midway International	10,646,056	30	1.01%	1.61%	9,636,200	30	7,669,500	26	4,231,000	25	10,063,800	28	105.8%								
Total Large Hubs			661,888,923			592,668,700			454,361,300			256,893,700			660,219,800								
Total US			1,053,269,464			937,367,092			700,559,564			400,568,667			1,052,965,011								

Source: USDOT Form 41; Schedule T-100 Tables from BTS Transstats [12-12-2024]

Compiled by: Newton & Associates, Inc.

2025 Section IV Tables Final

05/05/25

Source: USDOT Form 41; Schedule T-100 Tables from B15 Transtats (12-12-2024)
Compiled by: Newton & Associates, Inc.

2025 Section IV Tables Final
05/05/25

The following section of the Report describes the importance of air traffic at the Airport, the level of existing scheduled passenger airline service, existing and projected air traffic at the Airport and other factors that may affect the future demand for air service at the Airport.

A. IMPORTANCE OF AIR TRAFFIC

The principal determinant of a commercial service airport's ability to be financially self-sufficient is the demand for passenger air service at that airport. Demand for passenger air service at an airport translates directly into airline activity and airport revenue. Passenger airlines pay landing fees, terminal rentals and other user fees for the right to land at and take off from, enplane and deplane passengers and process baggage at an airport. Passengers spend money to park and rent automobiles, and to purchase food, beverages and merchandise from the Airport terminal building concessionaires. It is a combination of the airline revenue and non-airline revenue the concessionaires remit to the Airport that comprise the majority of Airport Revenue that is pledged to the payment of operating expenses and debt service under the Bond Order, and Airport Revenue and PFC revenue are the only revenue sources considered in the test of feasibility in this Report.³⁷ Because of this relationship between passengers and Airport Revenue and PFC revenue, the future financial strength of the Airport will depend, in large measure, upon the future level of airline passenger activity at the Airport. The demand for air service will depend, among other things, upon the future economic activity in the Air Service Area and the ability of the Airport to provide adequate facilities to satisfy the demand for air service.

In Section III of this Report, Economic Base of the Air Service Area, the Air Service Area was described geographically and in terms of certain historical and projected socioeconomic indicators such as population, employment, major employment industry sectors, income per capita and retail sales. NAI's analysis of this information suggest that the Air Service Area of the Airport continues to be a healthy part of the State of North Carolina and the United States, growing faster than both, and is expected to continue to support strong demand for air service at the Airport throughout the Forecast Period. The analysis contained in this Section IV of the Report is important in assessing the future demand for air service at the Airport. This section will conclude with NAI's findings in this regard and set forth a forecast of passenger air traffic at the Airport over the Forecast Period.

B. LEVEL OF EXISTING SCHEDULED PASSENGER AIRLINE SERVICE

As of March 2025, U.S. mainline passenger air carriers and their affiliate regional airlines, regional domestic carriers and foreign flag carriers, were operating non-stop service to 189 destinations, including 37 international destinations from the Airport.

The airlines that provide scheduled passenger air service at the Airport along with the number of non-stop destinations served by each are presented in **Table IV-2**.

³⁷ An exception for FY 2020 and 2021 is the application of CARES Act Funds and NCAIP grant receipts to the payment of debt service and O&M expenses.

TABLE IV-2
Airlines Serving the Airport

Airline¹	Number of Non-stop Destinations Served		
	Domestic	International	Total
AC: Air Canada	0	1	1
AA: American Airlines	130	36	166
LF: Contour Airlines	7	0	7
DL: Delta Air Lines	7	0	7
F9: Frontier Airlines	9	0	9
LH: Lufthansa	0	1	1
WN: Southwest Airlines	6	0	6
NK: Spirit Airlines	10	0	10
UA: United Airlines	5	0	5
SY:MN Airlines	2	0	2
VL: Volaris	0	1	1
Scheduled Flights To Non-Stop Destinations	176	39	215
Destinations Served By More Than One Airline	24	2	26
Total Non-Stop Destinations	152	37	189
¹ Includes mainline and regional carriers.			
Source: Charlotte Douglas International Airport - as of March 2025.		2025 Section IV Tables Final	
Compiled by: Newton & Associates, Inc.		05/05/25	

1. Domestic Air Service

According to the Airport's reported passenger airline operations, during FY 2024, the airlines serving the Airport collectively operated an average of 703 daily, domestic departures to 152 non-stop destinations of which American Airlines alone averaged 616 daily departures.

Over the Study Period, the Airport's average daily departures increased by 87 daily departures, or a CAGR of 3.4%. Average daily departures by American Airlines increased by 56 daily departures, or a CAGR of 2.45%. All other domestic airline daily departures increased by 31 over the Study Period, or a CAGR of 11.8%. ³⁸

Generally, the mainline³⁹ air carriers serve their origin and destination passenger markets to and from their hub airports. The mainline air service is supplemented by service from regional airlines to provide air service from the Airport to markets that do not justify mainline jet service and to provide service to the mainline hub airports during off-peak times at the Airport.

The following summarizes domestic and international service provided by major U.S. air carriers and their affiliates for March 2025. Each of the following carriers is a Signatory Airline at the Airport.

- **American Airlines** and its regional partners, operating as American Eagle, operate non-stop flights to 137 U.S. airports and 38 international airports⁴⁰.
- **Delta Air Lines** and its regional partners, operating as Delta Connection, provide non-stop departures to seven domestic airports, including its airport hubs at Hartsfield-Jackson Atlanta International (ATL), Detroit Metropolitan Wayne County (DTW), New York Kennedy and LaGuardia (JFK and LGA), Minneapolis-St. Paul International (MSP) and Salt Lake City International (SLC) airports. Delta also operates flights from CLT to Logan International (BOS).
- **Frontier Airlines** provides non-stop service to 14 domestic airports including Cleveland Hopkins International (CLE), Denver International, (DEN), Las Vegas Harry Reid International (LAS), Orlando International (MCO), Philadelphia International (PHL), and Trenton-Mercer (TTN) airports.
- **Southwest Airlines** operates non-stop flights to seven domestic airports, including Denver International (DEN), Dallas Love Field (DAL), Chicago Midway International (MDW), Baltimore/Washington International Thurgood Marshall (BWI), Nashville International (BNA), Phoenix International (PHX) and St. Louis Lambert International (STL) airports.

³⁸ Average daily departure data is based on operational data presented on Table IV-8 hereof.

³⁹ The FAA categorizes airlines that operate aircraft with 90 seats or more as mainline carriers and airlines that operate fleets with less than 90 seats as regional carriers.

⁴⁰ Including US territories and possessions.

- **United Airlines** and its regional partners, operating as United Express, provide non-stop service to five domestic airports, including its airport hubs at Chicago O'Hare International (ORD), Denver International (DEN), Newark Liberty International (EWR), Dulles International (IAD) and George Bush International (IAH) airports.
- **Spirit Airlines** provides non-stop service to 12 domestic airports, including Dallas/Ft. Worth International (DFW), Fort Lauderdale-Hollywood International (FLL), Las Vegas Harry Reid International (LAS), Los Angeles International (LAX), Miami International (MIA), Nashville International (BNA), LaGuardia International Airport (LGA) and Orlando International (MCO) airports.

2. International Air Service

According to BTS, during calendar Year 2019, there were 1,764,294 international passengers enplaned at the Airport, 7.3% of total Airport enplanements. During 2020, international enplanements decreased to 529,737, reflecting the impacts of the pandemic on international air service. In 2021, the number of international enplanements increased approximately 88% over the 2020 level, reaching 997,266, but remaining below the pre-pandemic, 2019 level. During FY 2022, international enplanements rebounded to 1,724,393 or 7.5% of total Airport enplanements, nearly reaching the 2019 level. For FY 2023, the Airport had a total of 2,082,237 international enplanements, exceeding the 2019 level and making up 8.1% of total Airport enplanements.

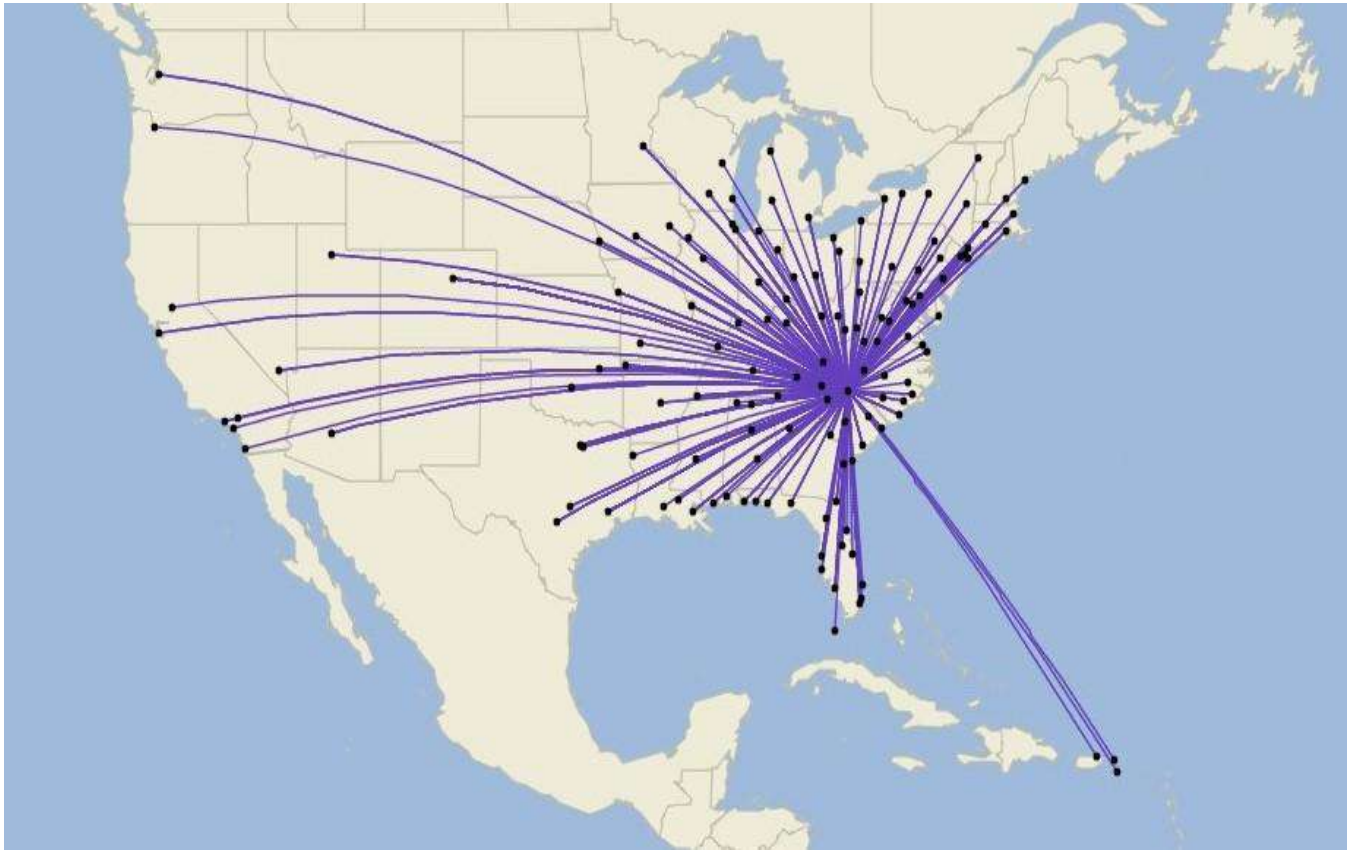
As of March 2025, scheduled international flights from the Airport are provided by Air Canada, American Airlines, Lufthansa and Volaris. American Airlines provides providing non-stop jet service to 36 international destinations including 29 destinations in Mexico, Central America, South America and the Caribbean, plus Toronto, Canada and London, England. Air Canada provides service to Toronto, Canada, Lufthansa German Airlines provides service to Munich, Germany and Volaris Airlines serves Guadalajara, Mexico.

Service to Calgary and Vancouver is scheduled beginning June 2025.

Figures IV-1a and IV-1b depict the domestic and international flights from the Airport scheduled for March 2025.

(Remainder of Page Intentionally Left Blank)

FIGURE IV-1a⁴¹
NON-STOP DOMESTIC FLIGHTS



(Remainder of Page Intentionally Left Blank)

⁴¹ Source: Charlotte Douglas International Airport.

FIGURE IV-1b⁴²
NON-STOP INTERNATIONAL FLIGHTS



C. HISTORICAL PASSENGER TRAFFIC

Historically, an analysis of the Airport's historical passenger activity has been a useful guide in projecting future levels of passenger activity. For the purposes of this analysis, as well as forming our forecast of traffic during the Forecast Period, NAI has studied historical enplaned⁴³ passenger traffic at the Airport from FY 2004⁴⁴ through FY 2023. From the beginning of the pandemic in early 2020, passenger air travel throughout the world, in the U.S. and at the Airport was depressed from historical trends⁴⁵. Accordingly, we have considered the impacts from the pandemic in FY 2020 and FY 2021, as important in evaluating current and near-term traffic activities but with limited value in projecting future activity. We have considered the rate of recovery in FY 2022 and FY 2023, as well as trends from FY 2004 through FY 2022 as useful, along with other data in forecasting passenger air traffic at the Airport for the Forecast Period.

⁴² Source: Charlotte Douglas International Airport.

⁴³ Airport enplanements are passengers, both connecting and O&D, who embark on aircraft at the Airport.

⁴⁴ FY 2004 is the earliest fiscal year enplanements data is available from BTS Transtats.

⁴⁵ See discussion of impact of COVID-19 novel coronavirus in Section I of this Report.

Historical Domestic and International Enplanements: Airport and U.S.

Table IV-3 depicts domestic and international passenger activity (enplanements) at the Airport and for the United States from calendar year 2004 through calendar year 2024. Domestic enplanements are those whose air travel remains in the U.S. and its territories. International enplanements are those whose air travel includes international locations.

**TABLE IV-3
Domestic and International Passenger Enplanements
U.S. and Foreign Flag Carriers**

Calendar Year	DOMESTIC			INTERNATIONAL			TOTAL		
			CLT % of			CLT % of			CLT % of
	CLT	United States	US	CLT	United States	US	CLT	United States	US
2004	11,590,419	629,769,616	1.84%	862,653	133,940,075	0.64%	12,453,072	763,709,691	1.63%
2005	13,011,833	657,261,487	1.98%	960,312	143,588,422	0.67%	13,972,145	800,849,909	1.74%
2006	13,720,310	658,362,620	2.08%	1,001,263	149,740,591	0.67%	14,721,573	808,103,211	1.82%
2007	15,520,873	679,185,450	2.29%	1,041,728	156,324,972	0.67%	16,562,601	835,510,422	1.98%
2008	16,119,675	651,710,182	2.47%	1,141,798	158,111,711	0.72%	17,261,473	809,821,893	2.13%
2009	15,996,428	618,067,255	2.59%	1,150,640	149,749,333	0.77%	17,147,068	767,816,588	2.23%
2010	17,291,596	629,537,593	2.75%	1,323,105	157,940,463	0.84%	18,614,701	787,478,056	2.36%
2011	17,604,471	638,247,667	2.76%	1,402,997	163,887,126	0.86%	19,007,468	802,134,793	2.37%
2012	18,567,536	642,289,482	2.89%	1,448,883	170,833,883	0.85%	20,016,419	813,123,365	2.46%
2013	19,826,421	645,677,554	3.07%	1,501,236	179,644,509	0.84%	21,327,657	825,322,063	2.58%
2014	19,987,477	662,826,955	3.02%	1,532,231	189,022,857	0.81%	21,519,708	851,849,812	2.53%
2015	20,408,070	696,016,894	2.93%	1,486,434	200,615,008	0.74%	21,894,504	896,631,902	2.44%
2016	20,034,512	719,996,828	2.78%	1,461,479	211,992,471	0.69%	21,495,991	931,989,299	2.31%
2017	20,492,633	741,735,098	2.76%	1,501,695	223,029,847	0.67%	21,994,328	964,764,945	2.28%
2018	20,714,712	777,972,787	2.66%	1,549,761	235,239,717	0.66%	22,264,473	1,013,212,504	2.20%
2019	22,416,757	811,545,260	2.76%	1,764,294	241,419,751	0.73%	24,181,051	1,052,965,011	2.30%
2020	12,538,991	337,519,065	3.72%	529,737	63,049,602	0.84%	13,068,728	400,568,667	3.26%
2021	19,892,170	605,935,383	3.28%	997,266	94,624,181	1.05%	20,889,436	700,559,564	2.98%
2022	21,366,695	750,558,998	2.85%	1,724,393	186,808,094	0.92%	23,091,088	937,367,092	2.46%
2023	23,798,267	819,333,204	2.90%	2,082,237	233,976,597	0.89%	25,880,504	1,053,309,801	2.46%
2024	26,158,980	852,112,582	3.07%	2,348,827	253,446,716	0.93%	28,507,807	1,105,559,298	2.58%
Compound Annual Growth Rates									
2004-2019	4.50%	1.70%		4.89%	4.01%		4.52%	2.16%	2.31%
2004-2024	4.15%	1.52%		5.14%	3.24%		4.23%	1.87%	2.32%
2019-2024	3.14%	0.98%		5.89%	0.98%		3.35%	0.98%	2.34%
Source: USDOT Form 41; Schedule T-100 Tables from BTS Transtats. [4-14-2025]									
Compiled by Newton & Associates, Inc.									
								2025 Section IV Tables Final	
								05/05/25	

As shown in Table IV-3, total domestic and international enplaned passengers at the Airport grew from 12.45 million in FY 2004 to 24.2 million in FY 2019, a CAGR of 4.52% compared with the CAGR in total U.S. domestic enplaned passengers of 2.16% for those years. During the same period total CLT enplaned passengers, as a percent of total U.S. enplaned passengers, grew from 1.63% to 2.30%, a CAGR of 2.31%. In 2020, however, total enplanements at the Airport decreased from the 2019 level to 13.1 million, a decrease of 46.0%. This sharp decrease in activity was the result of the COVID-19 pandemic. Comparatively, total U.S. domestic and international enplanements decreased from 1.05 billion in 2019 to 400.6 million in 2020, a decrease of 62.0%, also reflecting the negative impacts of the pandemic on passenger activity.

In 2021, however, total enplanements at the Airport and the U.S. began a strong recovery from the significant 2020 decreases, by increasing over the 2020 levels by 59.9% and 74.9%, respectively.

In 2024, CLT total enplanement activity reached 28.5 million, exceeding the pre-pandemic 2019 level of 24.2 million, representing an overall increase of 17.9% and a CAGR of 3.35%. Comparatively, total enplanements for the U.S. of 1.105 billion in 2024 also exceeded the 2019 level of 1.106 billion, an increase of 5.0%.

Also shown in Table IV-3, are domestic and international enplaned passenger segments for the Airport and the U.S.

In 2004, CLT domestic enplanements of 11.6 million represented 1.84% of total U.S. domestic enplanements (629.8 million) and 93.1% of total domestic and international enplanements at CLT. In 2019, domestic enplanements at the Airport increased at a CAGR of 4.5% from 2004 reaching 22.4 million, and in 202, the Airport's domestic enplanements reached a record high of 26.2 million, representing a CAGR of 4.15% from 2004 to 2024 and a CAGR of 3.14% from 2019 to 2024. The Airport's domestic enplanements represented 92.0% of total Airport domestic and international enplanements in 2024 compared to 93.1% in 2004. The Airport's domestic enplanements in 2024 represented 3.07% of total U.S. domestic enplanements, showing a modest increase of just over 1.23% over the 2004 percentage (1.84)-2024.

The Airport's 2004 international enplanements at the Airport (862,653) represented 0.64% of total U.S. international enplanements (133.9 million) and grew to 1.8 million in FY 2019, representing 0.73% of total U.S. international enplanements and a CAGR of 4.89% over the period. In 2024, the Airport's international enplanements grew to 2.4 million, representing a CAGR of 5.14% from 2004 to 2024, and a CAGR of 5.89% from 2019 to 2024. Also in 2024, the Airport's international enplanement share of total U.S. international enplanements was 0.93%.

(Remainder of Page Intentionally Left Blank)

Origin & Destination (“O&D”) Passengers and Connecting Passengers⁴⁶

As discussed above, domestic and international enplanements are categorized by travel itineraries that either remain domestic or include international locations. Origin and Destination (“O&D”) passengers are those whose air travel begins or ends at the Airport. It is O&D passengers who reflect the local demand for air service at the Airport. Local demand for air service translates into airline activity and Airport Revenue. These passengers spend money to park and rent automobiles, ride TNCs and purchase food, beverages and merchandise from Airport concessionaires whose concession fees to the Airport add to Airport Revenue. These passengers also pay Passenger Facility Charges at the Airport. **Table IV-4** depicts the number of O&D and connecting passengers at the Airport and total U.S. enplanements for the period FY 2015 through FY 2023.

As stated earlier, the demand for air service by O&D passengers is based on the economic strength of the Air Service Area as well as other factors. As depicted on Table IV-4, total O&D passengers enplaned at the Airport grew from 5.66 million in FY 2015 to 7.3 million in FY 2019, a CAGR of 6.59%. O&D passenger enplanements represented 30.47% of total enplanements at the Airport in FY 2019, the highest share of total enplanements at the Airport during the 2015-2019 period. O&D enplanements decreased to 5.8 million in FY 2020, a decrease of 19.9% compared to the FY 2019 level. During FY 2021, O&D enplanements decreased further to 3.87 million, a decrease of 47% from the FY 2019 level. In FY 2022, O&D traffic rebounded to more than 7.0 million enplaned passengers or 32.0% of total Airport enplanements.

In FY 2023, O&D enplanements continued to recover from the FY 2020 and FY 2021 lows and exceeded the FY 2019 level, reaching 8.1 million. In FY 2024, O&D enplanements at the Airport reached an all-time high of 9.16 million and the highest share of total (O&D and connecting) Airport enplanements of 32.0%. This FY 2024 O&D enplanement level exceeded the FY 2019, pre-pandemic level by nearly 2 million enplanements.

(Remainder of Page Intentionally Left Blank)

⁴⁶ Note that domestic and international enplanement activity presented in Table IV-3 is compiled by the BTS for the calendar year, while O&D and connecting enplanements presented in Table IV-4 are compiled by the City’s fiscal year (July 1 – June 30). The forecast of passenger enplanements presented on Table IV-13 will be based on historical Airport fiscal year enplanement growth trends, among other factors discussed in this Report.

TABLE IV-4
Historical CLT Originating and Connecting Enplanements

Fiscal Year	Total Airport Enplanements ¹				Total United States Enplanements ²	Total CLT Enplanements as Percentage of United States	
	O&D	Share of Total	Connecting	Share of Total			
2015	5,657,000	25.49%	16,533,000	74.51%	22,190,000	868,959,095	2.55%
2016	6,207,000	27.73%	16,173,000	72.27%	22,380,000	917,693,369	2.44%
2017	6,688,000	29.70%	15,828,000	70.30%	22,516,000	948,013,554	2.38%
2018	6,996,000	30.32%	16,079,000	69.68%	23,075,000	988,845,281	2.33%
2019	7,301,000	30.47%	16,658,000	69.53%	23,959,000	1,033,409,289	2.32%
2020	5,848,000	30.13%	13,561,000	69.87%	19,409,000	768,957,497	2.52%
2021	3,868,000	23.24%	12,777,000	76.76%	16,645,000	448,916,492	3.71%
2022	7,032,000	30.53%	16,002,000	69.47%	23,034,000	861,080,696	2.68%
2023	8,104,000	31.85%	17,339,000	68.15%	25,443,000	1,006,013,056	2.53%
2024	9,157,000	31.97%	19,483,000	68.03%	28,640,000	1,087,348,192	2.63%
Compound Annual Growth Rates:							
2015- 2019	6.59%		0.19%		1.94%	4.43%	
2015- 2023	4.60%		0.60%		1.72%	1.85%	
2015- 2024	5.50%		1.84%		2.88%	2.52%	
2019- 2024	4.63%		3.18%		3.63%	1.02%	
2020- 2024	11.86%		9.48%		10.22%	9.05%	
2022- 2024	14.11%		10.34%		11.51%	12.37%	
¹ Source: Airport Annual Comprehensive Financial Report FY 2024.							
² Source: USDOT Form 41; Schedule T-100 Tables from BTS Transtats - compiled for July 1 through June 30.							
Compiled by Newton & Associates, Inc.						2025 Section IV Tables Final 05/05/25	

Connecting passengers are those passengers whose trips do not begin or end at the Airport but who use the Airport as a point to transfer from one aircraft to another. Connecting passenger enplanements at the Airport are indicative of American Airlines hubbing activity. Connecting passenger activity results in additional Airport Revenue, such as food, beverage and merchandise concession purchases. Most of the connecting passengers also pay Passenger Facility Charges at the Airport⁴⁷. They do not, however, contribute to parking, rental car or TNC activity at the Airport. American Airlines' connecting passenger hub activity also results in additional aircraft operations, increasing total landed weight at the Airport, and thereby reducing the annual landing fee rate for all carriers operating at the Airport.

⁴⁷ Under FAA regulations, a maximum of two PFCs may be imposed per passenger on a one-way trip, with a maximum \$9.00, or a maximum of four PFCs imposed per passenger on a round trip, for a maximum of \$18.00. As a result, some connecting passengers do not pay PFCs at the Airport.

As depicted on Table IV-4, total connecting passengers enplaned at the Airport from FY 2015 to FY 2019 remained relatively flat, totaling 16.5 million in FY 2015 and 16.7 million in FY 2019, representing a CAGR of 0.19%. Connecting passenger enplanements represented 69.5% of total enplanements at the Airport in FY 2019, and, as with O&D enplanements, FY 2019 connecting enplanements reached the highest share of total enplanements at the Airport during the 2015-2019 period. Connecting enplanements decreased from the FY 2019 level to 19.4 million in FY 2020, a decrease of 18.6% compared to the FY 2019 level. During FY 2021, connecting enplanements decreased further to 12.77 million, a decrease of 23.3% over the FY 2019 level. In FY 2022, connecting traffic rebounded to more than 16.0 million enplaned passengers or 69.5% of total Airport enplanements.

In FY 2023, connecting enplanements continued to recover from the FY 2020 and FY 2021 lows and exceeded the 2019 level, reaching 17.34 million, a record high for the Airport. In FY 2024, connecting enplanements at the Airport reached another record high of 19.5 million and representing 68% of total Airport O&D and connecting enplanements. This FY 2024 O&D enplanement level exceeded the FY 2019, pre-pandemic level by nearly 2 million enplanements.

Also depicted on Table IV-4, is the total number of Airport enplaned passengers as a percentage of the United States total enplanements. As shown, the Airport's percentage of the United States enplanements has fluctuated from a low of 2.32% in FY 2019 to a high of 3.71% in FY 2021. For FY 2024, total CLT passenger enplanements were 2.63% of total U.S. enplanements.

1. Airline Market Share Enplanements

Table IV-5 depicts total passenger enplanements and market share obtained from airport records for the years from FY 2020 through FY 2024 for all carriers serving the Airport during the Study Period.

Growth in total enplanements reported by the Airport increased significantly from 19.4 million in FY 2020 to 28.6 million in FY 2024, a CAGR of 10.2%. This level of increase was primarily attributable to the significant decrease in enplanements during FY 2020 due to the COVID-19 pandemic. This is demonstrated by the 3.6% CAGR experienced over the FY2019 – FY2024 period.

(Remainder of Page Intentionally Left Blank)

TABLE IV-5
Historical Enplaned Passengers and Market Share

AIRLINE	Actual FY 2019	Market Share	Study Period										CAGR FY 19-24	CAGR FY 20-24
			Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	Actual FY 2023	Market Share	Actual FY 2024	Market Share		
SIGNATORY AIRLINES														
American Airlines	21,828,003	91.1%	17,682,466	91.1%	15,703,982	94.3%	21,175,318	91.9%	22,960,478	90.2%	25,438,110	88.8%	3.1%	9.5%
Delta Air Lines	812,468	3.4%	596,152	3.1%	327,873	2.0%	733,033	3.2%	754,855	3.0%	844,554	2.9%	0.8%	9.1%
United Airlines	510,821	2.1%	371,272	1.9%	221,597	1.3%	349,302	1.5%	545,117	2.1%	632,822	2.2%	4.4%	14.3%
Southwest Airlines	351,053	1.5%	249,584	1.3%	177,028	1.1%	299,731	1.3%	365,118	1.4%	389,621	1.4%	2.1%	11.8%
Frontier Airlines	198,465	0.8%	186,914	1.0%	102,390	0.6%	194,040	0.8%	244,108	1.0%	354,890	1.2%	12.3%	17.4%
JetBlue Airways	133,312	0.6%	90,691	0.5%	12,304	0.1%	48,116	0.2%	69,342	0.3%	60,366	0.2%	-14.7%	-9.7%
Spirit Airlines	6,279	0.0%	146,152	0.8%	82,531	0.5%	162,555	0.7%	347,198	1.4%	724,206	2.5%	158.5%	49.2%
Total Signatory	23,840,401	98.7%	19,323,231	99.6%	16,627,705	99.9%	22,962,095	99.7%	25,286,216	99.4%	28,444,569	99.3%	3.6%	10.1%
NON-SIGNATORY														
Lufthansa German Airlines	73,829	0.3%	50,286	0.3%	-	0.0%	39,061	0.2%	70,964	0.3%	70,890	0.2%	-0.8%	9.0%
Air Canada	26,165	0.1%	17,434	0.1%	-	0.0%	3,207	0.0%	23,722	0.1%	37,723	0.1%	7.6%	21.3%
Other Domestic	12,955	0.1%	13,550	0.1%	15,884	0.1%	26,127	0.1%	54,164	0.2%	85,358	0.3%	45.8%	58.4%
ASIG/Charter	6,060	0.0%	4,133	0.0%	1,336	0.0%	3,052	0.0%	7,803	0.0%	1,282	0.0%	-26.7%	-25.4%
Total non- Signatory	119,009	0.5%	85,403	0.4%	17,220	0.1%	71,447	0.3%	156,653	0.6%	195,253	0.7%	10.4%	23.0%
AIRPORT TOTAL	23,959,410	100.0%	19,408,634	100.0%	16,644,925	100.0%	23,033,542	100.0%	25,442,869	100.0%	28,639,822	100.0%	3.6%	10.2%
Source: Charlotte Douglas International Airport's Annual Comprehensive Financial Report for FY 2024 Compiled by Newton & Associates, Inc.														
													2025 Section IV Tables Final 05/05/25	

During the Study Period, American Airlines' market share at the Airport actually decreased slightly from 91.1% in FY 2020 to 88.8% in FY 2024. The market share of the rest of the Signatory Airlines during FY 2024 was 11.2%, compared to 8.9% during FY 2020.

For FY 2024, the Signatory Airlines together accounted for 99.3% of total passenger enplanements at the Airport totaling 28.4 million enplanements. The market share of non-signatory carriers increased modestly from 0.4% in FY 2020 to 0.7% in FY 2024.

Table IV-5 also illustrates the impact of the COVID-19 pandemic on international travel, as both Air Canada and Lufthansa temporarily suspended service in March 2020 and enplaned no passengers for a 0% market share during FY 2021. Lufthansa restarted service in July 2021 and has recovered to 96% of its FY 2019 level. Air Canada restarted service in May 2022 and in FY 2024 enplaned 144% of its FY 2019 enplanements, an increase of 11,558 enplanements over the FY 2019 – FY 2024 period.

2. Airline Market Shares-Available Seats

Table IV-6 depicts domestic and international airline seats provided by all passenger airlines at the Airport during the Study Period.

Total available seats increased from 25.0 million in FY 2020 to 33.6 million in FY 2024, a CAGR of 7.8% during the Study Period. This level of increase in available seats during the Study Period reflects the significant reduction in FY 2020 due to the COVID-19 pandemic. This is demonstrated by the 3.6% CAGR experienced over the FY 2019 – FY 2024 period.

American Airlines and its affiliates provided the greatest number of seats at the Airport, increasing from 25.6 million in FY 2019 to 29.5 million in FY 2024, a CAGR of 2.9%. During the Study Period, available seats provided by American Airlines increased at a CAGR of 6.9%, again, skewed by the lower volume of available seats provided in FY 2020.

TABLE IV-6
Historical Airline Market Share-Available Seats

	Actual FY 2019	Market Share	Study Period										CAGR FY 19-24	CAGR FY 20-24
			Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	Actual FY 2023	Market Share	Actual FY 2024	Market Share		
SIGNATORY AIRLINES														
American Airlines	25,583,342	90.5%	22,569,497	90.5%	20,527,783	93.1%	24,723,701	91.0%	26,518,863	89.5%	29,461,583	87.6%	2.9%	6.9%
Delta Air Lines	1,066,726	3.8%	827,500	3.3%	616,942	2.8%	987,904	3.6%	946,877	3.2%	1,058,868	3.1%	-0.1%	6.4%
United Airlines	592,102	2.1%	475,705	1.9%	290,766	1.3%	417,100	1.5%	629,749	2.1%	758,769	2.3%	5.1%	12.4%
Southwest Airlines	476,905	1.7%	404,691	1.6%	316,981	1.4%	402,396	1.5%	474,226	1.6%	520,213	1.5%	1.8%	6.5%
Frontier Airlines	231,277	0.8%	245,446	1.0%	137,659	0.6%	250,877	0.9%	299,081	1.0%	537,090	1.6%	18.4%	21.6%
JetBlue Airways	154,550	0.5%	122,600	0.5%	23,900	0.1%	64,080	0.2%	78,503	0.3%	74,103	0.2%	-13.7%	-11.8%
Spirit Airlines	8,184	0.0%	165,325	0.7%	106,834	0.5%	206,519	0.8%	455,536	1.5%	943,252	2.8%	158.4%	54.6%
Total Signatory Airlines Seats	28,113,086	99.4%	24,810,764	99.4%	22,020,865	99.9%	27,052,577	99.6%	29,402,835	99.2%	33,353,878	99.1%	3.5%	7.7%
NON-SIGNATORY AIRLINES														
Lufthansa German Airlines	95,031	0.3%	71,524	0.3%	-	0.0%	61,237	0.2%	91,123	0.3%	87,966	0.3%	-1.5%	5.3%
Air Canada	32,800	0.1%	29,558	0.1%	-	0.0%	3,652	0.0%	32,674	0.1%	53,200	0.2%	10.2%	15.8%
Others	40,928	0.1%	39,934	0.2%	23,308	0.1%	50,855	0.2%	106,268	0.4%	153,968	0.5%	30.3%	40.1%
Total Non-Signatory Airlines Seats	168,759	0.6%	141,016	0.6%	23,308	0.1%	115,744	0.4%	230,065	0.8%	295,134	0.9%	11.8%	20.3%
TOTAL AIRPORT SEATS AVAILABLE	28,281,845	100.0%	24,951,780	100.0%	22,044,173	100.0%	27,168,321	100.0%	29,632,900	100.0%	33,649,012	100.0%	3.5%	7.8%
SOURCE: Charlotte Douglas International Airport. Compiled by Newton & Associates, Inc.														
													2025 Section IV Tables Final 05/05/25	

3. Origin & Destination Markets

Table IV-7 depicts the Airport's top 25 domestic O&D markets for FY 2024. Of these 25 markets, ten are long-haul markets (1,000 or more miles); ten are medium-haul markets (500-999 miles); and six are short-haul markets (less than 500 miles). The top 25 markets represent approximately 57.85% of the total domestic O&D traffic at the Airport.

The top five markets were the New York Area, South Florida, Chicago, the Washington DC Area, and Orlando. The Dallas/Fort Worth market, American Airlines largest hub airport, ranked 7th in the top 25 markets.

TABLE IV-7
Top 25 Origin and Destination Markets

Rank	City	Airlines Serving Markets ⁹	FY 2024 O&D Enplanements	Percent of Total Domestic Enplanements	Distance from CLT (Miles)
1	New York Area ¹	American, Delta Frontier, Spirit, United	757,414	9.9%	543
2	South Florida ²	American, Spirit	367,463	4.8%	650
3	Chicago ³	American, Frontier, Southwest, Spirit, United	331,485	4.4%	599
4	Washington, DC Area ⁴	American, Frontier, Southwest, Spirit, United	328,175	4.3%	360
5	Orlando, FL	American Frontier, Spirit	325,417	4.3%	468
6	Boston, MA	American, Delta, JetBlue, Spirit	307,460	4.0%	727
7	Dallas ⁵	American Frontier, Southwest, Spirit	297,982	3.9%	937
8	Los Angeles ⁶	American, Spirit	278,914	3.7%	2,125
9	Denver, CO	American Frontier, Southwest, Spirit	228,658	3.0%	1,338
10	Philadelphia, PA	American, Frontier	228,240	3.0%	447
11	Las Vegas, NV	American, Frontier, Spirit	216,909	2.8%	1,917
12	Houston ⁷	American, Frontier, Southwest, Spirit, United	187,042	2.5%	913
13	Phoenix, AZ	American	164,139	2.2%	1,774
14	Tampa, FL	American, Spirit	148,919	2.0%	508
15	Minneapolis/St. Paul, MN	American, Delta, Sun Country	139,293	1.8%	930
16	Detroit, MI	American, Delta	133,173	1.7%	500
17	Nashville, TN	American, Southwest, Spirit	131,713	1.7%	329
18	San Francisco ⁸	American	129,502	1.7%	2,296
19	San Diego, CA	American	90,227	1.2%	2,077
20	Seattle, WA	American	87,887	1.2%	2,279
21	Austin, TX	American	86,622	1.1%	1,033
22	Salt Lake City, UT	American, Delta	86,441	1.1%	1,727
23	Atlanta, GA	American, Delta	82,355	1.1%	227
24	St. Louis, MO	American, Southwest	79,991	1.1%	575
25	Cleveland, OH	American, Frontier	76,192	1.0%	430
Total Top 25 O&D			5,291,614	69.5%	
City Legend					
1 LaGuardia (LGA), John F. Kennedy (JFK) and Newark (ERW) Airports					
2 Fort Lauderdale (FLL) and Miami (MIA) Airports					
3 O'Hare (ORD) and Midway (MDW) Airports					
4 Ronald Reagan (DCA), Dulles (IAD) and Baltimore (BWI) Airports					
5 Dallas/Ft. Worth (DFW) and Dallas Love Field (DAL) Airports					
6 Los Angeles (LAX), John Wayne (SNA), Ontario (ONT), Long Beach (LGB) and Burbank (BUR) Airports					
7 George Bush Intercontinental (IAH) and Hobby (HOU) Airports					
8 San Francisco (SFO), San Jose (SJC), and Oakland (OAK) Airports					
9 Airlines Serving Markets provided by Charlotte Douglas International Airport.					
Source: Charlotte Douglas International Airport: 2024 ACFR.			2025 Section IV Tables Final		
Compiled by Newton & Associates, Inc.			05/05/25		

D. AIRCRAFT OPERATIONS AND MARKET SHARE

An aircraft operation is defined as an aircraft take-off and landing. **Table IV-8** depicts scheduled passenger airline operations and market share at the Airport by airline during the Study Period. As shown, total operations increased during the Study Period from 452,276 in FY 2020 to 515,834 in FY 2024, CAGR of 3.3%. This increase in operations is due to the decreased

operations at the Airport in FY 2020 as a result of the COVID-19 pandemic. When considering the change in the number of operations for the period FY 2019 (pre-pandemic) through FY 2024, total air carrier operations at the Airport decreased slightly from 518,568 to 515,834, respectively, representing a CAGR of -0.1%. According to Airport management, this decrease is due to the airline decreasing the number of operations with regional jets and replacing them with larger equipment with more available seats per operation. In part, this may be attributed to the industry-wide pilot shortage which is contributing to the shift away from the use of regional jets. The higher number of available seats per operation enabled the carriers at the Airport to avoid losing enplanements proportionate to the reduction in operations.

During the Study Period, American Airlines continued to dominate the market at the Airport with 450,004 operations in FY 2024, a market share of 87.2%.

TABLE IV-8
Historical Scheduled Passenger Airline Operations and Market Share

Airline	Actual FY 2019	Market Share	Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	Actual FY 2023	Market Share	Actual FY 2024	Market Share	CAGR FY 19-24	CAGR FY 20-24
DOMESTIC AIR CARRIERS:														
American Airlines	466,550	90.0%	408,900	90.4%	186,900	92.7%	420,321	90.5%	405,398	88.5%	450,004	87.2%	-0.7%	2.4%
Delta Air Lines	21,828	4.2%	16,724	3.7%	6,391	3.2%	19,943	4.3%	19,371	4.2%	21,804	4.2%	0.0%	6.9%
United Airlines	14,378	2.8%	11,604	2.6%	3,933	2.0%	10,587	2.3%	11,131	2.4%	11,856	2.3%	-3.8%	0.5%
Southwest Airlines	6,478	1.2%	5,434	1.2%	2,107	1.0%	5,001	1.1%	5,789	1.3%	6,581	1.3%	0.3%	4.9%
Jet Blue Airlines	3,091	0.6%	2,452	0.5%	222	0.1%	1,244	0.3%	1,381	0.3%	1,441	0.3%	-14.2%	-12.4%
Frontier Airlines	2,422	0.5%	2,494	0.6%	723	0.4%	2,644	0.6%	3,061	0.7%	5,239	1.0%	16.7%	20.4%
Spirit ¹	0	0.0%	0	0.0%	587	0.3%	2,294	0.5%	5,073	1.1%	9,632	1.9%	n/a	154.1%
Other	1,767	0.3%	1,798	0.4%	616	0.3%	1,862	0.4%	4,917	1.1%	6,763	1.3%	30.8%	39.3%
Subtotal Domestic	516,514	99.6%	449,406	99.4%	201,479	99.9%	463,896	99.8%	456,121	99.6%	513,320	99.5%	-0.1%	3.4%
INTERNATIONAL AIR CARRIERS:														
Air Canada	1,313	0.3%	862	0.2%	-	0.0%	145	0.0%	1,076	0.2%	1,394	0.3%	1.2%	12.8%
Lufthansa	717	0.1%	488	0.1%	-	0.0%	418	0.1%	622	0.1%	600	0.1%	-3.5%	5.3%
Other	24	0.0%	1,520	0.3%	192	0.1%	215	0.0%	360	0.1%	520	0.1%	85.0%	-23.5%
Sub-total International	2,054	0.4%	2,870	0.6%	192	0.1%	778	0.2%	2,058	0.4%	2,514	0.5%	4.1%	-3.3%
AIRPORT TOTAL	518,568	100.0%	452,276	100.0%	201,671	100.0%	464,674	100.0%	458,179	100.0%	515,834	100.0%	-0.1%	3.3%
¹ CAGR for Spirit is for FY 2021 through FY 2024.														
Source: Charlotte Douglas International Airport. Compiled by Newton & Associates, Inc.												2025 Section IV Tables Final 05/05/25		

E. HISTORICAL SCHEDULED PASSENGER AIRLINE LANDED WEIGHT

Airline aircraft landed weight (expressed in the industry in 1,000-pound units) is another measure of airline activity and the unit of measure used to determine the airline landing fee rate at the Airport.

Table IV-9 depicts historical passenger airline landed weights at the Airport and market share at the Airport, by airline, during the Study Period. As shown, total landed weights increased from 27.7 million units in FY 2020 to 31.5 million units in FY 2024, a CAGR of 6.6%. As with other airline activities, this increase in landed weights is due to the decreased landed weights experienced at the Airport in FY 2020, reflecting the impact of the COVID-19 pandemic. When considering the change in the number of landed weights for the period, FY 2019 (pre-pandemic) through FY 2024, total airline landed weights at the Airport increased from 27.7 million to 31.5 million, respectively. This results in a CAGR during the Study Period of 6.6%, compared to the 2.6% CAGR for the period FY 2019 through 2024.

During the Study Period, American Airlines market share of airline landed weights at the Airport in FY 2024 (27.6 million) was 87.6% of total airline landed weight.

Although trends in landed weight is a useful indicator of relative airline and passenger activity and is directly used to calculate the landing fee rate, under the Airline Agreement, all airlines, collectively, pay landing fees each year that in aggregate equal the total Airfield Requirement for that year. For this reason, neither the total volume of landed weights in any one year, nor their trends across years, has a direct impact on Airport Revenue. Under the Airline Agreement, however, should the number of operations at the Airport decrease at the Airport to a level that significantly reduces the total landed weights, the landing fee rate would increase and each airline operating at the Airport would pay more in total landing fees for a static level of landed weight.

(Remainder of Page Intentionally Left Blank)

TABLE IV-9
Historical Passenger Airline Landed Weight (1,000 pounds) and Market Shares

Airline	Actual FY 2019	Market Share	Study Period										CAGR FY 19-24	CAGR FY 20-24
			Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	Actual FY 2023	Market Share	Actual FY 2024	Market Share		
DOMESTIC AIR CARRIERS:														
American Airlines	25,080,409	90.5%	22,096,601	90.5%	19,484,490	93.0%	23,301,186	91.0%	24,962,681	89.2%	27,624,844	87.6%	2.0%	5.7%
Delta Air Lines	1,052,058	3.8%	823,292	3.4%	618,302	3.0%	940,390	3.7%	939,156	3.4%	1,090,064	3.5%	0.7%	7.3%
United Airlines	588,920	2.1%	472,753	1.9%	306,078	1.5%	427,651	1.7%	613,369	2.2%	740,416	2.3%	4.7%	11.9%
Southwest Airlines	421,758	1.5%	355,856	1.5%	277,781	1.3%	344,063	1.3%	408,222	1.5%	455,389	1.4%	1.5%	6.4%
Frontier Airlines	185,323	0.7%	188,743	0.8%	105,595	0.5%	191,856	0.7%	228,585	0.8%	406,434	1.3%	17.0%	21.1%
JetBlue Airways	147,477	0.5%	117,906	0.5%	22,359	0.1%	59,694	0.2%	73,225	0.3%	67,822	0.2%	-14.4%	-12.9%
Spirit Airlines	6,538	0.0%	185,369	0.8%	87,170	0.4%	165,710	0.6%	374,434	1.3%	744,381	2.4%	157.8%	41.6%
Other	9,686	0.0%	28,307	0.1%	39,626	0.2%	34,309	0.1%	116,385	0.4%	180,767	0.6%	79.6%	59.0%
TOTAL DOMESTIC	27,492,169	99.2%	24,268,827	99.4%	20,941,401	99.9%	25,464,859	99.5%	27,716,057	99.1%	31,310,117	99.3%	2.6%	6.6%
INTERNATIONAL AIR CARRIERS:														
Lufthansa	152,251	0.5%	109,666	0.4%	-	0.0%	119,339	0.5%	170,588	0.6%	149,174	0.5%	-0.4%	8.0%
Air Canada	30,879	0.1%	28,936	0.1%	-	0.0%	3,487	0.0%	31,138	0.1%	52,582	0.2%	11.2%	16.1%
Other	35,185	0.1%	16,031	0.1%	14,860	0.1%	15,070	0.1%	53,838	0.2%	33,209	0.1%	-1.1%	20.0%
TOTAL INTERNATIONAL	218,315	0.8%	154,633	0.6%	14,860	0.1%	137,896	0.5%	255,564	0.9%	234,965	0.7%	1.5%	11.0%
AIRPORT TOTAL	27,710,484	100.0%	24,423,460	100.0%	20,956,261	100.0%	25,602,755	100.0%	27,971,621	100.0%	31,545,082	100.0%	2.6%	6.6%
Source: Charlotte Douglas International Airport Compiled by Newton & Associates, Inc.														
2025 Section IV Tables Final 5/5/2025														

F. FACTORS AFFECTING FUTURE AIR TRAFFIC

The continued economic viability of the Airport depends principally upon the future demand for air service at the Airport. In addition to the demographic and socioeconomic conditions of the Air Service Area discussed in Section III of this Report, there are several factors that could influence future levels of passenger traffic at the Airport. These factors include:

- National economic conditions;
- State of the airline industry;
- Airline labor constraints;
- Aircraft delivery delays;
- Capacity of the national air transportation system;
- Airport capacity;
- Air fares and airline competition;
- Aviation taxes and security costs;
- Role of regional airlines;
- American Airlines' continued use of the Airport as a connecting hub;
- Competition from other airports; and
- Extraneous Conditions Affecting Air Commerce - States of emergency or duress in the U.S., other countries or the world that suppress or restrict the propensity and ability of persons to travel by air. These include armed conflicts, security concerns and pandemics such as COVID-19 and its variants.

1. National Economic Conditions⁴⁸

The growth in demand for passenger air service at the Airport and the U.S. is dependent, in part, upon the stability and growth of the United States economy. The most widely used measure of the strength of the economic production for the U.S. economy is Gross Domestic Product (“GDP”)⁴⁹ which is generally defined as the value of final goods and services produced in one year by a country or other geographical area. Trends in GDP are indicators of the strength of economic activity. An examination of historical and forecast U.S. GDP is germane because of its relationship with national airline passenger traffic. As shown in **Figure IV-2**, prior to the onset of the COVID-19 pandemic, the number of annual domestic enplanements in the U.S. had correlated closely with the annual growth or decrease of the GDP in the United States. As COVID-19 disrupted the air travel industry, it also had negative effects on economic conditions worldwide. As a result, we believe that no meaningful correlation between GDP and air travel in the U.S. and at the Airport can be drawn from the resulting economic performance of the U.S. economy during 2020 and 2021. In 2022, the pandemic induced gap between GDP enplanements closed considerably. During 2023, COVID-19 became endemic to the U.S. and world population, and the WHO, CDC and the President of the U.S. announced that the pandemic was over. As a result, air travel and GDP growth have begun to return to their historical relationship.

The U.S. economy, as measured by GDP, has recovered from the effects of the pandemic-era economic downturn and has exceeded pre-pandemic levels. According to a report by the U.S. Department of the Treasury dated January 14, 2025, the U.S. is seeing improved economic growth, stating, “As we approach the fifth anniversary of the onset of the COVID-19 pandemic, the United States is experiencing robust economic growth and low unemployment. At the same time, inflation is approaching the Federal Reserve’s price stability target, consistent with a “soft landing” that many thought impossible. Against that backdrop, it can be easy to forget just how precarious the American economy seemed in 2020.”

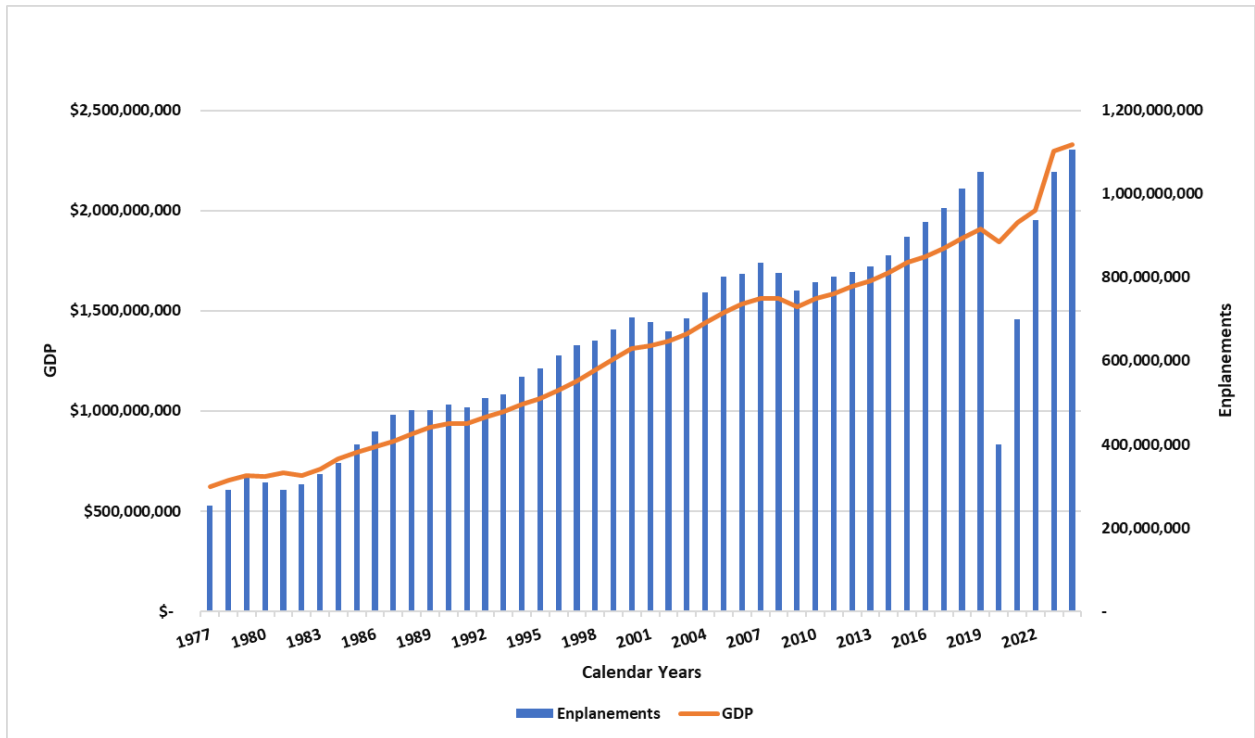
Notwithstanding the U.S.’s return to economic growth, the country and the world are still experiencing economic uncertainty. In the U.S., examples of this include continued inflation and consumer confidence remaining below pre-pandemic levels. Globally, recent U.S. border and trade policy shifts, and the effects of other political and military conflicts, such as the Russian-Ukrainian and Israeli-Palestinian conflicts contribute to economic uncertainty.

(Remainder of Page Intentionally Left Blank)

⁴⁸ Because offices and agencies of the U.S. Government are the source for economic data discussed in this Section of the Report, annual economic data is presented on a federal fiscal year basis (October-September) unless noted otherwise.

⁴⁹ All GDP data prior to 2023 are chain-weighted estimates with a base year of 2012 dollars. 2023 and 2024 data are based on 2017 dollars.

FIGURE IV-2
National Enplanements and Real GDP



In 2020, Real Domestic GDP decreased 3.41%, compared to the 2019, pre-pandemic level. In 2021, however, GDP showed positive growth, increasing 5.45% over the 2020 level. In 2022, GDP continued to grow, measuring 3.04% over the prior year. In 2023, GDP showed the highest year-over-year growth, increasing 11.78 over the 2022 output.

On January 15, 2025, The U.S. Bureau of Labor Statistics announced that inflation, measured by the consumer price index (All Items), rose 2.9% for the 12 months ending December 2024, after rising 2.7% over the twelve months ending November 2024. Included in the December 2024 result, the food index increased 2.5% over the previous year.⁵⁰

2. State of the Airline Industry

Theoretically, a stable and growing commercial transportation system sufficient to accommodate the demand for air service in the United States and at the Airport is dependent, in part, on a financially healthy airline industry. An examination of the historical facts, however, reveals that the financial health of the airline industry has very little correlation with the financial health of commercial service airports.

⁵⁰ Source: The Bureau of Labor Statistics – Consumer Price Index Summary.
<https://www.bls.gov/news.release/cpi.nr0.htm>

Between the passage of the Airline Deregulation Act in 1978 to 1994, the U.S. airlines lost a total of \$12.5 billion. From 1995 through 2000, they earned \$20.5 billion. From 2002 through 2009, they lost \$65 billion. And from 2010 through 2019 they earned \$117.2 billion. From 2002 through 2019, system-wide passengers increased by almost 50% from 613 million to 927 million and available seat miles grew from 884 billion to 1.25 trillion, even as the U.S. airline industry contracted in terms of the number of commercial airlines.

During this same period, although there was great instability in the airline industry, U.S. airports continued to grow and prosper. We are aware of no instance in which an airport has failed financially or defaulted on its debt during this same period. It is demonstrative, therefore, that no direct correlation can be drawn between airline industry success and individual or collective commercial airport success or failure. The reason for this is that it is the demand for air service by the U.S. population that drives airlines to serve the nation's airports. To serve the airports and transport the passengers, the airlines must pay aircraft landing and terminal use fees. Absent a failure of the airline industry, therefore, it is reasonable to expect that so long as sufficient numbers of passengers wish to fly from a particular airport, there will be airlines to serve that airport and pay the airport operator for its use of facilities.

As to the Airport, however, although the size and economic health of its Air Service Area is healthy and growing, the Airport is also heavily dependent on connecting passengers for a substantial share of its air service,⁵¹ and American Airlines transports the great majority of these connecting passengers. So, while the Airport may not be particularly exposed to financial risk from a general state of poor fiscal health in the airline industry as a whole, it is at risk from changes that might affect American Airlines' future ability or willingness to use the Airport as a major connecting hub. Furthermore, to the extent they are driven by or connected with overall U.S. financial health, the travel habits of overall U.S. passengers can influence the actions of U.S. air carriers, including American Airlines. For these reasons, an analysis of the current forecast of the future state of the U.S. airline industry is important to a forecast of the future financial health of the Airport.

Prior to 1978, the U.S. airlines were tightly regulated by the federal government, which controlled which markets airlines could serve and what they could charge. As a result, there were a few large carriers sanctioned and supported by the governments and airline travel was considered a luxury to be enjoyed by a relative few. That changed with the enactment of the Airline Deregulation Act of 1978 which abolished the Civil Aeronautics Board and freed markets and fares from government regulation. But deregulation and the resulting expansion and competition did not bring profits to the industry.

Since the deregulation of the industry, the U.S. airline industry has been characterized, according to the FAA, by "boom and bust" cycles. In the years following deregulation, several of the "legacy" carriers went out of business, either through bankruptcy or acquisition. These included Braniff Airways, Eastern Airlines, National Airlines, Pan American World Airways and Trans World Airlines. During these same years, many new airlines were certificated during a period of industry expansion. Many of these start-up airlines had a brief existence and are no longer in

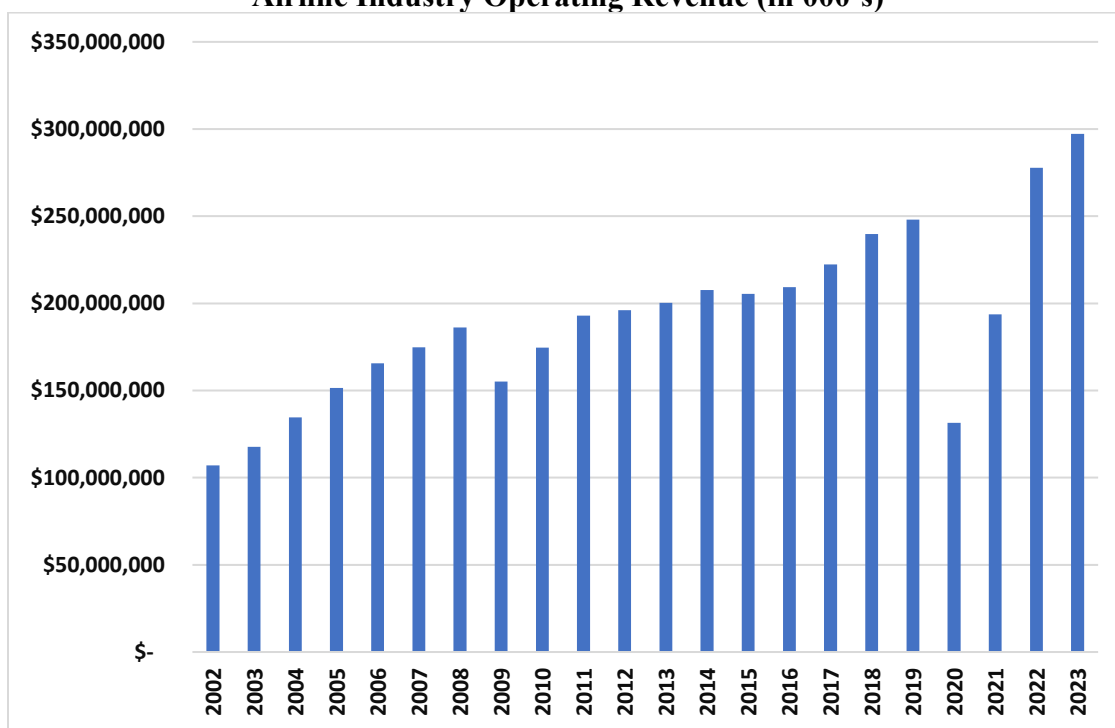
⁵¹ From FY 2015 through FY 2024 the percentage of connecting passengers decreased from 74.51% to 68.0% of total passengers. See Table IV-4.

business, including People Express Airlines and Air Florida. Between 1979 and 2009, the industry as a whole lost an estimated \$57 billion. **Figure IV-4** depicts the total net income/(loss) of the industry for certain periods since 2002 along with enplaned passengers for the same period.

The turbulence of the post-deregulation airline industry notwithstanding, according to the Bureau of Transportation Statistics and as depicted on **Figure IV-3**, U.S. airlines operating revenue increased from \$107 billion in 2002 to \$248 billion in 2019. As a result of the pandemic, during 2020 operating revenue decreased to \$131.5 billion in 2020. During 2022, U.S. airlines operating revenue rebounded, reaching \$280 billion. In 2023, airline operating revenue grew again by 7.0% of the 2022 level, reaching \$297 billion.

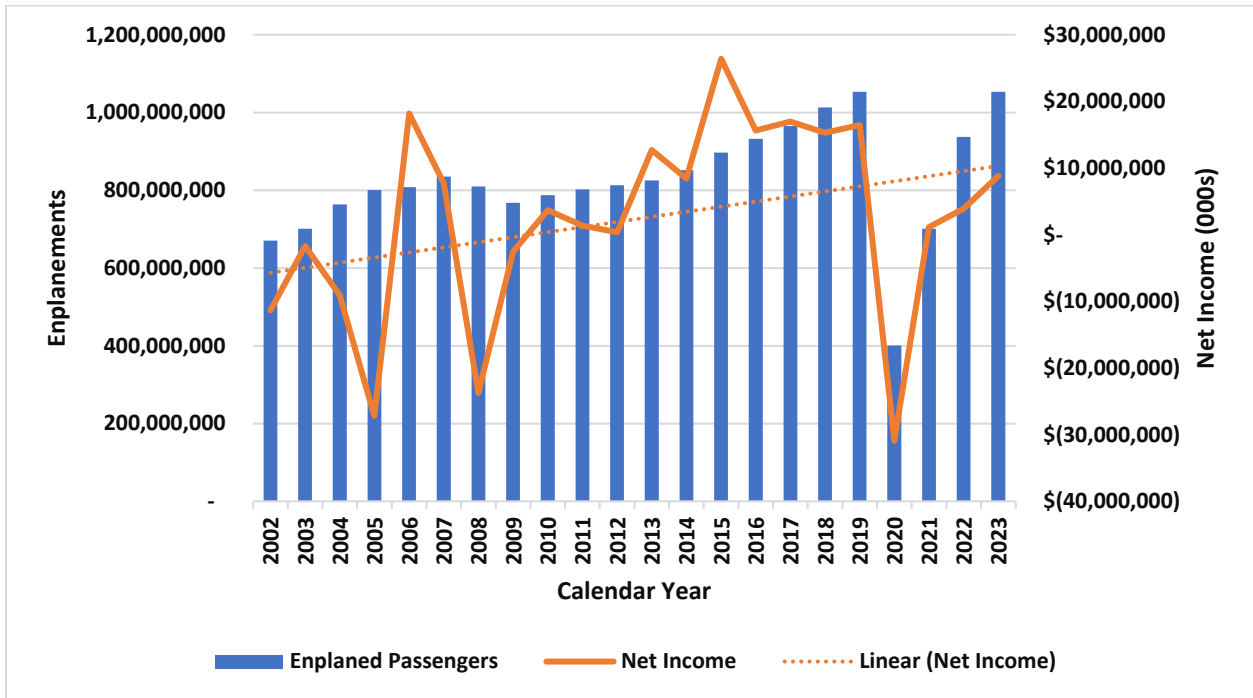
From 2002 through 2019, U.S. airlines system capacity, as measured by system wide available seat miles (“ASMs”), increased from 884 billion in 2002 to 1.25 trillion in 2019. As a result of the pandemic, system capacity declined to 643.1 billion ASMs during FY 2020. Recovering from the pandemic, U.S. airlines increased capacity to 1.4 trillion ASMs during 2022.

FIGURE IV-3
Airline Industry Operating Revenue (in 000's)



(Remainder of Page Intentionally Left Blank)

FIGURE IV-4
U.S. Airline Net Income & Enplanements



Beginning in 2010, the U.S. airline industry enjoyed ten years of sustained profitability through 2019. According to the BTS, U.S. Airlines earned net profits of \$15.3 billion in 2018, and \$16.4 billion in 2019.

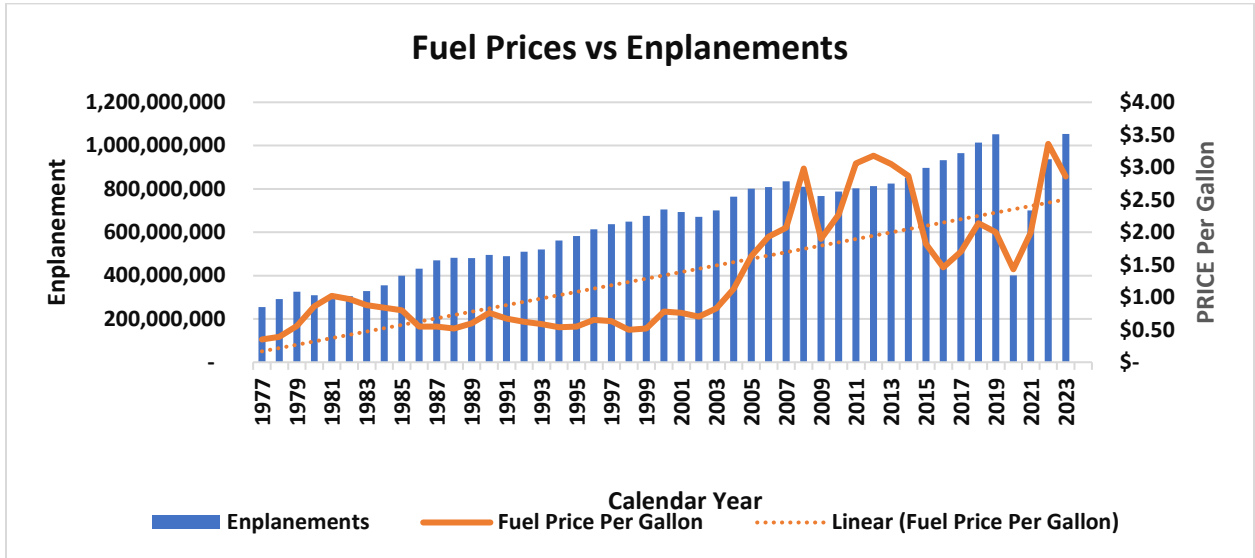
As a result of the pandemic, the Bureau of Transportation Statistics reports the U.S. passenger airlines lost \$35 billion (after tax) during 2020⁵². This loss decreased to \$2.8 billion in 2021 before recovering to a profit of \$1.6 billion in 2022⁵³. See Figure IV-4.

Oil prices influence national and worldwide economic conditions and airline financial results. There are, however, no data that correlates oil prices or annual airline profits or losses with the demand for air travel. **Figure IV-5** compares the U.S price of jet fuel to total U.S. enplaned passengers for the period CY 1977 through CY 2023. During this period, total enplanements grew from 254 million in 1977 to 1.05 billion in 2023. Over the same period, the price of jet fuel ranged from \$0.35 per gallon in 1977 to \$2.86 in 2023.

⁵² <https://www.bts.gov/newsroom/us-airlines-2020-net-profit-down-35-billion-2019#:~:text=U.S.%20scheduled%20passenger%20airlines%20reported,consecutive%20annual%20pre%2Dtax%20profits.>

⁵³ <https://www.bts.gov/newsroom/2022-annual-and-4th-quarter-us-airline-financial-data>

FIGURE IV-5
Comparison of Jet Fuel Price and U.S Enplaned Passengers



Not all of the profit which airlines earn is derived from fares. Ancillary airline revenue consisting of checked baggage fees and reservation cancellation/change fees are presented in **Table IV-10**.⁵⁴

(Remainder of Page Intentionally Left Blank)

⁵⁴ Includes checked baggage and reservation cancellation fees but excludes other miscellaneous revenue imposed by the airlines such as in-flight food and beverage charges, premium seat assignments, etc.

TABLE IV-10
Historical Airline Ancillary Revenue (000's)

Airline	Study Period					FY 2023 as % of FY 2019	CAGR 2019-2023
	2019	2020	2021	2022	2023		
American	\$2,157,872	\$895,393	\$1,252,285	\$1,428,626	\$1,388,134	64.3%	-10.44%
United	1,631,351	599,608	926,943	1,202,199	1,319,478	80.9%	-5.17%
Frontier	507,791	318,212	586,992	999,877	1,168,482	230.1%	23.16%
Delta	1,865,230	716,596	953,183	1,080,287	1,132,553	60.7%	-11.73%
Spirit	821,695	436,291	696,354	1,046,590	1,107,071	134.7%	7.74%
JetBlue	556,896	248,912	552,462	688,882	685,921	123.2%	5.35%
Alaska	519,154	232,596	465,774	519,058	541,254	104.3%	1.05%
Allegiant	303,236	178,962	318,697	442,545	465,470	153.5%	11.31%
Sun Country	77,899	42,341	76,405	102,050	120,442	154.6%	11.51%
Hawaiian	108,387	31,057	67,890	89,328	76,977	71.0%	-8.20%
Southwest	50,824	34,059	57,681	66,997	73,440	144.5%	9.64%
All Other Airlines	0	4,214	13,888	63,148	52,179	n/a	131.35%
Total	\$8,600,335	\$3,738,241	\$5,968,554	\$7,729,587	\$8,131,401	94.5%	-1.39%

¹ CAGR for All Other Airlines is for FY 2020 - FY 2023.

Source: Bureau of Transportation Statistics, Schedule P-1.2
Compiled by Newton & Associates, Inc.

2025 Section IV Tables Final
05/05/25

The commercial airline industry struggled to find sustained profitability over most of its long history, but prior to the pandemic it was enjoying favorable conditions with modest expectations for growth. The period from 2020 through 2022 demonstrated that the U.S. population's propensity to fly remained very strong even during severe economic conditions. As a result, U.S. airlines quickly returned to profitability in 2021 and 2022 as depicted on Figure IV-4.

FAA Aerospace Forecast⁵⁵

The U.S. commercial air carrier industry experienced a decade of relative stability, unprecedented in modern times, that extended from the end of the great recession in 2009 up to 2020 when COVID-19 emerged. During that period, U.S. airlines revamped their business models to minimize losses by lowering operating costs, eliminating unprofitable routes, and grounding older, less fuel-efficient aircraft. To increase operating revenues, carriers initiated new services that customers were willing to purchase and started charging separately for services that were historically bundled in the price of a ticket. The industry experienced an

⁵⁵ FAA Aerospace Forecast Fiscal Years 2024-2044.

<https://www.faa.gov/dataresearch/aviation/aerospaceforecasts/faa-aerospace-forecast-fy-2024-2044>

unprecedented period of consolidation with three major mergers in five years. The results of these efforts were impressive: 2019 marked the eleventh consecutive year of profitability for the U.S. airline industry.

The outbreak of the COVID-19 pandemic in 2020, however, brought a rapid and cataclysmic end to those boom years. Airline activity and profitability tumbled almost overnight and without the financial and competitive strength built up during the boom, airlines would have faced even greater challenges. As it was, they were able to slash capacity and costs, and then, relying on their balance sheets, credit ratings and value inherent in their brands, to raise capital through borrowing and restructuring fleets allowing them to withstand the period of losses. Although several small regional carriers ceased operations in 2020, no mainline carriers did. Cargo activity was one of few bright spots as it surged, boosted by consumers purchasing goods to enhance time spent at home as necessitated by the pandemic, and by surface transportation disruptions caused by worker shortages due to COVID-19 illnesses.

In 2022, each passenger carrier across the industry continued to face generally similar headwinds and tailwinds as the others. Demand for travel to leisure destinations domestically and in the Latin region surged. Carriers were caught off guard and struggled to bring aircraft back into service, open new routes and hire staff to meet the demand. Just as all carriers were impacted by the challenges, they also generally all benefited from the resurgent desire to travel and the two-year string of quarterly losses for the industry was halted.

Then in 2023 the landscape changed again. As a wider array of accessible destinations opened up, travelers responded by seeking flights across the Atlantic and to some Pacific markets. Domestic and Latin activity remained solid, but it didn't match the increases of those other regions or of its own growth the year before. Besides that regional shift, passengers also began to embrace premium offerings and loyalty programs more fully. Increasingly, passengers were willing to pay for some additional comfort and valued the ability to convert everyday credit card purchases into airline miles. These shifts and greater demand for product differentiation meant that most LCCs, with single-class service and domestic-heavy networks, were unable to capture demand to the extent the mainline carriers could. Furthermore, after being unprepared for the surge in demand in the previous year, all carriers hired and added capacity aggressively in 2023 in efforts to avoid a repeat. This saw flight crews migrating up the chain to mainline carriers and the added capacity put downward pressure on fares in many domestic markets, both of which added to the strains some, but not all, carriers faced. Aircraft delivery delays and manufacturing missteps also worked asymmetrically to dampen productivity of some airlines but not others. Even as carriers worked to accurately assess shifting preferences and fine tune the supply response, the overall level of demand was strong and supportive of the industry's aggregate results. Consumer demand for experiences over goods continued to fuel the desire for leisure trips and a willingness to pay higher fares that exceeded their 2019 levels. Meanwhile, business travel (but not fares) remained depressed relative to 2019. For the year, business demand was roughly ten to twenty percent below its pre-pandemic level. The strong overall demand led to positive aggregate financial results but with losses at some carriers. For all of CY2023, the top eight U.S. passenger carriers posted operating profits of \$12.7 billion and net profits of \$8.0 billion, including losses at three of the eight.

The business modifications necessitated by the downturn will shape the industry for years to come, long after the recovery is complete. Primarily, airlines will be smaller having retired aircraft and encouraged voluntary employee separations. Fleets, however, become younger and more fuel-efficient as retirements targeted the oldest and the least efficient aircraft.

In the medium-term, airlines will strive to determine which shifts in demand that occurred following the pandemic will be long-lasting and which will fade as impacts of the pandemic recede. For example, the surge for demand for travel to Florida and the Caribbean leisure destinations seems to be waning and reverting to pre-pandemic levels. Similarly, the changes to travel patterns – both day-of-week and time-of-day – due to fewer business trips and more hybrid business and leisure trips have been partially unwound but may not fully revert. On the other hand, many carriers are investing in premium cabins with the expectation that customers will be willing to pay for upgraded experiences. Although that willingness has been very evident during the past two years, it is not certain to continue. Furthermore, trade tensions that emerged during the pandemic have weighed on some international traffic, particularly to China and other parts of Asia. This will likely continue to lag activity in other regions, but the duration is unknown. In the Long run, many of the strengths and capabilities developed over during decade between the end of the great recession and the onset of COVID-19 will become evident again. There is confidence that U.S. airlines have finally transformed from a capital intensive, highly cyclical industry to an industry that can generate solid returns on capital and sustained profits.

Fundamentally, over the long-term, aviation demand is driven by economic activity, and a growing U.S. and world economy provides the basis for aviation to grow. The 2024 FAA forecast calls for U.S. carrier domestic passenger growth over the next 20 years to average 2.5 percent per year. This average, however, includes robust growth in 2024, as activity returns to pre-pandemic levels. Following the recovery period, trend rates resume with average growth through the end of the forecast of 2.3 percent. Annual Domestic passengers in 2024 are forecast to exceed 2019 levels by 6 percent.

After averaging \$55 per barrel over the five years ending in 2021, oil prices surged to \$93 per barrel with the Russian invasion of Ukraine in 2022 but then moderated to \$78 dollars per barrel in 2023. Prices are forecast to remain at about that level for a few years before climbing slowly to reach \$107 per barrel at the end of the forecast period.

Just as U.S. economic activity drives domestic demand for air transport, foreign economic activity affects international travel demand. In 2021, global real GDP rose above 6 percent, driven by worldwide pandemic relief programs. As central banks raised interest rates to restrain inflation caused by demand imbalances, growth moderated to 2.7 percent in 2023. The forecast for growth in 2024 is for a continued slight slowing to 2.3 percent. The U.S. and the Latin America region slow somewhat below that level but Europe experiences much slower growth with some individual countries seeing outright declines. The Asia region, however, supports the global figure with growth over 4 percent. Beginning in 2025, global growth returns close to trend rates although some individual countries take longer.

System traffic in revenue passenger miles (RPMs) is projected to increase by 2.7 percent a year between 2024 and 2044. Domestic RPMs are forecast to grow 2.6 percent a year while

International RPMs are forecast to grow slightly faster at 2.8 percent a year, as international RPMs have almost fully recovered to pre-COVID (2019) levels in FY 2023. Thus, unlike prior forecasts, these figures will not be boosted by several years of high growth rates coming off the low levels of 2021 and 2022. System capacity as measured by available seat miles (ASMs) is forecast to grow somewhat slower than RPM during the recovery period as airlines seek to restore load factors but, subsequently, ASM grow in line with the increases in demand.

After U.S. carriers posted an unexpected profit in FY 2023, the FAA expects U.S. carriers to remain profitable over the next few years as rising demand -- despite higher fares -- more than offsets higher costs for labor and fuel. As carriers return to levels of capacity consistent with their fixed costs, shed excess debt, and yields stabilize, consistent profitability should continue. Over the long term, we see a competitive and profitable aviation industry characterized by increasing demand for air travel and airfares growing more slowly than overall inflation, reflecting growing U.S. and global economies."

Airline Consolidation

The stress on the airline industry brought about by the Airline Deregulation Act, the emergence of low-fare competition, unstable fuel prices and the disruptions caused by the terrorist attacks of September 11, 2001, all of which resulted in the massive financial losses the industry experienced from 1979 through 2009, led to a culling of several airlines and consolidation by the survivors.

US Airways and American Airlines merged to form American Airlines Group in 2017. Previously, Delta acquired Northwest, United merged with Continental and Southwest acquired Air Tran. As a result, today there are only three major airlines with extensive hub and spoke networks- American, Delta and United. In addition, Alaska, JetBlue, Southwest, Frontier, and Spirit operate substantial but less extensive networks and Allegiant operates scheduled and charter service in selected point-to-point markets.

In November of 2024, Spirit Airlines filed for Chapter 11 bankruptcy protection after losing more than \$2.5 billion since 2020 as a result of the COVID-19 pandemic, and a failed attempt to sell to Frontier Airlines. In February of 2024, the United States Bankruptcy Court approved Spirit's reorganization plan which includes the restricting of \$750 million of existing debt and receiving \$350 million in new equity investment.⁵⁶

NAI believes this historical record is persuasive that the national air transportation system is so important to the United States economy that, with possible exceptions during periods of extreme geo-political or economic turbulence, capital will continue to flow into the airline industry, the public and private sectors will continue to make substantial use of commercial passenger transportation, and airlines and passengers will continue to use the nation's airports, including the Airport, in substantial numbers.

⁵⁶ Source: PR Newswire.

3. Airline Labor Constraints

At the onset of the COVID-19 pandemic, many airlines reduced staffing levels, including pilots, flight attendants, mechanics, and airport agents, through early retirement programs and involuntary furloughs. As demand has returned, some airlines have faced challenges sourcing sufficient levels of staffing to operate increased levels of capacity. Airlines have responded by accelerating hiring and training of new staff. Ongoing airline staffing shortages may constrain airlines' ability to grow capacity across their networks while maintaining capacity in markets like the Airport that have grown in recent years.

4. Aircraft Delivery Delays

Airbus and Boeing, the world's two largest aircraft manufacturers, are experiencing aircraft delivery delays to airlines around the world. The reasons for these delays are varied, including supply chain constraints, employee turnover, as well as the lingering production impacts of COVID-19, and labor recruitment plans. A continuation of these delays may impact future air services levels, but the extent of any such impacts is uncertain.

5. Capacity of the National Air Transportation System

The national air transportation system consists of airlines, airports and the air traffic control system operated by the FAA. As the demand for air transportation grows and airlines increase capacity and operations to transport the passengers, the FAA will also have to grow the air traffic control system. The air traffic control system consists of air traffic control towers, terminal radar approach control ("TRACON") and en-route centers. In its 2024 to 2044 Aerospace Forecast, the FAA forecasts that traffic handled by these facilities will increase at rates that are less than the growth in passenger traffic. The FAA expects this to be possible due primarily to the use of larger aircraft with more seats and increased load factors. Construction by the FAA of a new air traffic control tower and TRACON at the Airport was completed and commissioned on February 22, 2022. These facilities are expected to allow the FAA to handle the anticipated growth of passenger airline operations at the Airport. Should the FAA not be able to handle the growth in airline activity with its existing system-wide facilities, it will put pressure on both the FAA and airlines' ability to meet the demand for air travel.

6. Airport Capacity

The Airport's airfield capacity was enhanced with the opening of a third parallel runway (18R/36L) in February 2010. Runway 18R/36L allows the Airport to accommodate triple simultaneous aircraft approaches.

The Airport's 2017-2025 CIP is providing additional airfield and terminal capacity to accommodate existing and anticipated growth in aircraft operations and demand for passenger terminal facilities at the Airport during the Forecast Period. This additional capacity includes the construction of the Fourth Parallel Runway, an element of the 2025 Project. The 2017-2025 CIP is described in Section II of this Report.

7. Airfares and Airline Competition

The demand for air service is considered to be price elastic or sensitive to changes in the level of airfares. The demand for commercial air transportation is particularly price elastic for domestic leisure travelers who may decide to use auto, rail or other land-based transportation for shorter trip distances resulting in reduced passenger levels.

Airfare levels are set by airlines based on a combination of factors, including revenue (yield) management, seat capacity, airline operating costs and airline competition between specific markets. The effect of competition between U.S. airlines is indicated by the steadily declining average airfares at the Airport and in the United States from 1995 through 2023. Average U.S. round trip airfares (excluding ancillary charges and adjusted to 2022 dollars) were \$590 during 1995 and were \$395 during 2022. **Figure IV-6** depicts the relationship between average airfares and U.S. enplanements from 1995 to 2023.

Average airfares at the Airport have ranged higher than the U.S. average but have closely followed the trend of U.S. airfares over the same as shown in **Figure IV-7**. Average fares at the Airport (adjusted to 2022 dollars) were \$435 during 1995 and decreased to \$422 during 2023. The average 2023 fare at CLT was \$28 (7.2%) higher than the U.S. average.

This suggests that though demand for air travel may be price elastic, the steady decrease in the level of airfares is no test of this elasticity. Given that O&D enplanements increased by 3.5 million passengers from 2015 to 2024⁵⁷, it also suggests that the economic strength of the Air Service Area has generated demand for air service at the Airport that outweighs the modestly higher average fares at the Airport compared to the U.S.

If market conditions change during the Forecast Period resulting in markedly higher fares and ancillary fees, such increases could result in a reduction of demand. We cannot predict the level at which any such reduction in demand would begin to occur, nor the extent of any such reduction in demand.

(Remainder of Page Intentionally Left Blank)

⁵⁷ From 5,567,000 to 9,157,000 as shown on Table IV-4.

FIGURE IV-6
Average US Airfares vs. U.S. Enplanements

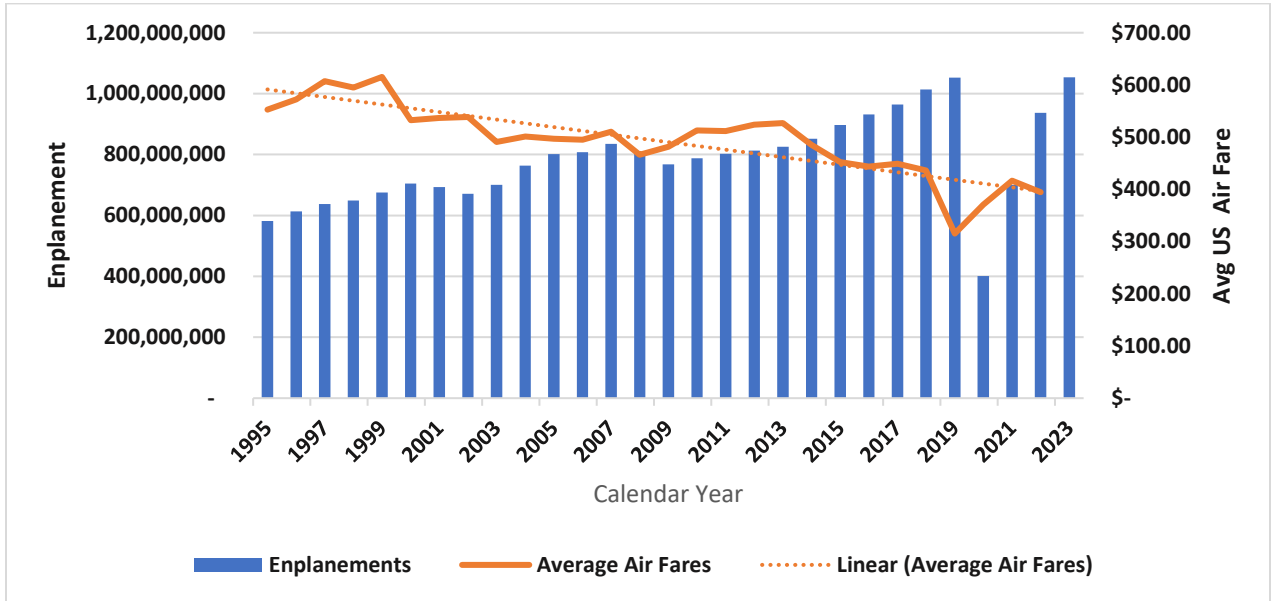
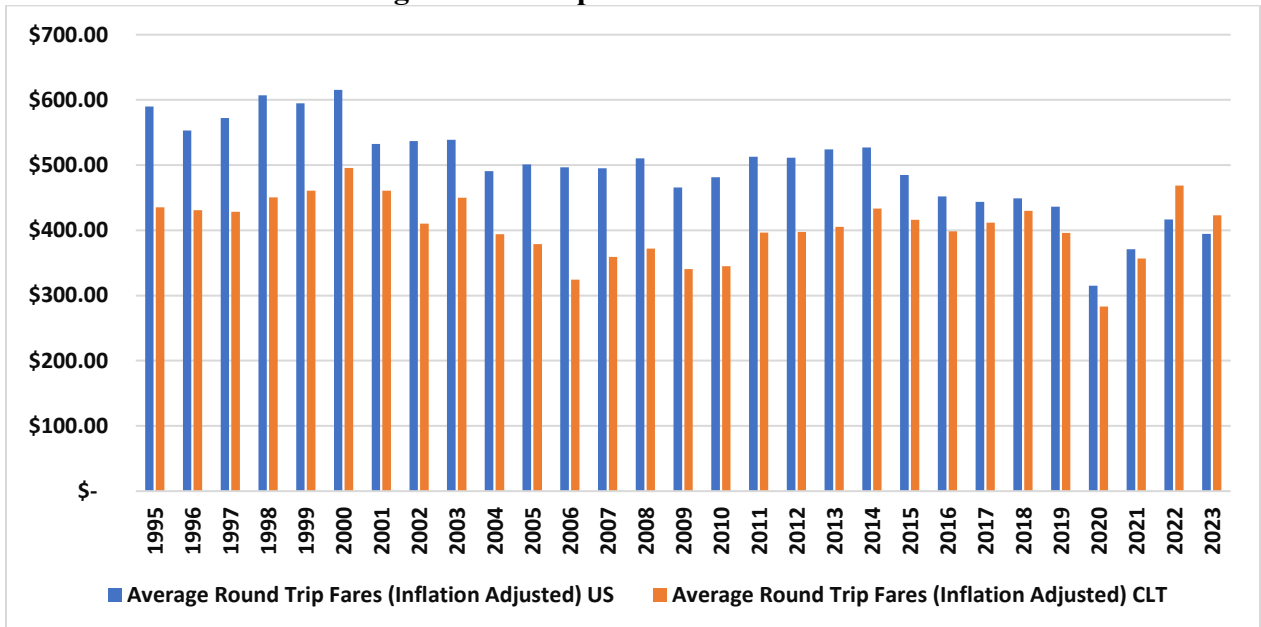


FIGURE IV-7
Average Round Trip Airfares: CLT vs U.S.



8. Role of Regional Airlines⁵⁸

Regional airlines typically operate smaller aircraft on routes that require less capacity than provided by the major airlines.

Regional airlines generally do not have independent route systems and commonly do not compete with the major airlines. Rather, regional airlines typically supplement major airline passengers into their respective connecting passenger hub airports and are paid a percentage of applicable ticket revenue or a fixed fee by the major airline in exchange for providing this service.

Four factors that have contributed to the expansion of the regional airline industry since deregulation of the airline industry in 1978 include:

1. Development of feeder agreements with major airlines;
2. The lower cost structure of the regional airlines;
3. The transfer of low to medium density, short haul jet routes from major airlines to regional code-sharing partner (aircraft rationalization); and
4. The introduction and expansion of smaller passenger aircraft with jet engines and longer ranges (commonly referred to as regional jets).

According to the FAA, the regional carriers have lost some of their leverage to negotiate contracts with the major carriers and are facing large shortages of pilots and increased regulation. Other changes include an economic need to transition from the smaller 50-seat aircraft to more fuel efficient 70-seat jets. These pressures could result in major carriers reducing their use of contract carriers. This trend alone should not result in a reduction of the demand for air service but could affect supply through the reduction or elimination of service from hubs like the Airport to smaller markets.

9. Aviation Taxes and Security Costs

The FAA and the Airport Improvement Program are supported by the imposition and collection of certain federal ticket taxes, the proceeds of which are deposited into the Airport & Airway Trust Fund. Airlines also pay a federal tax on aviation fuel, and cargo shippers are required to pay federal cargo waybill taxes, both as periodically authorized by Congress. Increases in these taxes generally result in higher overall ticket prices. Because the demand for air service is considered to be price elastic or sensitive to changes in the price level, higher tax, and thus higher ticket prices, may result in reduced passenger levels and reduce airline yield and profitability. Airlines also pay taxes and fees to help fund the Customs, Border Protection, Transportation Security Agency, Department of Agriculture, and Environmental Protection Agency function at airports.

⁵⁸ Mainline carriers are defined by the FAA as those providing service primarily via aircraft with 90 or more seats. Regionals are defined as those providing service primarily via aircraft with 89 or less seats and whose routes serve mainly as feeders to the mainline carriers.

With the approval of the FAA, most airports also impose a Passenger Facility Charge at levels from \$3.00 to \$4.50 per passenger, which the airlines are required to collect and remit to the airports. Most airports which impose a PFC do so at the maximum \$4.50 level.

Table IV-11 summarizes the taxes and fees paid by U.S. airlines and their passengers in 1972, 1992, 2022 and 2025 according to the A4A.⁵⁹ These taxes add \$65.95 to the cost of a hypothetical domestic itinerary with a basic fare of \$300.

TABLE IV-11
Historical Trends in Aviation Taxes

Special (Commercial/General) Aviation Taxes	1972	1992	2022	2025	Unit of Tax
FOR THE AIRPORT & AIRWAY TRUST FUND					
Passenger Ticket Tax ^{1a} (domestic)	8.00%	10.00%	7.50%	7.50%	Domestic Airfare
Flight Segment Tax ^{1b} (domestic)	-	-	\$4.50	\$5.20	Per Domestic Enplanement
Frequent Flyer Tax ²	-	-	7.50%	7.50%	Per Dom/Int'l Enplanement
International Departure Tax ³	\$3.00	\$6.00	\$19.70	\$22.90	Per Int'l Passenger Departure
International Arrival Tax ³	\$0.00	\$0.00	\$19.70	\$22.90	Per Int'l Passenger Arrival
Cargo Waybill Tax ⁴	5.00%	6.25%	6.25%	6.25%	Waybill for Domestic Freight
Commercial Jet Fuel Tax (domestic flights)	\$0.000	\$0.000	\$0.043	\$0.043	Per Gallon
Non-Commercial AvGas Tax (n/a to airline ops)	\$0.070	\$0.150	\$0.193	\$21.80	Per Gallon
Liquid Fuel in Fractional Ownership Flight (n/a to airline ops)	\$0.00	\$0.00	\$0.141	\$0.141	Per Gallon
FOR THE ENVIRONMENTAL PROTECTION AGENCY					
LUST ⁵ Fuel Tax (domestic)	\$0.000	\$0.001	\$0.001	\$0.001	Per Gallon
FOR LOCAL AIRPORT PROJECTS					
Passenger Facility Charge	\$0.00	Up to \$3.00	Up to \$4.50	Up to \$4.50	Per Passenger
FOR DEPARTMENT OF HOMELAND SECURITY					
September 11 Fee ⁶	\$0.00	\$5.00	\$5.60	\$5.60	Per Int'l Passenger Arrival
APHIS Pax Fee ⁶	\$0.00	\$2.00	\$3.96	\$3.71	Per Int'l Passenger Arrival
APHIS Aircraft Fee ⁷	\$0.00	\$76.75	\$225.00	\$281.39	Int'l Aircraft Arrival
Customs User Fee ⁸	\$0.00	\$5.00	\$5.99	\$7.20	Per Int'l Passenger Arrival
Immigration User Fee ⁹	\$0.00	\$5.00	\$7.00	\$7.00	Per Passenger
^{1.} Both (a) and (b) apply to domestic transport or to journeys to Canada or Mexico within 225 miles of the U.S. border; (a) is prorated on journeys between the mainland United States and Alaska/Hawaii. ^{2.} Applies to the sale (to third parties) of the right to award frequent flyer miles. ^{3.} Does not apply to those transiting the United States between two foreign points; \$11.10 on flights between the mainland United States and Alaska/Hawaii. ^{4.} Applies only to flights within the 50 states but is prorated on transportation of cargo between the mainland United States and Alaska/Hawaii. ^{5.} Congress created the Leaking Underground Storage Tank (LUST) Trust Fund in 1986 to 1) provide money for overseeing and enforcing corrective action taken by a responsible party, who is the owner or operator of the leaking UST and 2) provide money for cleanups at UST sites where the owner or operator is unknown, unwilling, or unable to respond, or which require emergency action. ^{6.} Funds TSA at \$5.60 per one-way up to \$11.20 per round trip (was \$2.50 per enplanement up to \$5.00 per one-way trip from 2/1/02 through 7/20/14); suspended 6/1/03-9/30/03. ^{7.} Since 5/13/91 (passenger fee) and 2/9/92 (aircraft fee), funds agricultural quarantine and inspection services conducted by CBP per 7 CFR 354; APHIS continues to perform certain Agricultural Quarantine Inspection-related functions that are funded by user fee collections. ^{8.} Since 7/7/86, funds inspections by U.S. Customs and Border Protection; passengers arriving from U.S. territories and possessions are exempt. ^{9.} Since 12/1/86, funds inspections by U.S. Immigration and Customs Enforcement.					
Source: Airlines For America (A4A) https://www.airlines.org/dataset/government-imposed-taxes-on-air-transportation/ Compiled by Newton & Associates, Inc.				2025 Section IV Tables Final 05/05/25	

⁵⁹ <https://www.airlines.org/dataset/government-imposed-taxes-on-air-transportation/#> Accessed 01/20/2025.

10. American Airlines and the Role of the Airport as a Connecting Hub

Since the Airline Deregulation Act of 1978, major airlines in the U.S. have operated “hub and spoke” systems to more efficiently use their aircraft. In a “hub and spoke” system, passengers from numerous cities throughout the major airlines’ networks are flown to a “hub” airport, where they connect on flights to “spoke” airports in other cities, thereby creating economies of scale and allowing airlines to increase frequency and profitably and to serve cities that would otherwise go unserved in a “point-to-point” system.

Since 1979, the Airport has been a connecting passenger hub of increasing size and national importance: first for Eastern Airlines, then for Piedmont Airlines, then US Airways and now American Airlines. Because of the operation as a hub, local passengers have enjoyed a level of direct, non-stop service unusual in markets with populations comparable to that of the Air Service Area. The Airport is served by eight major carriers operating mainline flights. Several of these “mainline” carrier’s subcontract with regional airlines to supplement the mainline service to smaller markets. These include American, Delta, and United. But only American Airlines operates at Charlotte as a “hub” in its air transportation system.

Currently, American Airlines has primary hubs in Charlotte (CLT), Chicago (ORD), Dallas/Fort Worth (DFW), Los Angeles (LAX), Miami (MIA), New York City (JFK & LGA), Philadelphia (PHL), Phoenix (PHX) and Washington, DC (DCA). From these hubs, during 2022 it operated scheduled passenger service on approximately 3,700 daily flights to communities in the U.S., Canada, the Middle East, the Caribbean, Latin America and Europe.

The Airport is the second busiest airport in the American Airlines system (behind only DFW) based on the number of destination and daily flights. As of July 2024, American Airlines offered 690 daily flights from the Airport to 170 destinations to 25 countries.

American Airlines, including its regional affiliates, carried more than 45 million passengers through the Airport in 2024, which was 89% of all the Airport’s passenger traffic for the year. By comparison, in 2024, American Airlines carried 64 million passengers through DFW, which was 82% of all DFW passengers for the year. Miami is American Airlines’ third largest hub with 30 million passengers in 2024 and a 61% market share.

Table IV-12 depicts a snapshot comparison of all American Airlines’ hubs as presented on its website. As shown, the CLT hub was second only to DFW in daily departures (690), non-stop destinations (170), countries served (25), based employees (15,000), and passengers (45,000,000) total enplaned and deplaned. American Airlines’ market share at the Airport was more than 89%, which is greater than for any of its other hubs.

(Remainder of Page Intentionally Left Blank)

TABLE IV-12
Comparison of American Airlines' Hubs

	American Airlines' Hubs								
	CLT	DFW	MIA	ORD	PHL	PHX	NYC ¹	DCA	LAX
Daily Flights	690	925	380	400	340	260	215	255	125
Destinations	170	230	155	155	110	100	85	85	50
Countries	25	30	45	17	24	3	26	4	7
Cargo Lbs.	76,000,000	260,000,000	220,000,000	96,000,000	79,000,000	13,000,000	172,000,000	1,000,000	120,000,000
Employees	15,000	36,000	14,600	9,300	8,600	7,400	8,600	4,000	6,800
Passengers	45,000,000	64,000,000	30,000,000	20,000,000	16,000,000	18,000,000	15,000,000	13,000,000	11,000,000
Market Share	89%	82%	61%	29%	61%	39%	35%	53%	15%
¹ NYC includes statistics for LGA and JFK.									
Source: American Airlines Hub Fact Sheets. https://news.aa.com/multimedia/fact-sheets/default.aspx							2025 Section IV Tables Final		
Compiled by Newton & Associates, Inc.							05/05/25		

11. Competition from Other Air Carrier Airports

The Airport is the only large hub airport in both North Carolina and South Carolina. In June 2024, it averaged 703 scheduled air carrier passenger departures daily to 189 non-stop destinations including 39 foreign countries and territories. It is the fifth largest airport in the U.S. in terms of operations and the ninth largest in terms of passengers. In FY 2024, the airlines enplaned over 28.6 million (estimated) passengers at the Airport.

Concord – Padgett Regional Airport (“JQF”) is the only other passenger service airport located within the Air Service Area. JQF is located approximately 30 miles from the Airport and its passenger airline service is provided by Allegiant Air and Avelo Airlines which currently offers scheduled service to the following destinations:

Allegiant Air:

- Orlando Sanford International Airport (SFB) - Orlando/Daytona areas) four days weekly;
- St Pete-Clearwater International Airport (PIE) - Tampa/St. Petersburg, Florida areas four days weekly;
- Fort Lauderdale-Hollywood International Airport (FLL) - Fort Lauderdale/South Florida areas four days weekly; and

- Punta Gorda Airport (PGD) - SW Florida, Ft. Myers & Naples areas three days weekly.

Avelo Airlines:

- Albany International Airport (ALB) - upstate New York area once weekly;
- Daytona Beach International Airport (DAB) - Dayton/Orlando, FL areas twice weekly;
- Bradley International Airport (BDL) - Hartford, CT area twice weekly;
- Manchester-Boston Regional Airport (MHT) - Manchester/Boston, MA areas twice weekly;
- Nashville International Airport (BNA) - Nashville, TN twice weekly;
- Tweed New Haven Airport (HVN) - New Haven, CT four days weekly;
- Lakeland Linder International Airport (LAL) - Orlando/Tampa FL areas twice weekly; and
- Frederick Douglas Greater Rochester international Airport (ROC) - northern New York twice weekly.

In CY 2024, JQF reported 115,600 enplanements or 0.1%⁶⁰ of the Airport's enplanements. NAI does not believe that JQF presents competition for the Airport presently nor is it likely to in the foreseeable future. Owned and operated by the City of Concord, North Carolina, JQF currently has limited aeronautical facilities, having a single runway of 7,400 feet in length and 150 feet wide, and a modest passenger terminal building of approximately 25,000 square feet of area.

There are three other air carrier airports located within 100 miles of the Airport:

- Greenville-Spartanburg International Airport in Greer, SC (GSP), located approximately 90 miles from the Airport and enplaned 1.37 million passengers in FY 2024;
- Piedmont Triad International Airport in Greensboro, NC (GSO), located approximately 80 miles from the Airport and enplaned 941 thousand passengers in FY 2024; and
- Columbia Metropolitan Airport in Columbia, SC (CAE), located approximately 90 miles from the Airport and enplaned approximately 681 thousand passengers in FY 2024⁶¹.

Raleigh-Durham International Airport, located in Morrisville, NC (RDU) is a medium hub airport located approximately 135 miles northeast of Charlotte. Drive time between these two airports is more than two hours. RDU is served by 14 airlines, including Air Canada, Alaska, Allegiant, American, Delta, Frontier, JetBlue, United, Southwest and Spirit, which collectively fly to 65 non-stop destinations. RDU enplaned 7.4 million passengers in FY 2024, or 26% of CLT enplanements.

⁶⁰ FAA-5100-127 (Operating and Financial Summary Report 127)

⁶¹ CAE website: flycae.com/category/news/

Each of these airports are located close to the outer reaches of the Air Service Area. While NAI expects that some passengers in the Air Service Area fly from one of these airports from time to time (the extent to which is uncertain), NAI also believes that a greater number of passengers from the air service areas of those airports choose to fly in and out of the Airport due to more numerous opportunities for non-stop service and the frequencies of service from the Airport. The average fare at the Airport reported by BTS in Q4 2023 (\$423) was lower than GSO (\$451) and lower than GSP (\$443), and higher at RDU (\$337) and the U.S. average (\$366).⁶² NAI notes that the lower RDU average fare is, to some extent, a function of the increased competition among airlines at RDU including that by low fare carrier Allegiant which also serves JQF.

12. Extraneous Conditions Affecting Air Commerce

The demand for air service at airports and the Airport can be artificially and temporarily depressed during periods of national and worldwide emergency such as armed conflicts, pandemics, economic depressions and recessions and other influences. These can be observed to have occurred as a result of terrorist attacks on September 11, 2001, the financial collapse of 2008-2009, the COVID-19 pandemic of 2020 and 2021 and the Russian invasion of Ukraine in February of 2022, and the Palestinian (Hamas) attack on Israel in October of 2024 .

G. FORECAST OF PASSENGER ENPLANMENT ACTIVITY

Typically, an analysis of historical traffic activity at an airport, in combination with observable historical and forecast economic conditions, provides a basis for forecasting air traffic at the Airport for the purpose of forecasting ability of the Airport to service additional debt. The disruption in air traffic caused by the COVID-19 pandemic during the Study Period has rendered any such historical activity less reliable for any forecast of future activity.

Air traffic has been increasing steadily at the Airport since its lowest level in 2021. During FY 2023, the Airport reported 25.4 million total enplanements achieving 106% of the FY 2019 level. In FY 2024, the Airport reported 28.6 million enplanements, or nearly 120% of the FY 2019 Level.

As previously mentioned, the demand for connecting enplanements at the Airport is dependent upon American Airlines continuing to operate its hub at the Airport. Currently, the Airport serves as one of only two domestic connecting hubs (along with Hartsfield-Jackson Atlanta International Airport) in the Southeast U.S., providing important passenger airline capacity to the national air transportation system. Additionally, the completion of the Fourth Parallel Runway element of the 2025 Project will significantly enhance the Airport's airfield capacity. Because of the importance of the Airport's passenger airline facilities to the national air transportation system, we believe that it is reasonable to expect that American Airlines will continue to operate its hub at the Airport during the Forecast Period.

⁶² Source: Bureau of Transportation Statistics – Average Domestic Fares. <https://www.transtats.bts.gov/AIRFARES/> Accessed 01-20-2025.

Given the current uncertainties in the U.S. and world economies, recurrence of another pandemic, and the Russian - Ukrainian, and Israeli – Palestinian conflicts, no forecast of passenger traffic can be made with any certainty.

Table IV-13 sets forth historical enplanements during the Study Period and the Forecast of enplanements during the Forecast Period. Because the first year of the Study Period (FY 2020), however, showed the initial traffic decline resulting from the pre-pandemic levels, the resulting five-year CAGR measure (10.22%) is skewed by the high growth rate generated by the low enplanement level of FY 2020. Because of this, a broader evaluation period of the Airport's historical growth performance has been considered and includes the various historical trends shown on Table IV-13.

The period FY 2015 through FY 2019 captures a five-year growth trend of which occurred just prior to the pandemic induced traffic reductions which began in FY 2020. During this period, total Airport enplanements increased at a CAGR of 1.94%. During this same period, O&D and connecting enplanements grew at CAGRs of 6.5% and 0.19%, respectively.

The period FY 2015 through FY 2024 captures a growth trend of ten years of Airport enplanement activity. During this period, total Airport enplanements increased at a CAGR of 2.88%. Airport O&D and connecting enplanements grew over the same period at CAGRs of 5.50% and 1.84%, respectively.

The period FY 2019 through FY 2024 provides a trend that reflects enplanements from the pre-pandemic activity level to the most recent. During this period, total Airport enplanements increased at a CAGR of 3.63%. Airport O&D and connecting enplanements grew over the same period at CAGRs of 4.63% and 3.18%, respectively. These CAGR results are not skewed by the higher growth rate generated by the low enplanement level of FY 2020.

Finally, the period FY 2022 through FY 2024 shows the most recent enplanement growth experienced at the Airport. This trend is useful in observing the growth from the first year in which enplanement activity nearly reached the FY 2019 pre-pandemic level to the most recent year. During this period, total Airport enplanements increased at a CAGR of 11.51%. Airport O&D and connecting enplanements grew over the same period at CAGRs of 14.11% and 10.34%, respectively. These high growth trends are primarily reflective of the increase of approximately 5.6 million total enplanements from FY 2022 to FY 2024. Of this amount, approximately 2.1 million were O&D enplanements and approximately 3.5 million were connecting enplanements.

As demonstrated by the measures described above, the Airport has experienced a fast recovery from the COVID-19 and continued strong growth through FY 2024.

In addition to the historical passenger traffic performance described above, recently scheduled seat volumes by American Airlines at CLT through the balance of FY 2025 has also to be considered for near-term forecasting purposes.

On February 20, 2025, American Airlines posted its schedule of total seats at CLT for the balance of FY 2025. Its new schedule of seats through June 2025 represents a 2.5% increase over

the FY 2024, but its scheduled number of seats for the last six months of FY 2025 represents a 3.2% decrease compared to the last six months of FY 2024.

NAI expects that most, if not all of these seat reductions, if realized, will occur within American's connecting operations at CLT. We also expect that, with the delivery of new aircraft anticipated by American in 2025, 2026 and beyond,⁶³ the reduced seat capacity at CLT will be eventually restored and increased at CLT in the future.

This expectation is based on the historical growth in American Airline's connecting enplanements generated at CLT (see Table IV-13), and the additional seat capacity that will be added to American's active aircraft fleet via its new aircraft when delivered.

Based on the foregoing, and as shown on Table IV-13, we have developed our forecast of passenger enplanements at CLT for the Forecast Period. As shown, total enplanements have been forecast to increase at an average annual rate of 2.00% per year over the Forecast Period. This average rate of forecast is generated by the 3.50% annual forecast rate adopted for O&D enplanements and the average 1.21% annual forecast rate adopted for connecting enplanements, all as shown in the forecast portion of Table IV-13.

READERS OF THIS REPORT SHOULD RELY ON THEIR OWN JUDGEMENT TO ASSESS WHETHER THE TRAFFIC SCENARIOS EMPLOYED IN THIS REPORT ARE REASONABLE, AND THE RESULTING FINANCIAL FORECASTS ARE REALISTIC.

(Remainder of Page Intentionally Left Blank)

⁶³ <https://news.aa.com/multimedia/fact-sheets/default.aspx>

TABLE IV-13
Forecast of Enplaned Passengers

Fiscal Year	Enplaned Passengers					
	O&D	Annual Rate	Connecting	Annual Rate	Total	Annual Rate
Actual ¹						
2015	5,657,000	4.00%	16,533,000	0.00%	22,190,000	1.00%
2016	6,207,000	9.72%	16,173,000	-2.18%	22,380,000	0.86%
2017	6,688,000	7.75%	15,828,000	-2.13%	22,516,000	0.61%
2018	6,996,000	4.61%	16,079,000	1.59%	23,075,000	2.48%
2019	7,301,000	4.36%	16,658,000	3.60%	23,959,000	3.83%
2020	5,848,000	-19.90%	13,561,000	-18.59%	19,409,000	-18.99%
2021	3,868,000	-33.86%	12,777,000	-5.78%	16,645,000	-14.24%
2022	7,032,000	81.80%	16,002,000	25.24%	23,034,000	38.38%
2023	8,104,000	15.24%	17,339,000	8.36%	25,443,000	10.46%
2024	9,157,000	12.99%	19,483,000	12.37%	28,640,000	12.57%
Compound Annual Growth Rate						
2015- 2019	6.59%		0.19%		1.94%	
2015- 2024	5.50%		1.84%		2.88%	
2019- 2024	4.63%		3.18%		3.63%	
2020- 2024	11.86%		9.48%		10.22%	
Forecast: ²						
	O&D	Annual Rate	Connecting	Annual Rate	Total	Annual Rate
2025 ³	9,477,495	3.50%	19,403,885	-0.41%	28,881,380	0.84%
2026	9,809,207	3.50%	19,403,885	0.00%	29,213,092	1.15%
2027	10,152,530	3.50%	19,597,924	1.00%	29,750,453	1.84%
2028	10,507,868	3.50%	19,891,893	1.50%	30,399,761	2.18%
2029	10,875,644	3.50%	20,190,271	1.50%	31,065,914	2.19%
2030	11,256,291	3.50%	20,493,125	1.50%	31,749,416	2.20%
2031	11,650,261	3.50%	20,800,522	1.50%	32,450,783	2.21%
2032	12,058,020	3.50%	21,112,530	1.50%	33,170,550	2.22%
Compound Annual Growth Rate						
2025 - 2032	3.50%		1.21%		2.00%	
¹ Source: Charlotte Douglas International Airport's Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2024. ² Source: FY 2025 - FY 2032 Forecast prepared by Newton & Associates, Inc. ³ FY 2025 estimated based on seven months actual enplanements and total scheduled airline seats through June 2025.						
Prepared by Newton & Associates, Inc.				2025 Section IV Tables Final 05/05/25		

V. FINANCIAL ANALYSIS

A. GENERAL

The Airport is operated by the Aviation Department as a self-supporting enterprise fund of the City. The activities of the Airport are accounted for by the City and the Aviation Department Financial Management unit on a full accrual basis in accordance with generally accepted accounting principles for governmental entities.

As stated in Section I hereof and pursuant to the provisions of the Bond Order, beginning with the issuance of the 2021 Bonds, the City elected to reclassify all revenue and expense of the Excluded Cost Centers as Included Cost Center Revenue and Current Expense under the Bond Order and pledged the resulting Net Revenue to payment of debt service on the City's Prior Bonds, debt service on the 2025 Bonds and Future Bonds. Also stated in Section I, this change in the constitution of Included Cost Center Revenue notwithstanding, the City is not required to share any surplus from the formerly Excluded Cost Centers with the Signatory Airlines. To recognize this distinction, for the purpose of this analysis and the tables contained herein, we have categorized former Included Cost Centers (Airfield and Terminal Complex) as "Airline Cost Centers" and the formerly Excluded Cost Centers as "Non-Airline Cost Centers". With respect to Revenue and Current Expenses as defined in the Bond Order, this concept of Airline Cost Centers and Non-Airline Cost Centers has been used to compile historical Revenue and Current Expenses and to forecast future Revenue and Current Expenses.

B. APPLICATION OF REVENUE UNDER PROVISIONS OF THE BOND ORDER

Section 401 of the Bond Order establishes a special fund designated "Charlotte/Douglas International Airport Construction Fund" to be held by the Trustee in trust pending application to the cost of the Additional Facilities. Any money received by the Trustee or the City from any source for the construction of Additional Facilities is to be deposited into the Additional Facilities sub account to be created for each Series of Bonds.

In addition to the Construction Fund, Article V of the Bond Order establishes the following Funds:

- (a) Airport Revenue Fund;
- (b) Airport Operating Fund;
- (c) Airport Bond Fund;
- (d) Airport Discretionary Fund;
- (e) Airport Insurance and Condemnation Award Fund; and
- (f) Airport PFC Revenue Account.

All Revenue is to be deposited upon receipt into the Revenue Fund. The Bond Order requires that on or before the 25th day of each month the City is to withdraw funds on deposit in the Revenue Fund and apply the same in the following manner and order.

- (1) to the Operating Fund, an amount sufficient to bring the balance in the Operating Fund to equal 1/12th of the amount shown by the Annual Budget as Current Expenses for the then current Fiscal Year plus the amount of encumbered funds from previous budgets (excluding the amount set aside in the Operating Reserve account under the Bond Order);
- (2) as required by the respective series resolutions, to the Trustee for deposit in respective sub-account of the Interest Account for all Bonds Outstanding under the Bond Order, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City;
- (3) as required by the respective series resolutions, to the Trustee for deposit in the respective sub-account of the Principal Account and Sinking Fund Account for all Bonds Outstanding under the Bond Order, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City;
- (4) in the event that there is not on deposit in any sub-account of the Reserve Account an amount equal to the Reserve Requirement for such sub-account an amount sufficient to replenish 1/12th of any deficiency therein if caused by a withdrawal of funds or 1/24th of any deficiency if caused by a change in valuation;
- (5) to the payment of any Subordinate Indebtedness; and
- (6) if the Operating Fund Reserve Account is less than 25% of Current Expense as set forth in the Annual Budget for the fiscal year, to a separate account of the Operating Fund in an amount equal to 1/12th of any deficiency therein.

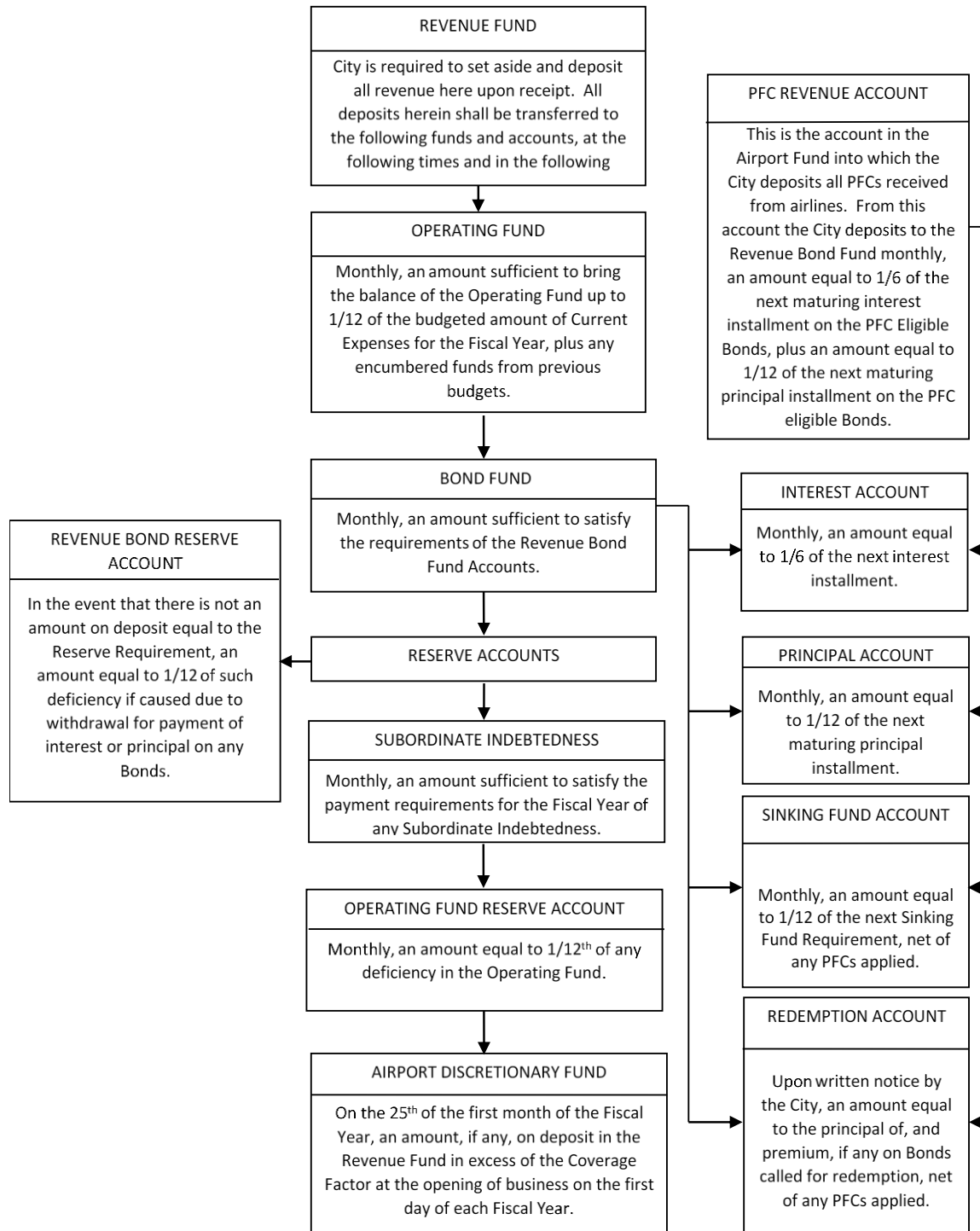
If, as of the opening of business on the first day of each Fiscal Year, there are funds on deposit in the Revenue Fund in excess of the Coverage Factor, such excess is to be transferred on the 25th day of the Fiscal Year to the Airport Discretionary Fund.

On or prior to the date that the City provides the Trustee with written notice of redemption, money in the Revenue Fund may be deposited to the sub-account of the Redemption Account for such Bonds to be redeemed, an amount equal to the principal of, and premium, if any, on such Bonds so called for redemption.

See **Figure V-1** for a depiction of Application of Revenue.

(Remainder of Page Intentionally Left Blank)

FIGURE V-1
Application of Revenue



C. RATE COVENANT

In the Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenue in each Fiscal Year at least equal to the sum of deposits required to be made in each Fiscal Year to: (i) the Operating Fund; (ii) the Revenue Bond Fund; and (iii) all the other deposits described in Section V, subsection B, above, plus an amount, if any, which results in an amount on deposit in the Revenue Fund as of the opening of business on the first day of the next Fiscal Year, equal to the Coverage Factor for such preceding Fiscal Year.

The Coverage Factor for each Fiscal Year is defined as an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenue into the Revenue Bond Interest Account and the Revenue Bond Principal and Sinking Fund Accounts for such Fiscal Year. Revenue for a Fiscal Year is deemed to include amounts retained by the City in the Revenue Fund as of the end of the preceding Fiscal Year.

PFCs received by the City are not “Revenue” under the Bond Order and are defined as “PFC Revenue,” except to the extent they are designated as “Pledged PFC Revenue.” PFC Revenue is required to be deposited in the PFC Revenue Account, and Pledged PFC Revenue is required to be deposited into the Pledged PFC Revenue sub-account in the PFC Revenue Account. Pledged PFC Revenue is required to be applied to the payment of the debt service on the specific series of Bonds to which it is pledged. There are currently no Pledged PFC Revenues. Other PFC Revenue shall be transferred to the Bond Fund to pay the debt service on PFC Eligible Bonds and used to pay the capital cost of PFC eligible projects as otherwise permitted by law. For the purpose of calculating the debt service coverage, PFC Revenue applied to the payment of debt service is subtracted from the gross debt service requirement, and the Net Revenue is divided by the resulting net debt service requirement thereby yielding the debt service coverage ratio for the year in question. A detailed discussion of the impact of PFCs is contained in Section V, subsection H herein.

D. HISTORICAL AIRPORT REVENUE

As stated in Section I, the Study Period (FY 2020 – FY 2024) is the five-year historical period for which data has been compiled and trends analyzed to determine the extent to which past performance indicators may contribute to performance looking forward. Because of the impact of the COVID-19 pandemic beginning in FY 2020, we have also documented financial performance trends during the pandemic and made observations regarding them when relevant.

1. Historical Airport Revenue

Airport Revenue includes revenues generated from the Airline Cost Centers (“Airline Cost Center Revenue”) and Non-Airline Cost Centers (“Non-Airline Cost Center Revenue”).

Historical Airline Cost Center Revenue includes Airline Terminal Revenue, Non-Airline Terminal Revenue, Other Terminal Complex Revenue, Airfield Revenue and Other Airline Cost

Center Revenue. Historical Non-Airline Cost Center Revenue includes Cargo and FBO Area revenue, Special Facility Revenue and other Non-Airline Cost Center Revenue.

Total Airport Revenue from FY 2020 through FY 2024 is presented on **Table V-1**. As shown, Total Airport Operating Revenue increased from \$228.0 million in FY 2020 to \$431.7 million in FY 2024, a CAGR of 17.3%.

TABLE V-1
Historical Airport Revenue
(Amounts in \$000s)

HISTORICAL AIRPORT REVENUE	Study Period					CAGR 2020-2024
	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	
I. AIRLINE COST CENTERS REVENUE						
TERMINAL COMPLEX REVENUE						
TERMINAL REVENUE						
<u>Airline Terminal Revenue</u>	\$48,711	\$35,140	\$55,552	\$64,674	\$83,243	14.34%
<u>Non-Airline Terminal Revenue</u>						
Terminal Concessions:						
Food & Beverage	\$25,349	\$23,188	\$36,862	\$28,293	\$43,461	14.43%
Retail Merchandise	11,541	9,616	16,509	18,268	22,588	18.28%
ATM's	1,857	1,769	1,691	1,567	1,569	-4.13%
Advertising	1,730	2,656	1,874	2,777	3,393	18.34%
Other Terminal Concessions	110	222	408	281	656	56.34%
Total Terminal Concessions	\$40,587	\$37,450	\$57,345	\$51,186	\$71,667	15.27%
Other Non-Airline Terminal Revenue:	\$3,002	\$3,329	\$4,459	\$6,758	\$7,290	24.83%
Total Non-Airline Terminal Revenue	\$43,588	\$40,780	\$61,804	\$57,944	\$78,957	16.01%
Total Terminal Revenue	\$92,300	\$75,920	\$117,356	\$122,619	\$162,200	15.14%
OTHER TERMINAL COMPLEX REVENUE						
Non-Terminal Concessions						
Automobile Parking	\$47,560	\$27,203	\$81,144	94,711	115,290	24.78%
Rental Cars	13,220	9,319	19,025	20,327	22,873	14.69%
Ground Transportation	326	104	277	446	1,431	44.80%
Transportation Network Companies	4,610	1,942	4,299	6,594	7,080	11.33%
Total Non-Terminal Concessions	\$65,716	\$38,569	\$104,744	\$122,078	\$146,675	22.23%
Other-Non-Terminal Complex Revenue	\$9,454	\$7,752	\$11,678	14,851	14,287	10.87%
Total Other Terminal Complex Revenue	\$75,170	\$46,321	\$116,422	\$136,928	\$160,962	20.97%
TOTAL TERMINAL COMPLEX REVENUE	\$167,470	\$122,241	\$233,778	\$259,547	\$323,163	17.86%
AIRFIELD REVENUE						
Landing Fees	\$30,264	\$22,923	\$39,456	42,718	52,495	14.76%
Other Airfield Revenue	\$1,059	\$155	\$374	449	458	-18.90%
TOTAL AIRFIELD REVENUE	\$31,323	\$23,078	\$39,830	\$43,167	\$52,953	14.03%
TOTAL AIRLINE COST CENTERS REVENUE	\$198,793	\$145,319	\$273,608	\$302,714	\$376,116	17.28%
II. NON-AIRLINE COST CENTERS REVENUE¹						
Cargo and FBO Areas:						
Building & Ground Rentals	\$7,782	\$7,573	\$10,033	10,473	16,577	20.81%
FBO Revenue	\$18,816	\$18,592	\$32,210	36,512	34,522	16.38%
Other Non-Airline Cost Centers Revenue	2,617	99,811	3,133	3,807	4,478	14.37%
TOTAL NON-AIRLINE COST CENTERS REVENUE	\$29,215	\$26,065	\$45,377	\$50,792	\$55,578	17.44%
TOTAL OPERATING REVENUES - Airline & Non-Airline Cost Centers	\$228,008	\$171,384	\$318,984	\$353,506	\$431,694	17.30%
¹ Non-Airline Cost Centers are Excluded Cost Centers under the Signatory Airline Agreement.						
Source: Charlotte Douglas International Airport. Compiled by Newton & Associates, Inc.						
2025 Section V Tables Final 05/05/25						

E. HISTORICAL AIRPORT EXPENSE

1. Current Expenses

The Airport's annual Current Expenses includes expense incurred in the Airline Cost Centers ("Airline Cost Center Expense"). Total Airport Current Expenses also include expenses incurred in the Non-Airline Cost Center ("Non-Airline Cost Center Expense") effective July 1, 2021 (FY 2022). The Airport's Current Expenses include personnel services, City furnished services, contractual services and commodities used or expended by the City in providing and operating the Airport. The Airport's annual Current Expense is paid from annual Airport Revenue. Historical Airline Cost Center Current Expense is compiled herein under the following categories: (i) Terminal Complex (Terminal Building, Ground Transportation, and Fueling Facilities); (ii) Airfield; and (iii) ASF. Historical Non-Airline Cost Center Expense is compiled herein under the following categories: (i) Cargo; (ii) FBO; (iii) ASF; (iv) Deicing; (v) Recycling; (vi) and Other.

The Airport's historical Current Expenses from FY 2020 through FY 2024 are presented in **Table V-2**. As shown, Total Current Expenses increased from \$174.2 million in FY 2020 to \$256.3 million in FY 2024, a CAGR of 10.1%.⁶⁴

(Remainder of Page Intentionally Left Blank)

⁶⁴ These growth rates reflect incremental Current Expenses that were incurred by the operations of additional Airport facilities that were added during the Study Period as part of the Airport's multi-year CIP.

TABLE V-2
Historical Airport Expenses
(Amounts in \$000s)

	Study Period					CAGR 2020-2024
	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	
HISTORICAL AIRPORT CURRENT EXPENSES¹						
CURRENT EXPENSES						
<u>Airline Cost Centers Expense</u>						
Terminal Complex						
Terminal Building	\$62,018	\$59,800	\$67,674	\$79,089	\$93,789	10.9%
Ground Transportation	30,829	26,336	30,628	39,268	44,782	9.8%
Fueling Facilities	168	98	175	117	203	4.8%
Total Terminal Complex	\$93,015	\$86,233	\$98,477	\$118,474	\$138,774	10.5%
Airfield	\$10,955	\$11,173	\$14,549	\$14,739	\$17,435	12.3%
ASF	32,680	36,368	38,291	41,501	51,631	12.1%
Total Airline Cost Centers Expense	\$136,650	\$133,773	\$151,317	\$174,714	\$207,840	11.1%
<u>Non-Airline Cost Centers Expense</u>						
Cargo	\$2,552	\$2,147	\$1,965	\$2,562	\$2,591	0.4%
FBO	22,244	11,126	25,839	29,598	28,601	6.5%
ASF	5,835	5,962	7,050	7,291	8,375	9.5%
Deicing	2,170	2,177	2,826	2,218	2,185	0.2%
Other	4,706	4,649	3,485	1,370	6,560	8.7%
Deferred Pension/ OPEB Expenses	0	-5,654	0	0	0	n/a
Capital Outlay	0	684	440	136	180	n/a
Total Non-Airline Cost Centers Expense	\$37,507	\$21,090	\$41,604	\$43,175	\$48,492	6.6%
Total Current Expense²	\$174,157	\$154,864	\$192,922	\$217,889	\$256,332	10.1%
¹ Non-Airline Cost Centers are Excluded Cost Centers under the Signatory Airline Agreement. ² Current Expense excludes amortization and depreciation.						
Source: Charlotte Douglas International Airport. Compiled by Newton & Associates, Inc.			2025 Section V Tables Final 05/05/25			

2. Existing Debt Service

After payment of Current Expenses each Fiscal Year, Airport Revenue is applied to the payment of Debt Service on the Outstanding Bonds. The Debt Service paid during the Study Period for the Prior Bonds is set forth on **Table V-3**.

The Prior Bonds are secured by a pledge by the City of the Net Revenue of the Airport. As of the date of this Report, the total principal amount on the Prior Bonds outstanding was \$1,566,105,000, excluding principal outstanding of \$21,614,007 on BANs.

F. HISTORICAL APPLICATION OF REVENUE

Table V-3 depicts the application of revenue under the provisions of the Bond Order for the years comprising the Study Period. Table V-3 also depicts the debt service coverage on the Prior Bonds for the same period. Debt service coverage is calculated by dividing Net Revenue by the gross revenue bond debt service, less PFCs and grants applied. Coverage during the Study Period ranged from 3.92 times in FY 2020 down to 3.83 times in FY 2021. The decrease in coverage in FY 2021 reflects the impacts of COVID-19. In FY 2022, debt service coverage increased to 5.29 times, reflecting strong recovery from the impacts of COVID-19. In FY 2023 and FY 2024 debt service coverage increased over the FY 2022 level to 6.00 times and 7.63 times, respectively, reflecting the continuation of a strong recovery from the pandemic as well as the application of certain NCAIP funds and COVID Relief Grant funds applied to the payment of Current Expenses and Debt Service.

As previously described, PFCs received by the City are not considered to be Airport Revenue under the Bond Order and are referred to instead as “PFC Revenue.” PFC Revenue deposited into the Bond Fund reduces the deposits required to be made into the Bond Fund each month from the Revenue Fund. PFC Revenue deposited into the Bond Fund during the Study Period is set forth on Table V-3. Amounts ranged from approximately \$28.3 million in FY 2022 to approximately \$62.1 million in FY 2024.

(Remainder of Page Intentionally Left Blank)

TABLE V-3

**Historical Application of Revenue Under Provisions of the Bond Order
(Amounts in \$000s)**

Application of Revenues		Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024
Revenues						
Operating revenues		\$198,793	\$145,319	\$318,984	\$353,506	\$431,694
Nonoperating revenues		27,984	24,892	18,259	78,274	110,331
Coverage Factor ^{1,2}		13,595	13,595	16,429	23,102	25,043
Total revenues		\$240,372	\$183,806	\$353,672	\$454,882	\$567,068
Expenses						
Current operating expense ²		\$136,650	\$133,773	\$192,922	\$217,889	\$256,332
Grants applied to operating expense ³		0	-45,900	-10,314	-11,800	-9,690
Change in operating fund reserve ⁴		1,187	0	6,004	6,858	8,466
Debt service fees ⁵		32	138	213	46	184
Total expenses		\$137,869	\$88,011	\$188,825	\$212,993	\$255,292
Net revenues available for revenue bond debt service	[A]	\$102,503	\$95,795	\$164,847	\$241,889	\$311,776
Gross revenue bond debt service		\$54,382	\$48,669	\$65,714	\$92,408	\$102,966
Less: PFC's applied		(28,264)	(23,678)	(34,570)	(52,113)	(62,127)
Requirement for revenue bond Fund ⁶	[B]	\$26,118	\$24,991	\$31,144	\$40,295	\$40,839
Debt Service Coverage ⁷	[A/B]	3.92	3.83	5.29	6.00	7.63
¹ Coverage Factor equal to 25% of the Gross Revenue Bond Debt Service from prior Fiscal Year. ² City elected to recognize all former Excluded Cost Centers (Non-Airline Cost Centers) revenue and operating expenses as Revenue and Current Expenses as of July 1, 2021. ³ NCAIP and Federal COVID Relief Grant funds applied to the payment of operating expenses. ⁴ Increase required per bond order to the operating fund reserve to maintain reserve equal to 33 1/3% of included operating expense. ⁵ Trustee, remarketing and other revenue bond debt service fees. ⁶ Scheduled principal and interest payments without regard to early redemptions of principal, if any. ⁷ FY 2020 - FY 2021's debt service coverage calculations did not include Non-Airline Cost Center Revenue or Expense.						
Source: Charlotte Douglas International Airport's Annual Comprehensive Financial Report FY June 30, 2024				2025 Section V Tables Final 05/07/25		

(Remainder of Page Intentionally Left Blank)

G. FORECAST OF AIRPORT REVENUE AND EXPENSE

1. Airport Revenue

As discussed previously in this Section, Airport Revenue is the source for payment of Current Expenses and Debt Service on the Outstanding Bonds. Beginning July 1, 2021, Airport Revenue includes Revenue from both the Airline and Non-Airline Cost Centers. Total Airport Revenue⁶⁵ increased from \$228.0 million in FY 2020 to \$431.7 million in FY 2024, a CAGR of 17.3%.

The Airport estimates total Airport Revenue to be \$505.6 million in FY 2025. Airport Revenue is projected to grow during the Forecast Period from \$529.5 million in FY 2026 to \$806.3 million in FY 2032, a CAGR of 7.3%. The forecast of annual Airport Revenue for the Forecast Period is set forth on **Table V-4**.

The following discusses the forecast of the Revenue to be generated by each of the Airport Cost Centers over the Forecast Period and the basis for each forecast.

a. Terminal Complex Revenue

Terminal Complex Revenue comprises Terminal Building Revenue, Ground Transportation Revenue and Fuel System Revenue.

Terminal Building Revenue includes Airline Terminal Revenue and Non-Airline Terminal Revenue.

Airline Terminal Revenue

Airlines pay rentals and fees for their use of the Terminal Airline premises and facilities. The amount of such payments is a function of the Current Expenses, debt service and other Airport costs allocated to the Terminal Building and the ratio of airline rented space to total rentable space in the Terminal Building for the year in question. Total Airline Terminal Revenue (airline terminal payments) during the Study Period grew from \$48.7 million in FY 2020 to \$83.2 million in FY 2024. Over the Forecast Period, additional debt service and incremental Current Expense are expected to be added to the Terminal Rate Base as the facilities constructed as part of the 2017-2025 CIP are completed and put in to service. The Airport estimates that Airline Terminal Revenue will be \$120.9 million in FY 2025. Based upon projected Current Expenses and scheduled debt service, total Airline Terminal Revenue is forecast to grow from an estimated \$130.1 million in FY 2026 to \$211.7 million in FY 2032, a CAGR of 8.4%⁶⁶.

Non-Airline Terminal Revenue

An important component of Airport Revenue is generated by commercial activity in the Terminal Building such as food and beverage, retail and advertising activity (collectively “Terminal Concessions”) and Other Non-Airline Terminal Revenue. Total Non-Airline Terminal Revenue grew from \$43.6 million in FY 2020 to \$79.0 million in FY 2024, a CAGR of

⁶⁵ Including both Airline Cost Centers and Non-Airline Cost Centers.

⁶⁶ See Table V-4

16.0%. Non-Airline Terminal Revenue reported for FY 2020 and FY 2021 reflect revenue reductions which resulted from pandemic related lower passenger traffic levels.

Non-Airline Terminal Revenue is estimated by the Airport to be \$80.3 million in FY 2025, and over the Forecast Period, Terminal Concession Revenue is forecast to grow from an estimate of \$81.2 million in FY 2026 to \$102.7 million in FY 2032, a CAGR of 4.0%.

Food, Beverage, and Retail Merchandise Revenue

Host International, Inc. (“Host”) operates the Airport’s food and beverage concession outlets in the Terminal Building under a concession agreement and lease with the City, the term of which expires on June 30, 2030. The Paradies Shops, LLC (“Paradies”) operates the Airport’s retail merchandise concessions in the Terminal Building under a non-exclusive concession agreement with the City, the term of which will expire on September 13, 2028. Host and Paradies pay the City a combination of (i) a fixed space rental to compensate the City for the use of the concession premises; and (ii) 50% of the profit earned by each concessionaire from its food and beverage and retail concession.

Food and beverage concession revenue grew from \$25.4 million in FY 2020 to \$43.5 million in FY 2024, a CAGR of 14.4%. In FY 2023, total food and beverage concession revenue reported was \$28.3 million, significantly lower than the prior year. This lower revenue amount reflects the application of CRRSA grants in the amount of \$15.3 million to offset total concession revenue due to the Airport (\$43.8 million).

Food and beverage concession revenue is estimated to total \$43.6 million in FY 2025 and is projected to grow from \$45.0 million in FY 2026 to \$57.5 million in FY 2032, a CAGR of 4.2%.

Retail merchandise concession revenue grew from \$11.5 million in FY 2020 to \$22.6 million in FY 2024, a CAGR of 18.3% during the Study Period. Retail merchandise concession revenue is estimated by the Airport to total \$21.6 million in FY 2025 and is forecast to grow from \$22.2 million in FY 2026 to \$28.4 million in FY 2032, a CAGR of 4.2% over the Forecast Period.

The level of gross receipts generated by Host and Paradies strongly correlates to the volume of total passenger activity at the Airport, the breadth of their offerings, and the merchandising strategies that each employ. In consideration of the historical rate of increase in the food and beverage and merchandise revenue per total enplanement, these revenues are being forecast using the forecast rate of growth of all enplaned passengers, plus a factor for inflation of 2% over the Forecast Period

Advertising Revenue

The City permits advertising in the Terminal Building by Intersection Media, LLC for a commission of 65% of the Advertising Revenue. Advertising concessions increased from \$1.7 million in FY 2020 to \$3.4 million in FY 2024, a CAGR of 18.3%. Advertising Revenue is estimated to be \$3.3 million in FY 2025 and is forecast to grow from \$3.4 million in FY 2026 to \$4.4 million in FY 2032, a CAGR of 4.2%.

Other Terminal Complex Revenue

In addition to the Terminal Building Revenue, the Terminal Complex Cost Center includes non-terminal concessions such as automobile parking, rental cars, transportation network companies (ride sharing companies such as Uber and Lyft), and other ground transportation activity. Each of these commercial activities is discussed below.

As with Non-Airline Terminal Revenue, Other Terminal Complex Revenue reported for FY 2020 and FY 2021 reflect reductions which resulted from pandemic related lower passenger traffic levels.

Total Other Terminal Complex Revenue grew from \$75.2 million in FY 2020 to \$161.0 million in FY 2024, a CAGR of 21.0%, primarily attributable to the sharp increase in Automobile Parking Revenue from FY 2022 through FY 2024.

Total Other Terminal Complex Revenue is estimated by the Airport to be \$176.8 million in FY 2025. Over the Forecast Period, Other Terminal Complex Revenue is forecast to grow from \$185.3 million in FY 2026 to \$233.1 million in FY 2032, a CAGR of 3.9%.

Automobile Parking

Automobile parking revenue is generated by people parking automobiles in on-Airport parking facilities provided and operated by the Airport when originating travel from the Airport, thus, parking revenue is very dependent upon the volume of O&D enplanement activity.

Automobile parking revenue has historically been a very important component of Non-Airline Revenue and the City has invested heavily in parking facilities, parking revenue control equipment and an online parking reservation system to maximize revenues and satisfy current and future capacity needs. During the Study Period, parking rates were increased July 1, 2021, as part of the introduction of a dynamic pricing model in which customers who make online reservations pay a lower rate. The Airport continued to develop its web-based, dynamic pricing model during the Study Period which has increased usership of the Airport's various automobile parking facilities and service levels.

Automobile parking revenue grew from \$47.6 million in FY 2020 to \$115.3 million in FY 2024, a CAGR of 24.8% during the Study Period.

The estimated volume of O&D enplaned passengers in FY 2025 (9.5 million) and the Airport's estimated parking revenue to be generated in FY 2025 (\$125 million) results in an estimated \$13.19 in parking revenue per O&D enplaned passenger for FY 2025. In consideration of the historical rate of increase in the automobile parking revenue per O&D enplanement, these revenues are being forecast using the forecast rate of growth of O&D enplaned passengers. Accordingly, automobile parking revenue is forecast to increase over the Forecast Period from \$129.4 million in FY 2026 to \$159.0 million in FY 2032, a CAGR of 3.5%. Note that no inflation factor has been employed in this forecast. It is assumed that any measures taken by the Airport to offset inflation of automobile parking facility operating costs would be included in any parking rate increases set during the Forecast Period. No such parking rate increases have been assumed. Further, our forecast of automobile parking revenue assumes that no material decrease

in the demand for on-Airport parking due to competition from off-Airport parking operators and Transportation Network Companies will occur over the Forecast Period.

The Airport's current automobile parking rates are as follows:

CURRENT PUBLIC PARKING RATES								
Time	STRUCTURED PARKING						SURFACE PARKING LOTS	
	VALET	EXPRESS DECK PREFERRED	EXPRESS DECK SELF-PARK	HOURLY	DAILY	DAILY North	LONG TERM	
							1	2
0-15 minutes	\$45*	\$24*	\$20*	\$0	\$0	\$0	\$0	\$0
15 mins - 1 hour	\$45	\$24	\$20	\$8	\$20*	\$14*	\$12*	\$12*
1 - 2 hours	\$45	\$24	\$20	\$16	\$20	\$14	\$12	\$12
2 - 3 hours	\$45	\$24	\$20	\$24	\$20	\$14	\$12	\$12
3 - 4 hours	\$45	\$24	\$20	\$32*	\$20	\$14	\$12	\$12
4-24 hours	\$45	\$24	\$20	\$32	\$20	\$14	\$12	\$12
24-48 hours	\$90	\$48	\$40	\$48	\$40	\$28	\$24	\$24
over 48 hours	+\$45 for every additional 24 hours	+\$24 for every additional 24 hours	+\$20 for every additional 24 hours	+\$32 for every additional 24 hours	+\$20 for every additional 24 hours	+\$14 for every additional 24 hours	+\$12 for every additional 24 hours	+\$12 for every additional 24 hours
* = maximum 24 hour rate Source: Charlotte Douglas International Airport.								

Rental Car Revenue

Rental car revenue is derived from the rental car companies (National/Alamo, Avis, Budget, Enterprise, Hertz, Dollar, and SIXT Rent A Car) operating at the Airport as on-Airport rental car concessionaires pursuant to a concession agreement that expires June 30, 2025, but the City expects to have a 5-year term extension in place prior to said expiration. The on-Airport rental car companies pay the City 10% of their gross receipts for operating at the Airport.

Rental Car Revenue grew from \$13.2 million in FY 2020 to \$22.9 million in FY 2024, resulting in a CAGR of 14.7% over the Study Period.

Airport management is estimating Rental Car Revenue to be \$23.9 million in FY 2025, which amounts to \$2.52 per O&D enplaned passenger. Utilizing this baseline revenue per O&D enplanement, a factor for inflation and projected O&D enplaned passengers, Rental Car Revenue is projected to grow from \$25.3 million in FY 2026 to \$35.0 million in FY 2032, a CAGR of 5.6%. This forecast assumes that the rental car concessionaires at the Airport will continue to pay the City 10% of their gross receipts and otherwise operate at the Airport under similar terms as their existing concession agreement upon its expiration on June 30, 2025.

The City also collects a Contract Facility Charge ("CFC") of \$6.00 per customer contract day from each rental car company operating at the Airport pursuant to a CFC Ordinance adopted by

the City. However, CFC Revenue is not Revenue under the Bond Order. Proceeds of the CFC are used in connection with the consolidated rental car facility at the Airport.

Transportation Network Company Revenue

Transportation network companies (“TNCs”), such as Uber, Lyft, Wingz and other, offer door-to-door, nonstop transportation and other transportation services at the request of customers through smart phone applications, or apps, that the companies offer and operate. The apps allow customers to connect with and pay drivers. Outside of the airport industry, TNCs are sometimes referred to by a variety of terminologies, whereas this Report uses “transportation network company” or “TNC” exclusively.

In FY 2020, TNC Revenue totaled \$4.6 million, increasing to \$7.1 million in FY 2024, resulting in a CAGR of 11.3% during the Study Period. Airport management is estimating TNC revenue of \$11.3 million in FY 2025. Based on the forecast of O&D enplanements over the Forecast Period and a factor for inflation, TNC Revenue projected to reach \$16.6 million in FY 2032, a CAGR of 5.6%.

Peer-to-Peer Car Sharing Revenue

Another growing method of obtaining ground transportation at Airports is the rental of private automobiles via web-based platforms, or mobile technology. These platforms are offered by a number of companies which manage private care sharing, or “Peer-to-Peer” private car rental transactions. These companies have been described as the Airbnb of private car sharing. Through a Peer-to-Peer company, car owners can rent their cars to those seeking alternatives to other ground transportation options.

Turo is a peer-to-peer car sharing company that allows private car owners to rent out their vehicles via an online mobile interface and currently operates at the Airport. Unlike TNCs, car sharing services are not currently regulated in North Carolina. The Airport has negotiated a set fee per parking space based on the number of parking spaces.

Total Terminal Complex Revenue

Total Terminal Complex Revenue grew from \$167.5 million in FY 2020 to \$323.2 million in FY 2024, a CAGR of 17.9%. See Table V-1.

Airport management has estimated total Terminal Complex Revenue of \$378.0 million in FY 2025 and is forecast to grow to \$547.5 million in FY 2032, a CAGR of 5.5% over the Forecast Period. See **Table V-4**.

TABLE V-4
Forecast Airport Revenue
(Amounts in \$000s)

AIRPORT REVENUE FORECAST ¹	Forecast Period								CAGR FY 2026-2032
	Estimate FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031	Projected FY 2032	
I. AIRLINE COST CENTERS REVENUE									
TERMINAL COMPLEX REVENUE									
Airline Terminal Revenue:	\$120,930	\$130,140	\$139,895	\$148,748	\$160,032	\$170,806	\$187,377	\$211,671	8.4%
Non-Airline Terminal Revenue									
Terminal Concessions:									
Food & Beverage	43,609	\$44,992	\$46,736	\$48,711	\$50,774	\$52,929	\$55,180	\$57,532	4.2%
Retail Merchandise	21,546	22,229	23,091	24,067	25,086	26,151	27,263	28,425	4.2%
ATM's	1,582	1,632	1,695	1,767	1,842	1,920	2,002	2,087	4.2%
Advertising	3,300	3,405	3,537	3,686	3,842	4,005	4,176	4,354	4.2%
Other Terminal Concessions	1,093	199	210	221	234	247	261	275	5.5%
Total Terminal Concessions	\$71,130	\$72,457	\$75,269	\$78,452	\$81,778	\$85,252	\$88,882	\$92,673	4.2%
Other Non-Airline Terminal Revenue:	\$9,119	\$8,776	\$8,973	\$9,176	\$9,384	\$9,598	\$9,818	\$10,044	2.3%
Total Non-Airline Terminal Revenue	\$80,249	\$81,233	\$84,242	\$87,628	\$91,162	\$94,850	\$98,700	\$102,717	4.0%
Total Terminal Revenue	\$201,179	\$211,373	\$224,137	\$236,376	\$251,195	\$265,656	\$286,077	\$314,388	6.8%
Other Terminal Complex Revenue									
Non-Terminal Concessions									
Automobile Parking	\$125,000	\$129,375	\$133,903	\$138,590	\$143,440	\$148,461	\$153,657	\$159,035	3.5%
Rental Cars	23,918	25,250	26,657	28,141	29,709	31,364	33,111	34,955	5.6%
Ground Transportation	1,100	1,300	1,300	1,300	1,300	1,300	1,300	1,300	0.0%
Transportation Network Companies	11,340	11,972	12,638	13,342	14,086	14,870	15,698	16,573	5.6%
Sub-Total - Non-Terminal Concessions	\$161,358	\$167,897	\$174,498	\$181,374	\$188,535	\$195,995	\$203,766	\$211,863	4.0%
Other Non-Terminal Revenue	\$15,439	\$17,378	\$17,965	\$18,573	\$19,202	\$19,855	\$20,532	\$21,233	3.4%
Total Other Terminal Complex Revenue	\$176,797	\$185,275	\$192,463	\$199,947	\$207,737	\$215,850	\$224,298	\$233,096	3.9%
Total Terminal Complex Revenue	\$377,976	\$396,648	\$416,600	\$436,323	\$458,931	\$481,506	\$510,375	\$547,484	5.5%
AIRFIELD REVENUE:									
Passenger Airline Landing Fees	\$66,337	\$74,624	\$76,782	\$92,446	\$128,575	\$132,782	\$147,725	\$176,966	15.5%
All Cargo Airline Landing Fees	960	1,079	1,111	1,337	1,860	1,921	2,137	2,560	15.5%
Non-Airline Airfield Revenue	455	455	478	502	527	553	581	610	5.0%
Total Airfield Revenue	\$67,751	\$76,159	\$78,371	\$94,285	\$130,961	\$135,256	\$150,443	\$180,136	15.4%
Other Airline Cost Centers Revenue									
TOTAL AIRLINE COST CENTERS REVENUE	\$445,727	\$472,807	\$494,971	\$530,608	\$589,893	\$616,762	\$660,818	\$727,620	7.4%
II. NON-AIRLINE COST CENTERS ²									
Cargo and FBO Areas:									
Building & Ground Rentals	\$5,938	\$3,707	\$3,818	\$3,933	\$4,051	\$4,172	\$4,298	\$4,427	3.0%
FBO Revenue	41,841	41,841	44,555	47,444	50,521	53,798	57,287	61,002	6.5%
Other Non-Airline Cost Center Revenue	12,086	11,093	11,426	11,769	12,122	12,485	12,860	13,246	3.0%
TOTAL NON-AIRLINE COST CENTER REVENUE	\$59,865	\$56,641	\$59,799	\$63,146	\$66,694	\$70,456	\$74,445	\$78,675	5.6%
TOTAL AIRPORT REVENUE	\$505,592	\$529,448	\$554,770	\$593,754	\$656,587	\$687,218	\$735,263	\$806,294	7.3%
¹ Includes all formerly Excluded Cost Center Revenue. Excludes non-operating revenue.									
² Not included in the calculation of airline rates and charges or Signatory Airline revenue sharing.									
AIRLINE COST CENTERS REVENUE SUMMARY									
AIRLINE REVENUE									
Airline Landing Fees	\$67,296	\$75,704	\$77,893	\$93,783	\$130,434	\$134,703	\$149,862	\$179,526	15.5%
Airline Terminal Revenue	120,930	130,140	139,895	148,748	160,032	170,806	187,377	211,671	8.4%
Total Airline Revenue	\$188,226	\$205,844	\$217,788	\$242,531	\$290,467	\$305,509	\$337,239	\$391,197	11.3%
Total Airline Cost Centers Revenue	\$445,727	\$472,807	\$494,971	\$530,608	\$589,893	\$616,762	\$660,818	\$727,620	7.4%
Less: Total Airline Revenue	188,226	205,844	217,788	242,531	290,467	305,509	337,239	391,197	11.3%
NON-AIRLINE REVENUE	\$257,501	\$266,963	\$277,183	\$288,077	\$299,426	\$311,253	\$323,579	\$336,423	3.9%
TOTAL AIRLINE COST CENTERS REVENUE	\$445,727	\$472,807	\$494,971	\$530,608	\$589,893	\$616,762	\$660,818	\$727,620	7.4%
Forecast: Airport Financial Model as adapted by Newton & Associates, Inc.									
2025 Section V Tables Final									
05/05/25									

(Remainder of Page Left Intentionally)

b. Airfield Revenue

Landing Fees

Landing Fee Revenue comprises amounts paid by commercial air carriers (passenger and cargo) to the City for use of the Airfield at the Airport and is generated by a weight-based charge for each aircraft landed at the Airport (the “Landing Fee”). The amount of the Landing Fee for each aircraft is calculated by multiplying the certified maximum gross landing weight of the aircraft measured in 1,000-pound units by the Landing Fee Rate established by the Airport for the Fiscal Year in question. The Landing Fee Rate is calculated by dividing the amount of Net Airfield Expense by the total number of 1,000-pound units of certified maximum aircraft gross weight landed at the Airport by all commercial carriers during the Fiscal Year. “Net Airfield Expense” for a Fiscal Year is the sum of all Current Expense, debt service expense and ASF expense allocable to the Airfield Cost Center during such year (“Airfield Expense”), less certain credits to the Airfield Cost Center. Accordingly, total Landing Fees paid by all commercial carriers, by definition and agreement, generally equates to total Net Airfield Expense in each Fiscal Year.

During the Study Period, total airline Landing Fee Revenue grew from \$30.3 million in FY 2020 to \$52.5 million in FY 2024, representing a CAGR of 14.8%. The Airport estimates passenger airline Landing Fee Revenue to be \$66.3 million in FY 2025. Over the Forecast Period, passenger airline Landing Fee Revenue is projected to grow from \$74.6 million in FY 2026 to \$177.0 million FY 2032, a CAGR of 15.5%. This forecast of airline Landing Fees reflects increased Current Expense resulting from the Fourth Parallel Runway Program identified in Section II, Table II-1, becoming operational during the Forecast Period.

c. Non-Airline Cost Center Revenue

The Net Revenue from the Non-Airline Cost Centers became pledged by the City effective FY 2022 as Revenue under the Bond Order. These formerly Excluded Cost Centers include Cargo Facilities, General Aviation and FBO Cost Centers, Deicing Operations, Catering Facilities and Ground Rent and ASF Rent on the American Airlines Aircraft Maintenance and Training Facility.

The FBO Cost Center comprises the General Aviation terminal and apron, certain dedicated and group aircraft storage hangars, an office building and general aviation fuel storage and delivery facilities. The City operates the Airport’s single FBO through a management contract with Wilson Air Center (“WAC”). WAC sells fuel and aircraft lubricants, operates the General Aviation terminal and manages the City owned aircraft storage hangars. It remits all revenue from the FBO operations to the City and receives a fixed management fee and percentage of profits as compensation for its services. The WAC contract expired June 30, 2024, but WAC will continue to serve as FBO manager through June 30, 2025. On February 25, 2025, the City approved a new management contract with Modern Aviation, having substantially similar terms as the WAC management contract. This new management contract will become effective July 1, 2025 and have an initial term of ten years, with two, 5-year renewal options.

As shown on Table V-1, Non-Airline Cost Center Revenue totaled \$29.2 million in FY 2020 and it grew to \$55.6 million in FY 2024, a CAGR of 17.4%.

The most significant single source of Non-Airline Cost Center Revenue was from the FBO which ranged from \$18.8 million in FY 2020 to \$34.5 million in FY 2024, a CAGR of 16.4%. The largest component of FBO revenue is fuel sales. Because fuel sales are a function of the number of gallons sold times the purchase price per gallon, increases and decreases in fuel sales revenue are not necessarily indicative of the volume of General Aviation activity, or the number of gallons of aircraft fuel sold.

Partially driven by the increase in fuel prices and observable increases in General Aviation activity, Airport Management is estimating FBO revenue and total Non-Airline Cost Center revenue at \$41.8 million and \$59.9 million, respectively, for FY 2025. FBO revenue is forecast to increase to \$61.0 million and total Non-Airline Cost Center revenue is forecast to increase to \$78.7 million in FY 2032, representing CAGRs of 6.5% and 5.6%, respectively, over the Forecast Period.

2. Current Expenses

The cash expenses incurred by the City in operating the Airport are referred to in the Bond Order as “Current Expenses.” Beginning July 1, 2021, Current Expenses include both Airline Cost Center and Non-Airline Cost Center Expenses. Current Expenses are paid first from Revenues and deducted from the amount of Revenue available to pay debt service and make other Bond Fund Deposits. Current Expenses include personnel services, City furnished services, contractual services, commodities (materials and supplies), and miscellaneous operating expenses. Current Expenses do not include depreciation, interest expense or other non-cash expenses. Over the Study Period, total Current Expenses⁶⁷, grew from \$174.2 million in FY 2020 to \$256.3 million in FY 2024, a CAGR of 10.1%. See Table V-2. In addition to the continued expansion of Airport facilities, Airport management attributes the majority of Current Expense increases to higher operating costs on the Terminal Building, Ground Transportation, Airfield and Airport Services Facilities (ASF) as a result of the significant inflationary increases and increased air traffic activity.⁶⁸

Terminal Building expenses increased due to higher operational costs, as well as maintenance and materials usage, as a result of increased passenger activity. Ground Transportation expenses increased because of increased required maintenance, personnel costs and increased traffic control services, resulting from increased passenger activity. The Airfield experienced higher expenses due to increased aircraft activity, staffing needs and increased contractual services. Airport Services Facilities expenses increased due to higher personnel costs, operations and maintenance and contractual increases.

In consideration of historical rates of increase in baseline Current Expense, the Airport’s internal financial projections and anticipated cost increases resulting from the addition of the facilities to be constructed as a part of the 2017-2025 CIP, Airport management estimates Current Expenses (including Non-Airline Cost Centers Expenses) in FY 2025 to total \$305.5 million, an increase of 19.2% over FY 2024. Thereafter, and over the Forecast Period, Airport management does not anticipate the level of Current Expenses increases experienced over the Study Period. Based on

⁶⁷ Including both Airline and Non-Airline Cost Centers

⁶⁸ Airport Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024 – Management Discussion & Analysis.

these factors, Current Expenses are forecast to grow from \$336.4 million in FY 2026 to 545.3 million in FY 2032 – a CAGR of 8.4% over the Forecast Period. See **Table V-5**. As previously stated, this forecast of Current Expenses reflects the anticipated opening of the Fourth Parallel Runway Program in FY 2029.

TABLE V-5
Forecast Airport Expenses
(Amounts in \$000s)

	Estimate FY 2025	Forecast Period							CAGR 2026-2032
		Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031	Projected FY 2032	
CURRENT EXPENSES¹									
<u>Airline Cost Centers Expenses</u>									
Terminal Complex									
Terminal Building	\$108,439	\$120,252	\$130,473	\$141,564	\$153,597	\$166,652	\$180,818	\$196,187	8.5%
Ground Transportation	53,729	58,985	63,999	69,439	75,341	81,745	88,694	96,233	8.5%
Fueling Facilities	366	383	401	421	441	462	484	507	4.8%
Total Terminal Complex	\$162,533	\$179,620	\$194,874	\$211,423	\$229,379	\$248,859	\$269,995	\$292,927	8.5%
Airfield	\$20,752	\$23,308	\$25,406	\$27,692	\$34,615	\$37,731	\$41,127	\$44,828	11.5%
Airport Services and Facilities	\$4,930	\$61,398	\$66,690	\$72,439	\$78,684	\$85,467	\$92,837	\$100,843	8.6%
Total Airline Cost Centers Expenses	\$238,215	\$264,327	\$286,970	\$311,554	\$342,677	\$372,058	\$403,959	\$438,598	8.8%
<u>Non Airline Cost Centers Expenses²</u>									
Cargo	\$3,139	\$3,151	\$3,162	\$3,174	\$3,187	\$3,199	\$3,211	\$3,223	0.4%
FBO	37,793	40,245	42,855	45,634	48,594	51,746	55,102	58,675	6.5%
Airport Services and Facilities	8,018	8,962	9,735	10,574	11,485	12,476	13,551	14,720	8.6%
Deicing	3,566	3,572	3,578	3,584	3,590	3,597	3,603	3,609	0.2%
Other	14,759	16,037	17,426	18,936	20,576	22,358	24,294	26,398	8.7%
Capital Outlay	34	78	83	88	93	98	104	111	6.0%
Total Non-Airline Cost Centers Expenses	\$67,309	\$72,045	\$76,839	\$81,990	\$87,525	\$93,473	\$99,865	\$106,736	6.8%
Total Current Expenses	\$305,524	\$336,371	\$363,809	\$393,544	\$430,202	\$465,530	\$503,824	\$545,334	8.4%

¹ Forecast: Airport Financial Model as adapted by Newton & Associates, Inc.

² Not included in the calculation of airline rates and charges or Signatory Airline revenue sharing.

Compiled by Newton & Associates, Inc. 2025 Section V Tables Final
05/05/25

H. IMPACT OF PASSENGER FACILITY CHARGES

In Section II hereof, an explanation of PFCs under 14 CFR Part 158 is provided along with a summary of the Airport's PFC program since its inception in 2004. **Table V-6** sets forth a summary of the Airport's PFC Program including its applications and approved amounts.

(Remainder of Page Intentionally Left Blank)

TABLE V-6
PFC Authorization Summary

	FAA Approval Date	PFC Level	Legal Charge Effective Date	Legal Charge Expiration Date	Projected Expiration Date	PFC Auth. Type	PAYGO	Debt Leveraged	PFC Auth. Amount
PFC Application # 1	8/23/2004	\$3.00	11/1/2004	4/1/2016	4/1/2016	Impose & Use	\$7,871,518	\$471,816,180	\$479,687,698
PFC Application # 2	10/25/2007	\$3.00	4/1/2016	12/1/2018	12/1/2018	Impose & Use	3,676,750	\$97,888,142	101,564,892
PFC Application # 3	2/26/2009	\$3.00	12/1/2018	12/1/2018	12/1/2018	Impose & Use	181,725	\$54,558,546	54,740,271
PFC Application # 4	9/15/2011	\$3.00	12/1/2018	12/1/2018	12/1/2018	Impose & Use	3,120,605	\$103,362,927	106,483,532
PFC Application # 5	3/18/2015	\$3.00	12/1/2018	3/1/2020	4/1/2020	Impose & Use	91,494,387	\$0	91,494,387
PFC Application # 6 & 7 *	5/16/2017	\$4.50	3/1/2020	11/1/2027	7/1/2027	Impose & Use	157,591,998	\$374,183,346	531,775,344
PFC Application # 8 & 9 **	11/18/2019	\$4.50	11/1/2027	4/1/2047	12/1/2052	Impose & Use	164,294,394	1,728,896,429	1,893,190,823
PFC Application # 10	8/4/2023	\$4.50	5/1/2047	10/1/2061	N/A	Impose Only & Use	171,205,277	1,316,778,739	1,487,984,016
Total - PFC Program Applications 1 - 10							<u>\$599,436,654</u>	<u>\$4,147,484,309</u>	<u>\$4,746,920,963</u>
Actual PFC Collections Through December 31, 2024***									<u>\$1,172,964,587</u>
Remaining Amount to Collect									<u>\$3,573,956,376</u>
* PFC Application Number 7 was approved for the use PFCs collected for an "Impose Only" project approved in PFC Application Number 6. ** PFC Application Number 9 was approved for the use PFCs collected for "Impose Only" projects approved in PFC Application Number 8. *** Public FAA SOAR Public Agency Quarterly Report 12/31/2024. As of 04-17-2024 the Public Agency Quarterly Report of for March 31, 2025 was not available.									
Source: FAA PFC SOAR Database - Application Summary Report and Public Agency Quarterly Report.							2025 Section V Tables Final 05/05/25		

PFCs and the Bond Order

PFCs received by the City are not Revenue under the Bond Order and are referred to as “PFC Revenue.” PFC Revenue, when received by the City, is deposited in the PFC Revenue Account. The Bond Order provides that the City shall apply moneys in the PFC Revenue Account by transfer to the Bond Fund to pay debt service on PFC Eligible Bonds, to pay the capital costs of PFC Eligible Projects, and as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

In its PFC applications to the FAA and in its MII requests of the Signatory Airlines, the City has stated that it intends to use PFC Revenue each Fiscal Year, to the extent that PFC Revenue is received in each Fiscal Year, to make deposits in the Revenue Bond Fund in amounts equal to the deposits required to be made therein by the City to pay the PFC eligible debt service. In FY 2024, total PFC Revenue deposited to the Revenue Bond Fund to offset PFC eligible debt service payable by the City on the Prior Bonds was \$62.1 million, see Table V-3. In FY 2032, the amount of PFC Revenue to be deposited to the Revenue Bond Fund to pay PFC eligible debt service on the Prior Bonds, the 2025 Bonds and the Future Bonds is estimated to be \$100.0 million (Table V-9), which is significantly less than the total PFC revenue forecast to be available as shown on Table V-8.

As discussed in Section II of this Report, the City has received approval from the FAA to increase the Airport’s PFC level from \$3.00 to \$4.50, currently the maximum level permitted by law. This increase in the PFC level has increased the amount of PFC Revenues generated by the Airport each year and is reflected during the Forecast period.

PFC Revenue deposited into the Revenue Bond Fund diminishes the deposits required to be made to the Revenue Bond Fund each month from the Revenue Fund.

Another effect of using PFC Revenue to pay Revenue Bond debt service is it reduces the payments required from airlines for use of facilities comprising PFC Eligible Projects.

Table V-7 shows historical and projected PFC Fund activity.

(Remainder of Page Intentionally Left Blank)

TABLE V-7
PFC Fund Activity (\$000's)

	HISTORICAL ¹						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
PFC Revenue Available							
Beginning Balance	\$196,580	\$208,836	\$210,436	\$214,268	\$235,926	\$267,549	\$263,762
PFC Revenues	60,302	62,619	55,777	43,321	60,895	65,842	74,067
PFC Interest Earnings	1,879	3,458	5,446	2,446	678	4,081	10,564
Sale Of Land	0	2,275	0	0	0	0	0
Transfers In	3,681	226	23,465	13,144	104,620	0	7,155
Total PFC Revenue Available	\$262,442	\$277,414	\$295,124	\$273,179	\$402,119	\$337,472	\$355,548
PFC Expenditures							
PFCs Applied to Debt Service	\$22,251	\$26,978	\$28,965	\$27,974	\$34,570	\$52,113	\$62,127
PFC PAYGO Projects	31,355	40,000	51,891	9,279	100,000	21,597	68,772
Total PFC Expenditures	\$53,606	\$66,978	\$80,856	\$37,253	\$134,570	\$73,710	\$130,899
PFC Remaining Balance	\$208,836	\$210,436	\$214,268	\$235,926	\$267,549	\$263,762	\$224,649

	Estimated	FORECAST						
	FY 2025	FY 2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
PFC Revenue Available								
Beginning Balance	\$224,649	\$160,561	\$64,510	\$89,689	\$84,538	\$75,117	\$104,294	\$158,996
PFC Revenues	124,794	124,228	123,543	126,952	129,520	132,032	135,774	140,357
PFC Interest Earnings ²	6,739	4,817	1,935	2,691	2,536	2,254	3,129	4,770
Total PFC Revenue Available	\$356,183	\$289,605	\$189,988	\$219,332	\$216,595	\$209,402	\$243,196	\$304,123
PFC Expenditures³								
PFCs Applied to Debt Service	\$66,810	\$80,854	\$80,911	\$87,342	\$90,446	\$89,346	\$84,200	\$99,952
PFC PAYGO Projects	128,813	144,242	19,387	47,452	51,032	15,763	0	0
Total PFC Expenditures	\$195,622	\$225,095	\$100,298	\$134,794	\$141,478	\$105,109	\$84,200	\$99,952
PFC Remaining Balance	\$160,561	\$64,510	\$89,689	\$84,538	\$75,117	\$104,294	\$158,996	\$204,171

¹ Source: Charlotte Douglas International Airport Annual Comprehensive Financial Report FY 2024.

² Estimated by Newton & Associates, Inc.

³ Source: Airport Financial Model.

Compiled by Newton & Associates, Inc.

2025 Section V Tables Final
05/05/25

Table V-8 shows historical PFC collections and projected PFC collections over the Forecast Period. As shown, PFC collections together with estimated interest earnings, are projected to increase from \$124.8 million in FY 2025 to \$140.4 million in FY 2032.

(Remainder of Page Intentionally Left Blank)

TABLE V-8
Forecast of Passenger Facility Charge Collections
(Amounts in 000s)

Fiscal Year	Total Enplanements	Annual Growth	Total PFC Revenue Enplanements	PFC Revenue		
				Collections	Interest	Total
HISTORICAL						
2005	13,546	---	6,264	\$18,104	\$77	\$18,181
2006	14,249	5.19%	13,211	38,179	816	38,994
2007	15,712	10.27%	15,029	43,435	2,645	46,080
2008	17,023	8.34%	16,071	46,444	4,156	50,600
2009	17,305	1.66%	15,949	46,093	3,632	49,726
2010	17,725	2.43%	19,409	56,092	2,350	58,442
2011	19,711	11.20%	18,932	54,714	1,539	56,254
2012	20,010	1.52%	18,316	52,934	1,141	54,075
2013	21,108	5.49%	17,876	51,662	1,050	52,712
2014	21,977	4.12%	21,983	63,530	1,190	64,719
2015	22,190	0.97%	19,399	56,062	1,446	57,508
2016	22,380	0.86%	22,033	63,676	1,321	64,997
2017	22,516	0.60%	20,420	59,015	1,815	60,830
2018	23,075	2.48%	20,866	60,302	1,879	62,181
2019	23,959	3.83%	21,667	62,619	3,458	66,077
2020	19,409	-18.99%	19,300	55,777	5,446	61,223
2021	16,645	-14.24%	14,990	43,321	2,446	45,767
2022	23,034	38.38%	21,071	60,895	678	61,573
2023	25,443	10.46%	22,783	65,842	4,081	69,923
2024	28,640	12.57%	26,629	76,957	10,654	87,611
Subtotal				\$1,075,653	\$51,820	\$1,127,473
CAGR	2005-2024	4.02%	7.91%	7.91%		8.63%
PROJECTED						
2025	28,881	0.84%	26,892	\$118,055	\$6,739	\$124,794
2026	29,213	1.15%	27,201	119,411	4,817	124,228
2027	29,750	1.84%	27,701	121,607	1,935	123,543
2028	30,400	2.18%	28,306	124,261	2,691	126,952
2029	31,066	2.19%	28,926	126,984	2,536	129,520
2030	31,749	2.20%	29,562	129,778	2,254	132,032
2031	32,451	2.21%	30,215	132,645	3,129	135,774
2032	33,171	2.22%	30,885	135,587	4,770	140,357
Subtotal				\$1,008,329	\$28,871	\$1,037,200
ESTIMATED TOTAL				\$2,083,982	\$80,691	\$2,164,673
CAGR	2025-2032	2.00%	2.00%	2.00%	-4.82%	1.69%
Notes:						
- Forecast PFC Revenue Enplanements estimated to be 93.1%.						
- PFC Level = \$4.50. PFC Level net of airline handling fee = \$4.39.						
- PFC collections began in FY 2005 on November 1, 2004.						
- Estimated Charge Expiration Date for PFC No.10 is October 1, 2061.						
Sources: FY 2012 - 2024 PFC Revenue - Airport Annual Comprehensive Financial Reports.				2025 Section V Tables Final		
FY 2005 - 2011 PFC Revenue - FAA SOAR Database.				05/05/25		
Projected PFC Revenue - Newton & Associates, Inc.						

I. FORECAST APPLICATION OF REVENUE UNDER PROVISIONS OF THE BOND ORDER

The financial feasibility of the City's issuance of the 2025 Bonds depends upon the Airport's ability to generate Revenue over the Forecast Period sufficient to pay: (1) Current Expenses (the expenses of operating and maintaining the Airport); (2) debt service and related expenses on Bonds currently outstanding ("Outstanding Bonds"); (3) debt service (net of capitalized interest) and related expenses on the 2025 Bonds; (4) costs of any other capital assets required during the Forecast Period necessary for the operation of the Airport, but not included in the 2025 Project; and (5) to otherwise satisfy the requirements of Section 704(a) of the Bond Order.

The plan of finance for the 2017-2025 CIP Projects is to provide permanent financing with 2025 Bonds for the 2025 Project, and to provide permanent financing of the balance of the projects in the 2017-2025 CIP with proceeds of Future Bonds. Planned Future Bonds include an amount necessary to provide an estimated \$700.4 million of construction fund deposits. See Table II-4.

The details and timing of future issuances to fund the elements of the 2017-2025 CIP Projects after the Series 2025 Bonds are preliminary and subject to change.

Table V-9 presents the Airport's estimates for FY 2025 and NAI's forecast of (i) Revenue and (ii) deposits to the following funds and accounts for the Bonds anticipated to be issued during the Forecast Period:

Operating Fund;
Bond Fund; and
Discretionary Fund.

Table V-9 also presents the Forecast Application of Revenue Under Provisions of the Bond Order assuming full implementation of the plan of finance for the 2017 -2025 CIP, including the 2017 Bonds, the 2019 Bonds, 2021 Bonds, the 2022 Bonds, the 2023 Bonds, the 2025 Bonds and the Future Bonds. The estimated debt service on the 2025 Bonds, which is preliminary and subject to change, is based on current market rates and was supplied by BofA Securities, Inc., the Underwriter on the 2025 Bonds. The estimated debt service on the Future Bonds⁶⁹ was also supplied by BofA Securities, Inc. assuming a 6% interest cost, 1 year of capitalized interest, debt service reserve fund funded with bond proceeds and \$10 issuance cost per bond. The debt service on the future short term notes (BANs) was estimated using an annual interest rate assumption of 6% and was supplied by the Airport and is that which the Airport is currently utilizing in its internal financial planning model ("Airport Financial Model").

Airport Financial Model

The Airport has utilized a multi-year financial planning model ("Airport Financial Model") for the purpose of tracking the timing, funding and financing strategies for the CIP. The Airport Financial Model also estimates the financial impacts of implementing the CIP including impacts

⁶⁹ Future Bond issuances include an estimated \$206 million in 2026, \$48 million in 2028 and \$677 million in 2030.

on operating revenue, operating expenses, airline and other rates, fees and charges, airline cost per enplaned passenger and debt service coverages; and forecasts those impacts through its multi-year planning period. The Airport adjusts the Airport Financial Model on an ongoing basis to capture necessary changes as needed. The Airport Financial Model is the source for the information describing the 2025 Project, the plans of finance for the 2025 Project and future projects identified in Section II of the Report. The Airport Financial Model, as adapted to incorporate NAI's enplanement forecast, Current Expenses forecast and certain non-airline revenue forecasts, is also the source for the forecast of airline landing fees and terminal rents and use fees during the Forecast Period.

As Shown in Table V-9, in each year of the Forecast Period the Coverage Factor, an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenue into the Revenue Bond Interest Account and the Revenue Bonds Principal and Sinking Fund Accounts for each such Fiscal Year, is retained in the Revenue Fund to provide an amount on deposit in the Revenue Fund, as of the opening of business on the first day of the next Fiscal Year, as provided in the Rate Covenant of the Bond Order. For a complete description of the Rate Covenant and Coverage Factor, please see the Bond Order.

Over the Forecast Period, debt service coverage, the ratio of Net Revenue to Net Debt Service Requirement is estimated to be 5.16 times in FY 2025 and forecast to be 2.71 times in FY 2032, exceeding the Coverage requirement of 1.25 times each year of the Forecast Period.

(Remainder of Page Intentionally Left Blank)

TABLE V-9
Forecast Application of Revenue Under Provisions of the Bond Order
(Amounts in 000s)

In developing this forecast, NAI has relied upon certain information from the sources stated in the body of the Report and adopted certain assumptions believed to be reasonable for this purpose. Variations to the some of the assumptions are inevitable, and unanticipated factors which may affect these forecasts may occur. Consequently, actual results will vary from those forecast and the variations could be material.								
	Estimated	Forecast						
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
All Airport Revenue:								
Beginning Balance - Amount Retained in Revenue Fund from Prior Year	\$25,742	\$27,218	\$32,320	\$33,582	\$42,980	\$47,464	\$43,190	\$39,776
Current Year Revenue								
Airline Cost Centers Revenue	\$445,727	\$472,807	\$494,971	\$530,608	\$589,893	\$616,762	\$660,818	\$727,620
Non-Airline Cost Centers Revenue	59,865	56,641	59,799	63,146	66,694	70,456	74,445	78,675
Total Current Year Revenue	\$505,592	\$529,448	\$554,770	\$593,754	\$656,587	\$687,218	\$735,263	\$806,294
Total Airport Revenue	\$531,334	\$556,667	\$587,089	\$627,336	\$699,567	\$734,682	\$778,453	\$846,070
Application of Revenue:								
Current Expenses	\$305,524	\$336,371	\$363,809	\$393,544	\$430,202	\$465,530	\$503,824	\$545,334
Operating Fund Reserve ¹	8,942	11,343	6,859	7,434	9,164	8,832	9,573	10,377
Total Current Expenses - Adjusted	\$314,466	\$347,714	\$370,668	\$400,978	\$439,367	\$474,362	\$513,397	\$555,711
NET REVENUE	[A] \$216,867	\$208,953	\$216,421	\$226,357	\$260,200	\$260,320	\$265,056	\$290,359
BOND DEBT SERVICE REQUIREMENTS:								
EXISTING BONDS/NOTES								
Existing Bond Debt Service Requirements	\$108,874	\$107,727	\$107,751	\$106,209	\$107,736	\$103,086	\$103,099	\$103,093
Existing Short Term Notes Debt Service	0	2,318	0	0	0	0	0	0
Less: PFCs Applied ²	-66,810	-69,864	-69,859	-69,001	-62,664	-61,037	-61,045	-61,046
Net Existing Bonds/Notes Debt Service	\$42,064	\$40,180	\$37,892	\$37,208	\$45,072	\$42,049	\$42,054	\$42,047
2025 BONDS/NOTES								
2025 New Money Bonds Debt Service ³	\$0	\$10,990	\$14,385	\$14,382	\$18,193	\$18,195	\$18,196	\$18,193
2025 Refunding Bonds Debt Service ³	0	8,244	8,244	8,240	8,247	8,245	8,242	8,248
2025 Short Term Notes Debt Service	0	0	0	0	0	0	0	0
Less: PFCs Applied ²	0	-10,990	-11,053	-11,052	-7,206	-7,206	-7,206	-7,206
Net 2025 Bonds/Notes Debt Service	\$0	\$8,244	\$11,576	\$11,570	\$19,234	\$19,234	\$19,231	\$19,235
FUTURE BONDS/NOTES ⁴								
Future Bonds Debt Service	\$0	\$0	\$0	\$15,175	\$27,785	\$31,289	\$29,566	\$77,632
Future Short Term Notes Debt Service	0	0	3,949	27,913	27,895	11,946	0	0
Less: PFCs Applied ²	0	0	0	-7,289	-20,576	-21,103	-15,949	-31,700
Net Future Bonds/Notes Debt Service	\$0	\$0	\$3,949	\$35,799	\$35,104	\$22,132	\$13,618	\$45,932
TOTAL BONDS/NOTES								
Total Bonds Debt Service Requirement	[B] \$108,874	\$126,961	\$130,379	\$144,007	\$161,962	\$160,815	\$159,103	\$207,165
Total Short Term Notes Debt Service	0	2,318	3,949	27,913	27,895	11,946	0	0
Less PFCs Applied to Debt Service ²	-66,810	-80,854	-80,911	-87,342	-90,446	-89,346	-84,200	-99,952
Net Debt Service Requirement	[C] \$42,064	\$48,424	\$53,416	\$84,578	\$99,410	\$83,415	\$74,902	\$107,213
Gross Balance in Revenue Fund	[A-C] \$174,803	\$160,528	\$163,005	\$141,780	\$160,790	\$176,905	\$190,154	\$183,146
Less: Amount retained in Revenue Fund ⁵	-27,218	-32,320	-33,582	-42,980	-47,464	-43,190	-39,776	-51,791
Net Balance in Revenue Fund	\$147,585	\$128,209	\$129,423	\$98,800	\$113,326	\$133,714	\$150,378	\$131,354
Credit to Signatory Airlines	-\$54,372	-\$52,100	-\$52,560	-\$53,383	-\$53,626	-\$54,105	-\$53,066	-\$51,915
Net Deposit to Discretionary Fund-[F-G]	\$93,213	\$76,109	\$76,862	\$45,417	\$59,700	\$79,610	\$97,312	\$79,439
Debt Service Coverage - [A]\[D]	[A/C] 5.16	4.32	4.05	2.68	2.62	3.12	3.54	2.71
¹ Calculated pursuant to the Bond Order at 25% of Current Expenses (excluding FBO Cost of Goods Sold). ² Source: PFCs Applied to Debt Service - City of Charlotte Airport Financial Model. ³ Source: BofA Securities, Inc. See Table II-3. Net of Capitalized Interest. ⁴ Sources: Estimated Debt Service on the Future Bonds - BofA Securities, Inc. Estimated Debt Service on the future Short Term Notes - City of Charlotte Airport Financial Model. ⁵ 25% of Total Bonds Debt Service Requirement.								
Prepared by Newton & Associates, Inc.						2025 Section V Tables Final 05/05/25		

J. AIRPORT LIQUIDITY

Although not strictly a component of the test of feasibility, the amount of unrestricted cash on hand can be an important cushion to allow an airport to endure unforeseen and temporary periods of business interruption. Along with debt service reserve funds, PFC funds and unrestricted cash can enable an airport to meet its debt service obligations and pay operating expenses for a temporary period when Airport Revenue is diminished or non-existent.

As shown on **Table V-10**, total cash and cash equivalents for the Airport were approximately \$1.1 billion as of June 30, 2024. This amount includes, among other items, the PFC Fund, the CFC Fund, the Cannon Estate Fund and the debt service Coverage Factor funds which the City considers to be restricted in use and not available to pay for the operation and maintenance of the Airport. Therefore, they are excluded from the estimation of unrestricted cash for FY 2024 available to pay Current Expenses. PFC funds, debt service fund and the debt service coverage fund would be available to pay debt service.

As depicted on Table V-10, the total unrestricted cash of June 30, 2024, was \$667.2 million. According to the City, this amounted to enough cash to fund Airport operations for approximately 950 days based on total FY 2024 Current Expenses. This amount of cash would be available to pay for continued Airport operations during a period of diminished or non-existent Airport Revenue. Airport Management has a target of no less than 800 days cash on hand (“DCOH”).

(Reminder of Page Intentionally Left Blank)

TABLE V-10
Historical Airport Unrestricted Cash
(Amounts in \$000s)

Reconciliation Of Cash Balances, Non-GAAP					
(Fiscal Years Ending June 30; \$000)¹					
	2020	2021	2022	2023	2024
Cash & Cash Equivalents, June 30	\$941,942	\$936,113	\$1,008,808	\$1,078,010	\$1,093,460
Restricted Funds:					
Cash and cash equivalents held by trustee	\$70,610	\$45,295	\$46,136	\$71,192	\$35,103
Passenger facility charges (restricted by FAA)	214,260	235,914	267,567	263,760	224,650
Contract facility charges (restricted by City/RACS)	35,535	1,788	10,505	6,621	7,794
Operating fund reserve ²	41,105	41,105	47,109	53,967	62,433
Coverage factor	13,595	13,595	16,429	23,102	25,043
Cannon Estate ³	6,339	6,384	6,414	6,525	1,969
CFC stabilization reserve	2,000	2,000	2,000	2,000	2,000
Renewal & improvement fund	1,500	1,500	1,500	1,500	1,500
CFC repair and replacement reserve	500	500	500	500	500
Total Restricted Funds	\$385,444	\$348,081	\$398,160	\$429,167	\$360,992
Non-airline terminal revenue distribution ⁴	24,554	19,122	46,098	56,165	65,229
Total Reductions	409,998	367,203	444,258	485,332	426,221
UNRESTRICTED CASH, JUNE 30	\$531,944	\$568,910	\$564,550	\$592,678	\$667,239
Days Cash On Hand Calculation					
Total airport cash on hand, June 30	\$531,944	\$568,910	\$564,550	\$592,678	\$667,239
Total Current Expense ⁵	174,158	154,864	192,922	217,889	256,332
Days Cash on Hand	1,115	1,341	1,068	993	950
NOTES:					
¹ Source: Schedule 3, page 94, ACFR FYE June 30, 2024.					
² Increase in FY 2022 reflects City's election to include formerly Excluded Cost Centers operating expense in Current Expense under the Bond Order effective July 1, 2021.					
³ Cannon Estate funds are held in an Airport Reserve Fund.					
⁴ The Signatory Airline's share is 40% of the Airport's Excess Non-Airline Terminal Revenue as depicted on Schedule 2, page 92, ACFR June 30, 2024.					
⁵ GAAP Basis excluding depreciation.					
Source: Charlotte Douglas International Airport Annual Comprehensive Financial Report FY 2024.			2025 Section V Tables Final		
			05/05/25		

(Remainder of Page Intentionally Left Blank)

K. AIRLINE COST PER ENPLANED PASSENGER

Airline cost per enplanement is Total Airline Revenue divided by total enplanements. As shown in **Table V-11**, total Airline Revenue in FY 2025, net of the Signatory Airline Credit and the Coverage Rebate, is estimated to be \$127.8 million which, when divided by the estimated total enplanements for FY 2025 (28.9 million), results in an airline cost per enplanement in FY 2025 of \$4.42. Given the estimated forecast increase in Current Expenses, the incremental Current Expenses resulting from operating the 2025 Project and other projects to be financed with Future Bonds, and the incremental Net Debt service resulting from 2025 Bonds and Future Bonds, Net Airline Revenue is projected to be approximately \$147.9 million in FY 2026 and \$318.3 million in FY 2032, resulting in a CAGR of 13.6% for the Forecast Period. During this same period, total airline enplanements are forecast to grow from an estimated 29.2 million in FY 2026 to 33.2 million in FY 2032, a CAGR of 2.1%. As a result, the airline cost per enplaned passenger is forecast to increase from \$5.06 in FY 2026 to \$9.60 in FY 2032, a CAGR of 11.2%. NAI believes that this range of airline cost per enplaned passenger would compare favorably with comparable airports undertaking comparable capital investments.

TABLE V-11
Airline Cost per Enplaned Passenger
(Amounts in \$000's)

	Estimated FY 2025	Forecast							CAGR 2026-2032
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
PASSENGER AIRLINE REVENUE¹									
Airline Terminal Revenue	\$120,930	\$130,140	\$139,895	\$148,748	\$160,032	\$170,806	\$187,377	\$211,671	8.4%
Passenger Airline Landing Fees	66,337	74,624	76,782	92,446	128,575	132,782	147,725	176,966	15.5%
Total Airline Revenue	\$187,266	\$204,764	\$216,677	\$241,194	\$288,607	\$303,588	\$335,102	\$388,637	11.3%
Less: Signatory Airline Credit	-54,372	-52,100	-52,560	-53,383	-53,626	-54,105	-53,066	-51,915	-0.1%
Less: Coverage Rebate	-5,100	-4,760	-5,353	-7,322	-12,483	-12,289	-12,074	-18,443	25.3%
Net Airline Revenue	\$127,794	\$147,904	\$158,764	\$180,488	\$222,499	\$237,195	\$269,962	\$318,279	13.6%
Total Airline Enplanements	28,881	29,213	29,750	30,400	31,066	31,749	32,451	33,171	2.1%
Airline Cost Per Enplaned Passenger	\$4.42	\$5.06	\$5.34	\$5.94	\$7.16	\$7.47	\$8.32	\$9.60	11.2%
¹ See Table V-4.									
Prepared by Newton & Associates, Inc.									
2025 Section V Tables Final 05/05/25									

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Bond Order, the Series Resolution and Appendix A attached thereto. This summary is not intended to be definitive and is qualified in its entirety by express reference to the Bond Order, the Series Resolution and Appendix A attached thereto, for the complete terms thereof.

DEFINITIONS OF CERTAIN TERMS

“Accountant” means an independent certified public accountant or firm of certified public accountants of favorable repute for skill and experience in performing the duties for which it is employed by the City under the Bond Order.

“Accreted Amount” means with respect to Capital Appreciation Bonds of any Series, the amount set forth in a Series Resolution as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds.

“Act” means The State and Local Government Revenue Bond Act (Article 5 of Chapter 159 of the General Statutes of North Carolina), as the same may be amended from time to time.

“Additional Facilities” means

- (a) any airport facilities, including all land, buildings, structures, equipment and appurtenances constituting a part thereof,
- (b) all enlargements of and improvements and additions to any existing or future buildings and structures, and
- (c) all renewals and replacements of any of the foregoing,

which airport facilities, enlargements, improvements, additions, renewals and replacements are part of the Included Cost Centers and financed as a whole or in part through the issuance of Bonds.

“Additional Facilities Account” means the account in the Construction Fund created and so designated by a Series Resolution as provided in the Bond Order.

“Airport” means the public airport known as the Charlotte/Douglas International Airport, together with such additions thereto as may be made from time to time.

“Airport Consultant” means any firm or corporation of favorable repute for skill and experience in performing the duties for which it is employed by the City under the Bond Order.

“Airport Discretionary Fund” means the fund created and designated Charlotte/Douglas International Airport Discretionary Fund by the Bond Order.

“Airport Manager” means the Aviation Director of the Airport, or the officer succeeding to his principal functions, or such other individual who from time to time is designated in writing by the City to perform the duties of the Airport Manager.

“Annual Budget” means the budget adopted or in effect for each Fiscal Year as provided in the Bond Order.

“Appendix A” means the Appendix A which is attached to, and incorporated in, the Series Resolution.

“Authorized Denomination” means \$5,000 and any integral multiple thereof.

“Balloon Long-Term Bonds” means Long-Term Bonds that are designated by the Finance Director as Balloon Long-Term Bonds and (a) 50% or more of the principal payments of which are due in a single year or (b) 50% or more of the principal of which may, at the option of the holder thereof, be redeemed at one time, and in either event which portion of the principal is not required by the documents pursuant to which such Bonds are issued to be amortized by redemption prior to such date.

“Bond” or *“Bonds”* means bonds, including bond anticipation notes, authorized under and secured by the Bond Order.

“Bond Fund” means the fund created and designated the Charlotte/Douglas International Airport Bond Fund by the Bond Order.

“Bond Counsel” means an attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds, selected by the City.

“Bond Order” or *“Order”* means the bond order adopted by the City Council on April 24, 2017 authorizing and securing airport revenue bonds of the City, which restated, supplemented and amended the bond order originally adopted by the City Council on November 18, 1985, as amended and supplemented by Supplemental Bond Order, Number 1, adopted by the City Council on March 22, 2021, and which the City Council may further restate, supplement and amend from time to time.

“Bond Registrar” means, with respect to any Series of Bonds, the Bond Registrar at the time serving as such under the Series Resolution relating to such Series, whether the original or a successor Bond Registrar; provided, however, if no Bond Registrar is otherwise appointed, the Trustee will serve as the Bond Registrar. The Bond Registrar for the 2025 Bonds is U.S. Bank Trust Company, National Association.

“Business Day” means a day on which the Trustee, the Bond Registrar and the Depositary are open for the purpose of conducting their commercial banking business.

“Capital Appreciation Bonds” means Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in a Series Resolution and is payable upon redemption or on the maturity date of such Bonds. Nothing in the Bond Order prohibits the City from designating, in the appropriate Series Resolution, any such Bonds by a name other than Capital Appreciation Bonds.

“CFC Revenues” means the contract facility charge to be collected by each operator of a rental car business at the Airport pursuant to a concession agreement and remitted or at the direction of the City, including any contingent or additional rentals paid by such operators pursuant to a concession agreement.

“City” means the City of Charlotte, North Carolina, a municipal corporation and a body politic and corporate in the State.

“City Attorney” means the City Attorney for the City.

“*City Council*” means the City Council of the City or any successor body succeeding to the City Council’s principal functions.

“*Code*” means the Internal Revenue Code of 1986, as from time to time amended.

“*Common Reserve Bonds*” means, collectively, the 2014 Bonds, the 2017 Bonds, the 2019 Bonds, the 2021 Bonds, the 2022 Bonds, the 2023 Bonds, the 2025 Bonds and any subsequent series of Bonds issued under a series resolution that (1) designates such Series of Bonds as being secured by the Common Reserve Subaccount of the Revenue Bond Reserve Account created under the Series Resolution related to the 2014 Bonds, (2) requires annual payments of principal on July 1 of each year set forth in such series resolution and (3) requires semiannual payments of interest on January 1 and July 1 of each year, beginning on the date set forth in such series resolution.

“*Common Reserve Series Resolution*” means a series resolution executed and delivered in accordance with the Bond Order under which one or more Series of Common Reserve Bonds are issued. The Series Resolution has been designated a Common Reserve Series Resolution.

“*Common Reserve Subaccount of the Revenue Bond Reserve Account*” means the subaccount created and so designated by the Series Resolution related to the 2014 Bonds.

“*Completion Bonds*” means any Long-Term Bonds incurred for the purpose of financing the completion of facilities for the acquisition, construction or equipping of which Long-Term Bonds have theretofore been incurred in accordance with the terms of the Bond Order, to the extent necessary to provide a completed facility of the type and scope contemplated at the time that such Long-Term Bonds theretofore incurred were originally incurred, and, to the extent the same shall be applicable, in accordance with the general plans and specifications for such facility as originally prepared, with only such changes as have been made in conformance with the documents pursuant to which such Long-Term Bonds theretofore incurred were originally incurred.

“*Construction Fund*” means the fund created and designated the Charlotte/Douglas International Airport Construction Fund by the Bond Order.

“*Cost*” means, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in the Bond Order.

“*Coverage Factor*” means, for any Fiscal Year, an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenues for such Fiscal Year to the Revenue Bond Accounts and subaccounts.

“*Credit Support Payment Amounts*” means letter of credit fees, liquidity fees, fees related to a Qualified Reserve Fund Substitute, municipal bond insurance premiums and other similar credit support amounts due other than principal, premium or interest required to be paid by the City in connection with any Series of Bonds.

“*Current Expenses*” means the City’s current expenses for the operation, maintenance and repair of the Included Cost Centers as determined in accordance with generally accepted accounting principles, but Current Expenses shall not include (1) any allowance for depreciation, (2) any deposits to any Fund or Account created under the Bond Order and payments of principal, premium, if any, and interest from such Funds and Accounts and (3) any expenses paid from a source other than Revenues. When generally accepted accounting principles provide that amounts be treated as current expenses but (1) the timing of the required payment of the expense or a portion thereof, while known, is more than one year in the future

or (2) the actual timing of the required payment of the expense is not readily determinable (such as post-employment benefits calculated actuarially), the City may include as a Current Expense the amount required to be paid for in the current period rather than the entirety of amounts required to be expensed.

“Current Interest Bonds” means Bonds the interest on which is payable on the Interest Payment Dates provided therefor in a Series Resolution.

“Default” means any Event of Default and any event that, after notice or lapse of time or both, would become an Event of Default.

“Defaulted Interest” means Defaulted Interest as defined in the Bond Order.

“Depository” means any bank or trust company duly authorized by law to engage in the banking business and selected by the City as a depository of money under the Bond Order.

“Direct Participant” means a participant in the book-entry system maintained by DTC.

“DTC” means The Depository Trust Company, New York, New York.

“Eminent Domain” means the eminent domain or condemnation power by which all or any part of the Included Cost Centers may be taken for another public use or any agreement that is reached in lieu of proceedings to exercise such power.

“Event of Default” means each of those events of default set forth in the Bond Order.

“Excluded Cost Centers” means all areas or parts of the Airport that are not in the Included Cost Centers.

“FAA” means the Federal Aviation Administration or any successor organization or entity succeeding to the Federal Aviation Administration’s principal functions.

“Finance Director” means the finance officer of the City appointed in accordance with Section 159-24 of the General Statutes of North Carolina, or any successor statute, or the official succeeding to the Finance Director’s principal functions.

“Fiscal Year” means the period commencing on the first day of July in any year and ending on the last day of June of the following year, unless the Trustee is notified in writing by the City of a change in such period, in which case the Fiscal Year shall be the 12-month period set forth in such notice.

“Fitch Ratings” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Moody’s) as may be designated in writing by the City, with the consent of the LGC.

“Government Obligations” means (a) direct obligations of, or obligations the payment of the principal of and the interest on which is guaranteed by, the United States of America, and (b) obligations of state or local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of Government Obligations described in (a) above, the maturing principal of and interest on which, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government municipal bond issuers.

“*Hedge Agreement*” means an interest rate swap, cap, collar, floor, forward, option, put, call or other similar hedging agreement, however denominated, related to a Series of Bonds.

“*Hedge Termination Payment*” shall mean an amount payable by the City or a Qualified Hedge Provider, in accordance with a Qualified Hedge, to compensate the other party to the Qualified Hedge for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Hedge.

“*Included Cost Centers*” means the Airfield, the Terminal Complex, and all other areas and parts of the Airport including, but not limited to, cargo, general aviation and fixed base operations and the consolidated car rental facility.

“*Insurance and Condemnation Award Fund*” means the fund created and designated the Charlotte/Douglas International Airport Insurance and Condemnation Award Fund by the Bond Order.

“*Insurance Consultant*” means a person or a firm of persons having a favorable reputation in the State for skill and experience in dealing with the insurance requirements of enterprises similar to the Airport and in performing the duties to be imposed upon it by the Bond Order, including the City’s risk manager.

“*Interest Payment Date*” means, with respect to the 2025 Bonds, each January 1 and July 1 thereafter, beginning on January 1, 2026.

“*Investment Obligations*” means investments permitted to be made by the City on behalf of the Airport by laws of the State.

“*Local Government Commission*” means the Local Government Commission of North Carolina, a division of the Department of State Treasurer, and any successor or successors thereto.

“*Long-Term Bonds*” means all Bonds, including (a) Short-Term Bonds if a commitment by a financial lender exists to provide financing to retire such Short-Term Bonds and such commitment provides for the repayment of principal on terms which would, if such commitment were implemented, constitute a repayment period longer than one year, and (b) the current portion of Long-Term Bonds, for money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year.

“*Long-Term Debt Service Requirement*” means, for any period of twelve consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of principal and interest on Outstanding Long-Term Bonds during such period, also taking into account (a) with respect to Balloon Long-Term Bonds the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of thirty (30) years (or such other time period as certified by the Finance Director over which the City intends to refinance such Balloon Indebtedness) on a level debt service basis at an interest rate equal to the rate borne by such Bonds on the date calculated, except that if the date of calculation is within twelve months of the actual maturity of such Bonds, the full amount of principal payable at maturity shall be included in such calculation, (b) with respect to Variable Rate Bonds that are Long-Term Bonds and Balloon Indebtedness, the interest rate shall be assumed to be *The Bond Buyer* 25 Revenue Bond Index, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if *The Bond Buyer* 25 Revenue Bond Index is no longer published, another similar index selected by the City; provided, however, if the City has entered into a Qualified Hedge Agreement related to the Variable Rate Bonds under which it will receive payments calculated on a notional amount equal to

all or a portion of the aggregate principal amount of the Variable Rate Bonds and will make payments calculated on the same notional amount, the interest used to make the calculation will be the amount to be paid by the City, and the amount to be received will be deducted, and (c) with respect to Capital Appreciation Bonds, included as a principal amount, the Accreted Amount maturing or scheduled for redemption in such Fiscal Year.

“*Mayor*” means the Mayor of the City, the person performing the duties of the Mayor or the official succeeding to the Mayor’s principal functions.

“*Moody’s*” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Fitch Ratings) as may be designated in writing by the City, with the consent of the LGC.

“*Net Proceeds*” means the gross proceeds derived from insurance or as an award arising from Eminent Domain with respect to the Included Cost Centers, less payment of attorneys’ fees and expenses properly incurred in the collection of gross proceeds.

“*Net Revenues*” for any period means the excess, if any, of Revenues over Current Expenses for such period.

“*Operating Fund*” means the fund created and designated the Charlotte/Douglas International Airport Operating Fund by the Bond Order.

“*Outstanding*” when used with reference to Bonds means, as of a particular date, all Bonds theretofore issued under the Bond Order except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

- (b) Bonds for the payment of which money, Government Obligations, or a combination of both, in an amount sufficient to pay on the date when such Bonds are to be paid or redeemed the Redemption Price of and the interest accruing to such date on the Bonds to be paid or redeemed, have been deposited with the Trustee in trust for the Owners of such Bonds; Government Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Government Obligations, when due, shall be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date; and

- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Bond Order.

“*Owner*” means a person in whose name a Bond is registered in the registration books kept by the Bond Registrar.

“*Paying Agent*” means the Trustee or any successor or successors thereto appointed pursuant to the Bond Order or the Series Resolution.

“*Permitted Encumbrances*” means, with respect to the Included Cost Centers:

(a) liens for taxes or other governmental charges or levies not delinquent or that are being contested in good faith by the City;

(b) covenants, defects, irregularities, encumbrances, easements, including easements for roads and public utilities and similar easements, rights of way, mineral conveyances, mineral reservations, and clouds on title, which are consistent with operations of airports similar to the Airport and which do not materially impair the use of the property affected thereby for its intended purposes;

(c) mechanics', workers', repairmen's, architects', engineers', surveyors', or carriers' liens or other similar liens with respect to the Included Cost Centers provided that the same shall be discharged in the ordinary course of business and without undue delay or the validity of the same shall be contested in good faith with any pending execution thereof appropriately stayed; and

(d) leases, easements, development agreements and other similar interests in property surrounding the Airport owned by the Airport and not used for airport operations.

"PFC" or "PFCs" means passenger facility fees authorized under 49 U.S.C. §40117, or any predecessor or successor law, and approved by the FAA from time to time, or such other similar charge or fee imposed by the City on passengers enplaned at the Airport.

"PFC Eligible Bonds" means those Bonds, issued under the Bond Order, (1) the proceeds of which are used for PFC Eligible Projects and (2) the payment of principal of, premium, if any, and interest on which may be made from PFC Revenues.

"PFC Eligible Projects" means those improvements or projects at the Airport designated by the City which have been or are anticipated to be approved by the FAA to be paid from PFCs.

"PFC Revenues" means revenues collected by the Airlines and remitted to the City from the imposition of PFCs.

"PFC Revenue Account" means the account created and designated as the Charlotte/Douglas International Airport PFC Revenue Account under the Bond Order.

"Pledged PFC Revenues" means PFC Revenues that are pledged to specific Series of Bonds in a Series Resolution or a Supplemental Order as permitted under the Bond Order.

"Principal" or "principal" means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except as used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an event of default, in which case "principal" means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) but when used in connection with determining whether the Owners of the requisite principal amount of Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver, "principal amount" means the Accreted Amount and (ii) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity or sinking fund redemption.

"Proceeds Account" means the account in the Construction Fund to be created and so designated by the Bond Order.

“Qualified Hedge Provider” means any entity who senior unsecured long term obligations, financial programs rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) by at least one national rating agency in the “A” rating category or higher, or the equivalent, but, in no event lower than any unenhanced long-term rating on the related Series of Bonds at the time of execution of the Hedge Agreement or (ii) in any such lower rating categories in which each rating agency then rating the Bonds indicates in writing to the City will not, by itself result in a reduction or withdrawal of its long-term rating on the related Series of Bonds that is or would be in effect prior to entering into the Hedge Agreement. An entity’s status as a “Qualified Hedge Provider” is determined only at the time the City enters into a Hedge Agreement with such entity and cannot be re-determined with respect to that Hedge Agreement.

“Qualified Reserve Fund Substitute” means (1) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated by at least one national rating agency in the “A” rating category or higher, or the equivalent, (2) a surety bond issued by a financial institution whose long-term rating is in the “A” rating category or higher, or equivalent, by at least one national rating agency or (3) a policy of reserve fund insurance issued by an insurance company whose claims-paying ability is rated by at least one national rating agency in the “A” rating category or higher, or the equivalent. In each case, ratings set forth above shall be determined at the time of issuance of such Qualified Reserve Fund Substitute and without regard to ratings subcategories.

“Qualified Reserve Fund Substitute Provider” means the provider of a Qualified Reserve Fund Substitute.

“Rebate Account” means the account in the Revenue Fund created and so designated by the Bond Order.

“Redemption Price” means the principal amount of a Bond called for redemption plus the applicable premium, if any, payable upon redemption thereof in the manner provided by the Bond Order.

“Regularly Scheduled Hedge Payments” shall mean the regularly scheduled payments under the terms of a Hedge which are due absent any termination, default or dispute in connection with such Hedge.

“Regular Record Date” means, with respect to each Interest Payment Date the 15th day of the calendar month immediately preceding the Interest Payment Date whether or not a Business Day.

“Released Revenues” means Revenues released from the grant of security for the Bonds under the Bond Order.

“Reserve Requirement” means, with respect to the Common Reserve Bonds, (1) the lesser of (a) 10% of the issuance price of the Common Reserve Bonds, (b) the maximum amount required to pay principal and interest on the Common Reserve Bonds for any current or succeeding Fiscal Year and (c) 125% of the average annual principal and interest requirements on the Common Reserve Bonds or (2) such lesser amount as set forth in a certificate of Bond Counsel delivered to the City and the Trustee.

“Revenue Bond Capitalized Interest Account” means the account in the Bond Fund created and so designated by the Bond Order.

“*Revenue Bond Interest Account*” means the account in the Bond Fund created and so designated by the Bond Order.

“*Revenue Bond Principal Account*” means the account in the Bond Fund created and so designated by the Bond Order.

“*Revenue Bond Redemption Account*” means the account in the Bond Fund created and so designated by the Bond Order.

“*Revenue Bond Reserve Account*” means the account in the Bond Fund created and so designated by the Bond Order.

“*Revenue Bond Sinking Fund Account*” means the account in the Bond Fund created and so designated by the Bond Order.

“*Revenue Fund*” means the fund created and designated Charlotte/Douglas International Airport Revenue Fund by the Bond Order.

“*Revenues*” means, with respect to the Included Cost Centers,

- (a) except to the extent hereinafter excluded, the operating revenues derived by the City from the operation or ownership of the Included Cost Centers as determined in accordance with generally accepted accounting principles,
- (b) amounts which the City is authorized, but not obligated, to pay or transfer to the Revenue Fund to the extent of any such payments or transfers, including transfers from the Airport Discretionary Fund which amounts shall become Revenues only at the time of payment or transfer to the Revenue Fund,
- (c) amounts transferred from any fund or account established under the Bond Order or a Series Resolution to the Revenue Fund, and
- (d) any proceeds of business interruption insurance.

Revenues specifically exclude:

- (1) CFC Revenues, unless pledged in a Supplemental Order,
- (2) PFC Revenues, except to the extent designated as Pledged PFC Revenues;
- (3) income and revenues of Special Purpose Facilities pledged to the financing of Special Purpose Facilities;
- (4) Released Revenues; and
- (5) any revenues derived from the Excluded Cost Centers.

“*Serial Bonds*” means the Bonds of any Series that are designated as such in the Series Resolution for such Series.

“*Series*” means all of the Bonds designated as being of the same series.

“*Series Resolution*” means the resolution of the City, as may be supplemented or amended, providing for the issuance of any particular Series of Bonds that is required to be adopted prior to the issuance of any Series, with respect to the 2025 Bonds, means the Series Resolution adopted by the City Council on April 28, 2025 relating to the 2025 Bonds, the appendices attached thereto, and any amendments or supplements thereto.

“*Series 2025 Additional Facilities Account*” means the account created and so designated by the Series Resolution.

“*Series 2025A Subaccount of the Revenue Bond Capitalized Interest Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025A Subaccount of the Revenue Bond Interest Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025A Subaccount of the Revenue Bond Principal Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025A Subaccount of the Revenue Bond Redemption Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025A Subaccount of the Revenue Bond Sinking Fund Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025A Subaccount of the Series 2025 Additional Facilities Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025B Subaccount of the Revenue Bond Capitalized Interest Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025B Subaccount of the Revenue Bond Interest Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025B Subaccount of the Revenue Bond Principal Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025B Subaccount of the Revenue Bond Redemption Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025B Subaccount of the Revenue Bond Sinking Fund Account*” means the subaccount created and so designated by the Series Resolution.

“*Series 2025B Subaccount of the Series 2025 Additional Facilities Account*” means the subaccount created and so designated by the Series Resolution.

“*Sinking Fund Requirement*” means the principal amount of the 2025 Bonds to be retired by mandatory redemption pursuant to the Series Resolution as specified in the certificate delivered under the Series Resolution. If during any 12-month period ended June 30 the total principal amount of the 2025 Bonds retired by purchase or redemption under the provisions of the Series Resolution is greater than the amount of the corresponding Sinking Fund Requirement for such 2025 Bonds, the next succeeding

Sinking Fund Requirements for such 2025 Bonds will be reduced in such amount aggregating the amount of such excess.

“Short-Term Bonds” means all Bonds, other than the current portion of Long-Term Bonds incurred or assumed by the City, for payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less.

“Special Purpose Facilities” means any land, building, structure or other facilities, including equipment, acquired or constructed, which are financed by the issuance of obligations which are issued in compliance with the provisions of the Bond Order and not issued under or secured by the provisions of the Bond Order.

“Special Record Date” for the payment of any Defaulted Interest on Bonds means a date fixed by the Trustee pursuant to the Bond Order.

“State” means the State of North Carolina.

“Subordinate Indebtedness” means debt, the payment of the principal and interest on which is secured by a lien on Net Revenues that is subordinate to the lien on Net Revenues securing the payment of the principal of and interest on the Bonds.

“Supplemental Order” means an order adopted by the City Council that is supplemental to the Bond Order.

“Supplemental Bond Order, Number 1” means the supplemental bond order adopted by the City Council on March 22, 2021 supplementing and amending the Bond Order effective July 1, 2021.

“Term Bonds” means the Bonds of any Series, other than Serial Bonds, stated to be payable by their terms on one or more dates.

“Total Operating Revenues” means, as to any period of time, total operating revenues with respect to the Included Cost Centers, as determined in accordance with generally accepted accounting principles for airports consistently applied.

“Trustee” means the Trustee at the time serving as such under the Bond Order, whether original or successor.

“Variable Rate Bonds” means any portion of Bonds the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

“2014 Bonds” means, collectively, the 2014A Bonds and the 2014B Bonds.

“2014A Bonds” means the City of Charlotte, North Carolina Airport Refunding Revenue Bonds, Series 2014A (Non-AMT).

“2014B Bonds” means the City of Charlotte, North Carolina Airport Refunding Revenue Bonds, Series 2014B (AMT).

“2017 Bonds” means, collectively, the 2017A Bonds, the 2017B Bonds and the 2017C Bonds.

“*2017A Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2017A (Non-AMT).

“*2017B Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2017B (AMT).

“*2017C Bonds*” means the City of Charlotte, North Carolina Airport Refunding Revenue Bonds, Series 2017C (Non-AMT).

“*2019 Bonds*” means, collectively, the 2019A Bonds and the 2019B Bonds.

“*2019A Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2019A (Non-AMT).

“*2019B Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2019B (AMT).

“*2021 Bonds*” means, collectively, the 2021A Bonds and the 2021B Bonds.

“*2021A Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2021A (Non-AMT).

“*2021B Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2021B (AMT).

“*2022 BAN*” means the City’s Airport Revenue Bond Anticipation Note, Series 2022.

“*2022 Bonds*” means, collectively, the 2022A Bonds and the 2022B Bonds.

“*2022A Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2022A (Non-AMT).

“*2022B Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2022B (AMT).

“*2023 Bonds*” means, collectively, the 2023A Bonds and the 2023B Bonds.

“*2023A Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2023A (Non-AMT).

“*2023B Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2023B (AMT).

“*2025 Bonds*” means, collectively, the 2025A Bonds and the 2025B Bonds.

“*2025A Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2025A (Non-AMT).

“*2025B Bonds*” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2025B (AMT).

THE BOND ORDER

Establishment of Funds. The following funds are established under the Bond Order:

- (a) Charlotte/Douglas International Airport Construction Fund;
- (b) Charlotte/Douglas International Airport Revenue Fund;
- (c) Charlotte/Douglas International Airport Operating Fund;
- (d) Charlotte/Douglas International Airport Bond Fund, in which there are established six special Accounts to be known as the Revenue Bond Capitalized Interest Account, the Revenue Bond Interest Account, the Revenue Bond Principal Account, the Revenue Bond Redemption Account, the Revenue Bond Reserve Account and the Revenue Bond Sinking Fund Account;
- (e) Charlotte/Douglas International Airport Discretionary Fund;
- (f) Charlotte/Douglas International Airport Insurance and Condemnation Award Fund; and
- (h) Charlotte/Douglas International Airport PFC Revenue Account.

The Bond Fund and the Accounts and subaccounts therein are held by the Trustee. The Revenue Fund, the Operating Fund, the Insurance and Condemnation Award Fund and the Airport Discretionary Fund and the Accounts therein are held by a Depositary selected by the City. The PFC Revenue Account is held by the Trustee; provided, however, the City may elect to have the PFC Revenue Account held by a Depositary selected by the City by giving written notice to the Trustee and the Trustee shall take all actions necessary to facilitate the transfer of the PFC Revenue Account to such Depositary.

Except for money in the Airport Discretionary Fund and the Rebate Account, if any, the money in all the Funds and Accounts established in the Bond Order shall be held in trust and applied as set forth in the Bond Order and, pending such application, the money in the Bond Fund shall be subject to a lien and charge in favor of the Owners of the respective Series of Bonds, except as otherwise provided in the Bond Order or any Series Resolution.

Except as provided in the Bond Order, all Revenues shall be deposited when received in the Revenue Fund. Payments made by the counterparty in connection with any interest rate exchange or swap agreement shall be deposited as provided in the applicable Series Resolution. The City shall deposit all PFC Revenues when received in the PFC Revenue Account.

Application of Money in the Revenue Fund. On or before the 25th day of each month the City shall withdraw funds on deposit from the Revenue Fund (other than amounts in the Rebate Account) and apply the same in the following manner and order:

- (a) the City shall deposit in the Operating Fund an amount equal to the difference between one-twelfth of the amount shown by the Annual Budget as Current Expenses for the then current Fiscal Year plus the amount of encumbered funds from previous budgets and the amount on deposit in the Operating Fund (excluding the amount set aside in the Operating Reserve Account under subparagraph (f) below);

(b) beginning in the month provided in the Series Resolutions, the City shall deliver to the Trustee for deposit in the appropriate subaccounts of the Revenue Bond Interest Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, the amounts specified in the Series Resolutions; provided that if there are not sufficient Revenues to satisfy all such deposits, such deposits shall be made pro rata to each subaccount in accordance with the Outstanding aggregate principal amount of each Series;

(c) beginning in the month provided in the Series Resolutions, the City shall deliver to the Trustee for deposit in the appropriate subaccounts of the Revenue Bond Principal Account and the Revenue Bond Sinking Fund Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, the amounts specified in the Series Resolutions; provided that if there are not sufficient Revenues to satisfy all such deposits, such deposits shall be made pro rata to each subaccount in accordance with the Outstanding aggregate principal amount of each Series;

(d) (1) in any month in which the amount on deposit in any subaccount in the Revenue Bond Reserve Account is less than the Reserve Requirement due to the application of money therein in accordance with the Bond Order or the reduction in value on Investment Obligations therein, the City shall deliver to the Trustee for deposit in the appropriate subaccount in the Revenue Bond Reserve Account one-twelfth (1/12th) of the amount of such deficiency if due to an application pursuant to the Bond Order or one-twenty-fourth (1/24th) if due to a reduction in value, and shall make a deposit in an approximately equal amount in the next eleven or twenty-three months, as the case may be, taking into account in the twelfth or twenty-fourth month, as the case may be, the amount of investment income realized to the 25th day of such month and (2) on the date set for payment thereof, to the provider of any Qualified Reserve Fund Substitute, an amount sufficient to satisfy the then current obligations of the City incurred in connection therewith;

(e) in any month in which payment of any principal, premium, if any, or interest on any Subordinate Indebtedness is due or any other amount is due and payable with respect to Subordinate Indebtedness, to the person entitled to such amount; and

(f) in any month in which the amount on deposit in the Operating Fund is less than 25% of the Current Expenses set forth in the Annual Budget for the Fiscal Year the City shall deposit in a separate account of the Operating Fund, designated as the Operating Reserve Account, one-twelfth (1/12) of the amount of such deficiency, and shall make the same deposit in an approximately equal amount in the next eleven months such that the deficiency is cured in one year.

In each month following a month in which the City has failed to make any deposit or payment required by paragraphs (a) through (f) above, the City shall deposit or pay, in addition to the amounts then due, but only from Net Revenues, an amount sufficient to cure the deficiency in deposit or payment in the prior month unless such deficiency is cured by a transfer, pursuant to the terms of the Bond Order, of money or Investment Obligations to such Fund or Account from other Funds and Accounts.

Application of Money in the Operating Fund. The Current Expenses shall be paid from the Operating Fund as the same become due and payable.

Application of Money in the Revenue Bond Capitalized Interest Account and Revenue Bond Interest Account. Not later than 10:00 A.M. on each Interest Payment Date, date for the payment of

Defaulted Interest or date upon which Bonds are to be redeemed, or on such other date as may be specified in the applicable Series Resolution, the Trustee shall withdraw from the applicable subaccount in the Revenue Bond Interest Account and (1) wire transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amounts required for paying interest on the respective Bonds and (2) pay or otherwise transfer to the parties named in the applicable Series Resolution the amounts required for paying any Credit Support Payment Amounts for such Series of Bonds. The Bond Registrar shall remit the amount due and payable to the Owners as provided in the Series Resolution.

On the date of issuance of any Series of Bonds, the City shall specify in the Series Resolution or the Finance Director shall deliver to the Trustee a schedule of monthly transfers to be made from the applicable subaccount of the Revenue Bond Capitalized Interest Account to the applicable subaccount of the Revenue Bond Interest Account. The Trustee shall make such transfers as required by the Series Resolution or the schedule of the Finance Director. If the Trustee fails to make any deposit to the Revenue Bond Interest Account that is required or if the balance in the Revenue Bond Interest Account on the 25th day of the month next preceding an Interest Payment Date is insufficient to pay interest becoming due on the Bonds on such Interest Payment Date, the Trustee shall notify the City of the amount of the deficiency. Upon notification, the Trustee shall transfer an amount sufficient to cure the same, drawing upon funds in the applicable subaccount in the Revenue Bond Reserve Account.

Application of Money in the Revenue Bond Principal Account. Not later than 10:00 A.M. on each principal payment date, the Trustee shall withdraw from the applicable subaccount in the Revenue Bond Principal Account and wire transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amount necessary to pay the principal of such Bonds at their respective maturities.

If at any date there is money in the Revenue Bond Principal Account and no Serial Bonds are then Outstanding or if on any principal payment date money remains therein after the payment of the principal of Serial Bonds then due, the Trustee shall withdraw such money and apply the same as follows: (a) deposit in the Revenue Bond Sinking Fund Account, the Revenue Bond Reserve Account, or apply such money to the payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, in that order, the amounts then required to be paid thereto by the City and (b) deliver all remaining amounts to the City to be deposited in the Airport Discretionary Fund.

Application of Money in the Revenue Bond Sinking Fund Account. Money held for the credit of the subaccounts in the Revenue Bond Sinking Fund Account shall be applied during each Fiscal Year to the retirement, purchase or payment of Term Bonds.

Application of Money in the Revenue Bond Reserve Account. The Trustee shall use amounts in the appropriate subaccounts in the Revenue Bond Reserve Account to make transfers, in the following order, to the appropriate subaccounts in the Revenue Bond Interest Account, the Revenue Bond Principal Account and the Revenue Bond Sinking Fund Account to remedy any deficiency therein as of the 25th day of the month preceding any interest payment date to pay the interest on or the principal of the related Bonds when due, whenever and to the extent that the money on deposit in any or all of said subaccounts is insufficient for such purposes.

At the written direction of the City amounts remaining in a subaccount in the Revenue Bond Reserve Account may be applied to the final payment or payments of principal and interest on the related Series of Bonds.

Application of Money in the Airport Discretionary Fund. The City shall apply money on deposit in the Airport Discretionary Fund for any lawful purpose. Moneys in the Airport Discretionary Fund shall be held free and clear of any lien or encumbrance created by the Bond Order.

Application of Money in the Revenue Bond Redemption Account. Money held for the credit of the subaccounts in the Revenue Bond Redemption Account shall be applied to the purchase or redemption of Bonds in the manner provided in the applicable Series Resolution.

Released Revenues. Revenues will become Released Revenues on the filing of the following with the Trustee:

(a) a resolution of the City Council describing a specific identifiable portion of Revenues and approving that such Revenues be excluded from the term Revenues;

(b) either (1) a certificate prepared by the Finance Director showing that Net Revenues for each of the two most recent completed Fiscal Years, after the specific identifiable portion of Revenues covered by the City Council's resolution described in (a) above are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits and payments described above under the caption "***Application of Money in the Revenue Fund***" or (B) an amount not less than 150% of average Long-Term Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues; or (2) a certificate prepared by an Airport Consultant showing that the estimated Net Revenues (excluding the specific identifiable portion of Revenues covered in the resolution adopted by the City Council described in (a) above) for each of the first three complete Fiscal Years immediately following the Fiscal Year in which the resolution described in (a) above is adopted by the Board, will not be less than the larger of (A) the amounts needed for making the required deposits and payments described above under the caption "***Application of Money in the Revenue Fund***", or (B) an amount not less than 150% of the average Long-Term Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues;

(c) an opinion of the City's bond counsel to the effect that the exclusion of such specific identifiable portion of revenues from the definition of Revenues and from the pledge and lien of the Bond Order will not, by itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax; provided, however this provision is only applicable to those Bonds that are intended to be excludable from gross income for purposes of federal income tax; and

(d) written confirmation from each of the rating agencies that has been requested by the City to maintain a rating on the Bonds and are then maintaining a rating on any of the Bonds to the effect that the exclusion of such specific identifiable portion of Revenues from the pledge and lien of the Bond Order will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Upon filing of such documents, the specific identifiable portion of Revenues described in the resolution of the City Council and collected after such filing shall no longer be included in Revenues and shall be excluded from the pledge and lien of the Bond Order, unless subsequently included in Revenues and in the pledge and lien of the Bond Order under a Supplemental Order or a Series Resolution.

Pledged PFC Revenues. The City, from time to time and at any time, without the consent of the Trustee, the Owners or any other party, may adopt a Supplemental Order or a Series Resolution that specifies the amount of PFCs that shall constitute Pledged PFC Revenues during each Fiscal Year and the Bonds that shall be secured by such Pledged PFC Revenues. More than one Series of Bonds may be secured by Pledged PFC Revenues. Notwithstanding any other provision of the Bond Order, the City may

amend, including reduce, the amount of Pledged PFC Revenues with respect to any Fiscal Year without the consent of the Trustee, the Owners or any other party; provided, however, that the City shall be in compliance with the provisions of the Supplemental Order or Series Resolution that specifies the Pledged PFC Revenues that secure Bonds issued under the Bond Order. The City will provide in the Supplemental Order or the Series Resolution for the establishment of a subaccount within the PFC Revenue Account (a "*Pledged PFC Subaccount*") in which the Pledged PFC Revenues that secure particular Bonds are to be deposited. The Pledged PFC Subaccount, and the Pledged PFC Revenues deposited in such Pledged PFC Subaccount, shall secure on a parity basis all Bonds, whenever issued, that are specified in the applicable Supplemental Order or Series Resolution to be secured thereby. Any investment earnings from money deposited in a Pledged PFC Subaccount shall be retained in such Pledged PFC Subaccount.

The Pledged PFC Revenues, including any investment earnings thereon, held in a Pledged PFC Subaccount shall be applied by the City as follows: (1) first, to the payment of such Bonds secured thereby and such amount shall be accounted for as a credit against the amount required to be deposited for those Bonds first in the Revenue Bond Interest Account and second in the Revenue Bond Principal Account and Revenue Bond Sinking Fund Account, (2) second, to pay the capital costs of PFC Eligible Projects, and (3) third, as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

Application of Money in PFC Revenue Account. Money in a Pledged PFC Subaccount shall be applied as set forth in Bond Order; otherwise, the City shall apply money in the PFC Revenue Account, by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds, to pay the capital costs of PFC Eligible Projects, as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

Insurance and Condemnation Award Fund. The Trustee shall deposit Net Proceeds into the Insurance and Condemnation Award Fund, when and as received by the Trustee. Upon direction of the City the Trustee shall use money in the Insurance and Condemnation Award Fund for the following purposes: (a) to transfer to the Proceeds Account in the Construction Fund, the creation of which is authorized by the Bond Order, and thereafter to disburse the same to pay the costs of repairing or replacing the Included Cost Centers; and (b) to transfer to the Revenue Bond Redemption Account and the Revenue Bond Interest Account to redeem Bonds.

Obligations Under Qualified Hedges. (a) The obligation of the City to make Regularly Scheduled Hedge Payments under a Qualified Hedge with respect to a Series of Bonds may be on a parity with the obligation of the City to make payments with respect to such Series of Bonds and other Bonds under the Bond Order, except as otherwise provided herein or in a Supplemental Order. The City may provide in any Supplemental Order or a Series Resolution that Regularly Scheduled Hedge Payments under a Qualified Hedge shall be secured by a pledge of or lien on Net Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding and, to the extent so designated, the Regularly Scheduled Hedge Payments will be treated as the payment of interest of the associated Series of Bonds for all purposes under the Bond Order. The Trustee shall take all action consistent with the other provisions hereof as shall be requested in writing by the Qualified Hedge Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the City with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence shall require the Trustee either to exercise the remedies granted in the Bond Order or to institute any action, suit or proceeding in its own name, the Qualified Hedge Provider shall provide to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

(b) In the event that a Hedge Termination Payment or any other amounts other than as described in clause (a) above are due and payable by the City under a Qualified Hedge, such Hedge Termination Payment and any such other amounts shall constitute Subordinate Indebtedness under the Bond Order.

Disposition of Fund Balance. After provision is made for the payment of all Outstanding Bonds issued under the Bond Order, including the interest thereon and for the payment of all other obligations, expenses and charges required to be paid under or in connection with the Bond Order, and receipt by the Trustee of a certificate of the Finance Director to the effect that there are no other indentures, resolutions, bond orders, Series Resolution or other agreements that impose a continuing lien on the balances hereinafter mentioned, the Trustee shall pay all amounts in any Fund or Account then held by it under the Bond Order to the City. If a continuing lien has been imposed on any such balance by another resolution, bond order, any other agreement, by court order or decree, or by law, the Trustee shall pay such balance to such person as is entitled to receive the same by law or under the terms of such resolution, bond order, agreement, court order, or decree.

Security for the Bonds. As security for the payment of the Bonds and the interest thereon, the City grants to the Trustee a pledge of

- (a) Net Revenues, and
- (b) its rights to receive Net Revenues.

In addition, as security for the payment of each Series of Bonds and the interest thereon, the City has granted to the Trustee a pledge of the money and Investment Obligations in any and all of the related subaccounts of the Bond Fund and Accounts established under the Series Resolution relating to their issuance.

Security for Deposits. Any and all money received by the City under the provisions of the Bond Order, other than the Airport Discretionary Fund and the Rebate Account, shall be deposited as received with the Trustee or one or more other Depositaries as provided in the Bond Order, and shall be trust funds under the terms thereof, and, to the extent permitted by law in the case of the Construction Fund, shall not be subject to any lien or attachment by any creditor of the City other than the Owners. All money deposited with the Trustee or any Depositary shall be credited to the particular Fund, Account or subaccount to which such money belongs.

Investment of Money. Money held for the credit of all Funds, Accounts and subaccounts, other than the Airport Discretionary Fund, shall be continuously invested and reinvested by the City, the Trustee or the Depositaries, whichever is applicable, in Investment Obligations to the extent practicable. Money held for the credit of the Airport Discretionary Fund may be invested and reinvested by the City as provided by law. Investment Obligations shall mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such Funds, Accounts and subaccounts shall be required for the purposes intended.

Unless otherwise provided in any Series Resolution, Investment Obligations in the Revenue Bond Reserve Account shall mature or be redeemable at the option of the holder thereof as follows: 25% not later than five years after the date of such investment, an additional 50% not later than ten years after the date of such investment, and the balance without limitation.

No Investment Obligations pertaining to any Series may mature on a date beyond the latest maturity date of the respective Bonds Outstanding at the time such Investment Obligations are deposited.

Investment Obligations acquired with money in or credited to any Fund, Account or subaccount established under the Bond Order shall be deemed at all times to be part of such Fund, Account or subaccount.

The Trustee shall sell at the best price obtainable or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary so to do to provide money to make any payment from any such Fund, Account or subaccount. The Trustee shall not be liable or responsible for any loss resulting from any such investment.

Valuation. For the purpose of determining the amount on deposit in any Fund, Account or subaccount, other than the Airport Discretionary Fund, Investment Obligations in which money in such Fund, Account or subaccount is invested shall be valued (a) at face value if such Investment Obligations mature within 12 months from the date of valuation thereof, and (b) if such Investment Obligations mature more than 12 months after the date of valuation thereof, at the price at which such Investment Obligations are redeemable by the holder at his option, if so redeemable, or, if not so redeemable, at the lesser of (1) the cost of such Investment Obligations plus the amortization of any premium or minus the amortization of any discount thereon, and (2) the market value of such Investment Obligations.

All Investment Obligations in all of the Funds, Accounts and subaccounts, except the Revenue Account and the Airport Discretionary Fund, shall be valued no earlier than the 25th day of the second month next preceding a principal payment date and no later than the 21st day of the month next preceding such principal payment date. In addition, Investment Obligations in the Revenue Bond Interest Account, the Revenue Bond Principal Account, the Revenue Bond Sinking Fund Account, and the Revenue Bond Reserve Account shall be valued at any time requested by the City on reasonable notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value Investment Obligations more than once in any calendar month.

Payment of Principal, Interest and Premium. The City shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, by call for redemption or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided in the Bond Order and in the Bonds, according to the true intent and meaning thereof. The Bonds are special obligations payable solely from Net Revenues, the City's rights to receive the same, and money and Investment Obligations held in the Funds, Accounts and subaccounts created in the Bond Order, other than the Airport Discretionary Fund, and the income from such Investment Obligations and the investment of such money.

Rate Covenant.

(a) The City shall fix, charge and collect rates, fees, rentals and charges for the use of the Airport and shall revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenues in each Fiscal Year at least equal to the sum of the deposits described in the section entitled "***Application of Money in the Revenue Fund***" above, plus an amount, if any, which provides an amount on deposit in the Revenue Fund, as of the opening of business on the first day of the next Fiscal year, equal to the Coverage Factor for such preceding Fiscal Year. For purposes of this covenant, amounts retained in the Revenue Fund as of the end of the year are deemed to be Revenues.

(b) If, during any such period, Revenues estimated are less than the amount required under paragraph (a) above, the City shall revise its rates, fees, rentals and

charges, or alter its methods of operation or take other action in such manner as is calculated to produce the amount so required in such period.

(c) If the audit report for any Fiscal Year indicates that the City has not satisfied its obligations under paragraph (a) above, then within 15 days after the receipt of the audit report for such Fiscal Year, the City shall employ an Airport Consultant to review and analyze the financial status and the administration and operations of the Included Cost Centers, to inspect the properties constituting the Included Cost Centers, and to submit to the City Council and the Finance Director, within 60 days thereafter, a written report on the same, including the action which the Airport Consultant recommends should be taken by the City with respect to the revision of its rates, fees, rentals and charges and the alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the following 12 month period. Promptly upon its receipt of the recommendations the City shall, after giving due consideration to the recommendations, revise its rates, fees, rentals and charges and alter its methods of operation, which revisions or alterations are projected to result in compliance with paragraph (a) above. The City shall transmit copies of the Airport Consultant's recommendations to the Trustee and each Owner who has requested the same.

(d) In the event the City fails to take action as required by paragraphs (b) and (c) above, the Trustee may, and upon request of the Owners of not less than 25% in principal amount of all Bonds Outstanding shall, institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel the City to comply with the requirements of said paragraphs.

Insurance. The City shall maintain, or cause to be maintained, insurance with respect to the Included Cost Centers against such casualties and contingencies and in such amounts not less than is reasonably prudent; provided, however, that the City may self insure against such risks as it may determine to be prudent. To the extent permitted by any policies of insurance, such policies shall name the Trustee as an additional insured as its interests may appear. The City will pay, or cause to be paid, any premiums for such policies of insurance.

Payment of Charges and Covenant Against Encumbrances. Except as provided the Bond Order, the City shall not create or suffer to be created any lien or charge upon the Included Cost Centers or any part thereof, or on the Net Revenues, except for Permitted Encumbrances. The City shall pay or cause to be discharged, or shall make adequate provision to satisfy and discharge, within 60 days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or improvement of the properties constituting the Included Cost Centers and the operation of the Included Cost Centers and lawful claims and demands for labor, materials, supplies or other objects that might by law become a lien upon the Included Cost Centers or Net Revenues if unpaid. Nothing contained in the Bond Order requires the City to pay or cause to be discharged, or make provision of the payment, satisfaction and discharge of, any lien, charge, cost, liability, claim or demand so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Disposition of Included Cost Centers. The City shall not, except as hereinafter provided, sell or otherwise dispose of all or any part of the properties constituting the Included Cost Centers.

(a) The City has the right to sell or dispose of machinery, fixtures, apparatus, tools, instruments or other personal property which may be determined to be

part of the Included Cost Centers, or any materials used in connection therewith if the City determines that such articles are no longer needed or useful in connection with the maintenance of the properties constituting the Included Cost Centers or the operation of the Included Cost Centers or that such sale or disposition shall not impair the operating efficiency of the Included Cost Centers or reduce the ability of the City to satisfy the requirements of the section entitled “**Rate Covenant**” set forth above.

(b) The City, without notice to the Trustee and free of any obligation to make any replacement thereof or substitution therefor, has the right to demolish or remove any real property and structures now or hereafter existing as part of the Included Cost Centers provided that the City determines that such removal or demolition does not impair the operating efficiency of the Included Cost Centers or reduce the ability of the City to satisfy the requirements of the section entitled “**Rate Covenant**” set forth above.

(c) Notwithstanding the provisions of paragraph (b), if the City determines that any real property or structure constituting a part of the Included Cost Centers has become inadequate, unsuitable, unnecessary or unprofitable, the City shall then have the right to demolish or remove such property and, to the extent permitted by law, may sell or otherwise dispose of all or a part of the same, if:

(1) prior to such removal or demolition the City gives written notice thereof to the Trustee, which notice describes the real property or structures to be demolished or removed and the reason for such demolition or removal; and

(2) (a) the City shall construct, acquire, replace or substitute real property or structures having a utility value at the Included Cost Centers at least equal to that of the property demolished or removed, or

(b) any such real property and structure now or hereafter existing as part of the Included Cost Centers may be demolished or removed by the City from time to time and the City shall not be required to construct or acquire any real property or structures in substitution or in replacement thereof if there is filed with the Trustee prior to such demolition or removal, a certificate, signed by the Airport Manager and approved by the Airport Consultant, stating (i) that no Default has occurred and is continuing under the Bond Order, or, if any Default then exists, that the same shall be projected to be cured by action taken, and (ii) that the Net Revenues for the Fiscal Year next succeeding that in which such demolition or removal occurs are projected to be sufficient to enable the City to satisfy the requirements of the section entitled “**Rate Covenant**” set forth above.

Unless some other disposition is required by law or by contract, the City shall, in its sole discretion, deposit the proceeds resulting from any abandonment, sale or disposition of properties constituting the Included Cost Centers to any Account in the Construction Fund, if the amount then on deposit therein is insufficient to pay the Costs of Additional Facilities, or to the Airport Discretionary Fund.

Additional Facilities; Additions to the Included Cost Centers. All buildings, structures and items of personal property that are constructed, placed or installed in or upon the properties constituting the Included Cost Centers as an addition or improvement to, as a substitute for, or in renewal, replacement

or alteration of, any buildings, structures, and personal property constituting part of the Included Cost Centers, and all real property acquired as an addition to, in replacement of, or as a substitute for real property constituting a part of the Included Cost Centers shall thereupon become a part of the Included Cost Centers.

Contracts, Leases and Other Agreements. The City may lease, as lessor, all or any part of the Included Cost Centers, or contract or agree for the performance by others, of operations or services on or in connection with the Included Cost Centers or any part thereof, for any lawful purpose, provided, that

(a) the City remains fully obligated and responsible under the Bond Order to the same extent as if such lease, contract or agreement, or any amendment or rescission thereof, had not been executed, and

(b) the obligation of the City under such lease, contract or agreement does not impair the performance of the City's obligations under the Bond Order.

Issuance of Bonds.

(a) Subject to the conditions hereinafter described, the City shall have the right to issue the following Bonds for Additional Facilities or to refund Outstanding Bonds or other indebtedness:

(1) Long-Term Bonds if prior to issuance one of the following conditions is met:

(i) there is delivered to the Trustee a Certificate of the Finance Director certifying that, taking all outstanding Long-Term Bonds (excluding any Long-Term Bonds to be refunded by the Long-Term Bonds to be issued) and Subordinate Indebtedness and the Long-Term Bonds then to be issued into account as if they had been issued at the beginning of the most recent Fiscal Year for which audited financial statements are available preceding the date of delivery of such Certificate, the Net Revenues, excluding any transfers from the Airport Discretionary Fund, for such Fiscal Year were sufficient to meet the Rate Covenant as described under "***Rate Covenant***" above not less than 1.50 times the Long-Term Debt Service Requirement with respect to all outstanding Long-Term Bonds and the Long-Term Bonds to be issued plus all other amounts sufficient to meet the deposits described under "***Application of Money in the Revenue Fund***" above; or

(ii) (A) there is delivered to the Trustee a Certificate of the Finance Director (accompanied by a report of an independent certified public accountant or firm of certified public accountants) certifying that, taking into account all outstanding Long-Term Bonds, but not the Long-Term Bonds then to be issued, and Subordinate Indebtedness for the most recent Fiscal Year for which audited financial statements are available preceding the date of delivery of such Certificate, the requirements as described under "***Rate Covenant***" above have been satisfied; and (B) there shall be filed with the Trustee a report of an Airport Consultant to the effect that the requirements as described under "***Rate Covenant***" above (excluding any transfers from the Airport Discretionary Fund) taking the Long-Term Debt Service Requirement of the proposed Long-Term Bonds into account, for (I) in the case of Long-Term Bonds to finance Additional Facilities, each of the first two full Fiscal Years succeeding the date on which such Additional Facilities are expected to be completed and in operation, or (II) in the case of Long-Term Bonds not financing Additional Facilities, each of the first two Fiscal Years succeeding the date on which such Long-Term Bonds are issued, will be projected to be satisfied.

(2) Notwithstanding the provisions of paragraph (1) above, Completion Bonds may be incurred without an earnings test if the principal amount thereof does not exceed 15% of the principal amount of the Bonds initially issued therefor, and in excess of 15% of such principal amount, but only if any of the tests set forth in (1) above are met.

(3) Bonds may be issued for the purpose of refunding all or any part of any Outstanding Bonds so as to render it no longer Outstanding without meeting any other test above if either of the following are satisfied:

(i) the Long-Term Debt Service Requirement due in each Fiscal Year on the Bonds remaining Outstanding after the issuance of the refunding Bonds will decrease in the corresponding Fiscal Years that the principal and interest on the Bonds being refunded would have been due as a result of such refunding; or

(ii) the maximum annual Long-Term Debt Service Requirement on the Bonds (by Fiscal Year) after the issuance of the refunding Bonds does not exceed the maximum annual Long-Term Debt Service Requirement on the Bonds (by Fiscal Year) before the issuance of the refunding Bonds for any Fiscal Year.

(4) Short-Term Bonds may be issued in the ordinary course of business if, immediately after the issuance of such Short-Term Bonds, the outstanding principal amount of all Short-Term Bonds does not exceed 10% of Total Operating Revenues for the most recent Fiscal Year preceding the date of issuance of such Short-Term Bonds for which audited financial statements are available, provided, however, that for a period of 20 consecutive calendar days in each Fiscal Year no such Bonds shall be outstanding.

Financing of Special Purpose Facilities. The City may finance the acquisition, construction or improvement of any Special Facilities secured by the income and revenues of the Special Facilities on delivery to the Trustee of the following items prior to such financing:

(1) a certificate of the Finance Director (a) designating the new or existing facility as a Special Facility, (b) stating the amount of indebtedness the City will incur related to the Special Facility, (c) stating that the City reasonably expects to be able to pay the principal of and interest of the indebtedness to be issued from the income and revenues of the Special Facility and (d) stating that no Event of Default has occurred and is continuing under the Bond Order;

(2) to the extent that the income and revenues to be pledged to the financing for the Special Facilities have been existing Revenues prior to the financing of the acquisition, construction or improvement of the Special Facilities, evidence that the City has met the requirements for such income and revenues to become Released Revenues; and

(3) a certificate of an Airport Consultant (which may be included in information provided under (2) above) to the effect that requirements of the section entitled “***Rate Covenant***” set forth above, taking into account the financing of the proposed Special Facilities, are projected to be satisfied for each of the next three complete Fiscal Years immediately following the financing of the acquisition, construction or improvement of the Special Facilities.

The City may refinance any financing of Special Purpose Facilities without having to meet the tests in this provision if either of the following are satisfied:

(1) the aggregate principal and interest due in each Fiscal Year on indebtedness for the Special Purpose Facilities remaining outstanding after the refinancing will decrease in the

corresponding Fiscal Years that the aggregate principal and interest on the original indebtedness being refunded would have been due as a result of such refinancing; or

(2) the maximum annual principal and interest requirements on the indebtedness for the Special Purpose Facilities (by Fiscal Year) after the refinancing does not exceed the maximum annual principal and interest requirements on the indebtedness for the Special Purpose Facilities (by Fiscal Year) before refinancing for any Fiscal Year.

If the conditions set forth in this provision are satisfied, then the income and revenues pledged to the financing of the Special Purpose Facilities will not be considered Revenues while such financing is outstanding.

Subordinate Indebtedness. (a) The City may issue Subordinate Indebtedness if:

(i) there is delivered to the Trustee a Certificate of the Finance Director certifying that, taking all outstanding Long-Term Bonds and Subordinate Indebtedness (excluding any Long-Term Bonds and Subordinate Indebtedness to be refunded by the Subordinate Indebtedness to be issued) and the Subordinate Indebtedness then to be issued into account as if they had been issued at the beginning of the most recent Fiscal Year for which audited financial statements are available preceding the date of delivery of such Certificate, the requirements set forth under “***Rate Covenant***” above would have been satisfied for such Fiscal Year; or

(ii) (A) there is delivered to the Trustee a Certificate of the Finance Director certifying that, taking into account all outstanding Long-Term Bonds and Subordinate Indebtedness, but not the Subordinate Indebtedness then to be issued, for the most recent Fiscal Year for which audited financial statements are available preceding the date of delivery of such Certificate, the requirements set forth under “***Rate Covenant***” above have been satisfied; and (B) there shall be filed with the Trustee a report of an Airport Consultant to the effect that the requirements set forth under “***Rate Covenant***” above taking the proposed Subordinate Indebtedness into account, for (I) in the case of Subordinate Indebtedness to finance Additional Facilities, each of the first two full Fiscal Years succeeding the date on which such Additional Facilities are expected to be completed and in operation, or (II) in the case of Subordinate Indebtedness not financing Additional Facilities, each of the first two Fiscal Years succeeding the date on which such Subordinate Indebtedness is issued, will be projected to be satisfied.

(b) Subordinate Indebtedness may be issued for the purpose of refunding all or any part of any Subordinate Indebtedness so as to render it no longer outstanding without meeting any other test above if either of the following are satisfied:

(i) the aggregate principal and interest due in each Fiscal Year on the Subordinate Indebtedness remaining outstanding after the issuance of the refunding Subordinate Indebtedness will decrease in the corresponding Fiscal Years that the aggregate principal and interest on the Subordinate Indebtedness being refunded would have been due as a result of such refunding; or

(ii) the maximum annual principal and interest requirements on the Subordinate Indebtedness (by Fiscal Year) after the issuance of the refunding Subordinate Indebtedness does not exceed the maximum annual principal and interest requirements on the Subordinate Indebtedness (by Fiscal Year) before the issuance of the refunding Subordinate Indebtedness for any Fiscal Year.

Extension of Interest Payment. If the time for the payment of the interest on any Bond is extended, whether or not such extension is by or with the consent of the City, such interest so extended shall not be entitled in case of default to the benefit or security of the Bond Order and in such case the Owner of the Bond for which the time for payment of interest was extended shall be entitled only to the payment in full of the principal of all Bonds then Outstanding and of interest for which the time for payment has not been extended.

Events of Default. Each of the following events is hereby declared an “*Event of Default*”:

(a) payment of the principal of and the redemption premium, if any, on any of the Bonds is not made when the same are due and payable, either at maturity or by redemption or otherwise;

(b) payment of the interest on any of the Bonds is not made when the same is due and payable;

(c) the City: (i) becomes insolvent or the subject of insolvency proceedings; or (ii) is unable, or admits in writing its inability, to pay its debts as they mature; or (iii) makes a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) files a petition or other pleading seeking reorganization, composition, readjustment, or liquidation of assets, or requesting similar relief; or (v) applies to a court for the appointment of a receiver for it or for the whole or any part of the Included Cost Centers other than Special Facilities; or (vi) has a receiver or liquidator appointed for it or for the whole or any part of the Included Cost Centers other than Special Facilities (with or without the consent of the City) and such receiver is not discharged within 90 consecutive days after his appointment; or (vii) becomes the subject of an “order for relief” within the meaning of the United States Bankruptcy Code; or (viii) files an answer to a creditor’s petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within 60 consecutive days after the same is filed against the City;

(d) any court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property under the provisions of any other law for the relief or aid of debtors, and such custody or control is not terminated within 90 days from the date of assumption of such custody or control;

(e) the occurrence and continuation of an Event of Default under any Series Resolution; and

(f) the City defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Order, and such default continues for 30 days after receipt by the City of a written notice from the Trustee specifying such default and requesting that it be corrected, provided that if prior to the expiration of such 30-day period the City institutes action reasonably designed to cure such default, no “*Event of Default*” shall be deemed to have occurred upon the expiration of such 30-day period for so long as the City pursues such curative action with reasonable diligence.

Non-acceleration of Maturities and Remedies. Neither the Trustee nor any Owner is permitted to accelerate the maturity of any Bond. In addition to any remedies then available to the Trustee under the Bond Order and under State and federal law, upon the occurrence of an Event of Default the Trustee may:

(a) Require the City to endorse all checks and other negotiable instruments representing Revenues to the order of the Trustee immediately upon the receipt thereof and to deliver such endorsed instruments daily to the Trustee.

(b) Notify any or all account debtors of the City to pay any amounts representing Revenues, when due and owing, directly to the Trustee, as Trustee.

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Bond Order, the Trustee will be entitled, as a matter of right, to the extent permitted by law, to the appointment of a receiver or receivers of the Airport and of the Revenues pending such proceedings, with such powers as the court making such appointments confers, whether or not the Revenues are deemed sufficient ultimately to satisfy the Bonds then Outstanding under the Bond Order.

(d) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition or agreement of the City under the Bond Order.

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, proceed to protect and enforce the rights of the Owners.

The Owners of a majority in aggregate principal amount of Bonds at any time Outstanding have the right, by written instruments delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee. The Trustee may, and upon written request of the Owners of not less than a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default which in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Bond Order or before the completion of the enforcement of any other remedies under the Bond Order, but no such waiver will extend to or affect any other existing or subsequent Event of Default or impair any rights or remedies consequent thereon.

Pro Rata Application of Funds. Anything in the Bond Order to the contrary notwithstanding, if at any time the money in the applicable subaccounts in the Revenue Bond Interest Account, the Revenue Bond Principal Account and the Revenue Bond Sinking Fund Account is not sufficient to pay the interest on, the principal of, or other amounts due in connection with, the related Series of Bonds as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purposes, whether through the exercise of the remedies provided for in the Bond Order or otherwise, will be applied as follows:

first: if the principal of the Series of Bonds has not become due and payable, to the payment of all installments of interest and Credit Support Payment Amounts then due in the order of maturity of the installments of such interest or Credit Support Payment Amounts;

second: if the principal of less than all of the Series of Bonds has become due and payable, first to the payment of all installments of interest and Credit Support Payment Amounts then due on such Bonds of which the principal is not overdue in the order of the maturity of the installments thereof, and next to the payment of interest at the respective rates specified in the Series of Bonds on overdue principal along with all other amounts due in connection with such Series, and next to the payment of the principal of such Bonds then due in order of their due dates,

third: if the principal of all Series of Bonds has become due and payable by redemption or otherwise, first to the payment of all interest and Credit Support Payment Amounts due on such Bonds of which the principal is not overdue and next to the payment of interest at the respective rates specified in the Series of Bonds on overdue principal along with all other amounts due in connection with such Series, and next to the payment of the principal of the Series of Bonds in order of their due dates; and

fourth: if the principal of all Series of Bonds has become due and payable, and all of the Series of Bonds have been fully paid, together with all interest and premium and Credit Support Payment Amounts, if any, thereon, any surplus then remaining shall be applied first to the payment of Subordinate Indebtedness, including Hedge Termination Payments, and then as set forth in the paragraph entitled “**--Disposition of Fund Balances**”, above.

All payments to be made to the Owners pursuant to the Bond Order will be made ratably to the persons entitled thereto, without discrimination or preference; if there are insufficient funds to make any payment of interest, principal or other amount then due among Bonds of a designated priority, the amount to be paid in respect of principal, interest or other amount then due, as the case may be on each Bond will be determined by multiplying the aggregate amount of the funds available for such payment by a fraction, the numerator of which is the amount then due as principal, interest or other amount, as the case may be, on each Bond and the denominator of which is the aggregate amount due in respect of all principal, interest or other amount, as the case may be, on all Bonds.

Supplemental Order Without Owners’ Consent. The City from time to time and at any time, may adopt such orders supplemental to the Bond Order (which supplemental orders shall thereafter form a part of the Bond Order):

(a) to cure any ambiguity or formal defect or omission or to correct or supplement any provision that may be inconsistent with any other provision, or

(b) to grant to or confer upon the Trustee, for the benefit of the Owners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds or other conditions, limitations and restrictions thereafter to be observed, provided that such conditions, limitations, and restrictions do not impair the security for the Outstanding Bonds,

(d) to add to the covenants and agreements of the City in the Bond Order other covenants and agreements thereafter to be observed by the City or to surrender any right or power reserved to or conferred upon the City, provided that such covenants and

agreements and the surrendering of any such right or power do not impair the security for the Outstanding Bonds,

(e) to add areas or parts of the Airport currently part of the Excluded Cost Centers to the Included Cost Centers,

(f) to specify the amount of PFCs that shall constitute Pledged PFC Revenues during each Fiscal Year and the Bonds that shall be secured by such Pledged PFC Revenues, or

(g) that, in the opinion of the City's Bond Counsel, do not adversely affect the interest of the Owners.

Supplemental Order with Owners' Consent. Subject to the terms and provisions contained in the Bond Order, and not otherwise, the Owners of not less than 51% in aggregate principal amount of the Bonds then Outstanding that will be affected by a proposed supplemental order will have the right, from time to time, anything contained in the Bond Order to the contrary notwithstanding, to consent to and approve the adoption of such order or orders supplemental thereto as are deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Order or in any supplemental order, provided that nothing will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of Net Revenues other than the lien and pledge created or authorized by the Bond Order, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental order.

Consent of Initial Purchaser, Underwriter or Remarketing Agent. Notwithstanding anything in the Bond Order or a Series Resolution to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any Series of the Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental order as required or permitted by the Bond Order, including any amendment or supplemental order that adversely affects the interests of other Owners, and (2) any such holder providing its consent under the Bond Order is not entitled to receive, nor is the City required to provide, any prior notice or other documentation regarding such amendment or supplemental order.

Defeasance. If the City pays or causes to be paid or is deemed to have paid to the Owner of any Bond the principal of and interest due and payable, and thereafter to become due and payable on such Bond, or any portion of such Bond in any integral multiple of the authorized denomination thereof, such Bond or portion thereof will cease to be entitled to any lien, benefit or security under the Bond Order. If the City pays or causes to be paid the principal of, premium, if any, and interest due and payable on all Outstanding Bonds, pays or causes to be paid all other sums payable by the City then and in that case the right, title and interest of the Trustee and Owners in the Funds, Accounts and subaccounts created by the Bond Order shall thereupon cease, determine and become void, the City Council shall repeal and cancel the Bond Order, and the Trustee shall apply any surplus in the Funds or Accounts, other than money held for the redemption or payment of Bonds.

Any Bond will be deemed to be paid within the meaning of this provision and for all purposes of the Bond Order when (a) payment of the principal and premium, if any, of such Bond plus interest thereon to the due date thereof (whether such due date is by reason of maturity or on redemption) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for

by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment and, in either case, the Trustee has received verification from an independent verification firm that the money or Government Obligations deposited with the Trustee, together with investment earnings thereon, will be sufficient to pay when due the principal and premium, if any, of and interest due and to become due on the Bond on and before the redemption date or maturity date thereof, (1) money, sufficient to make such payment or (2) non-callable Government Obligations maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient money to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond is deemed to be paid under the Bond Order, as aforesaid, such Bond will no longer be secured by or entitled to the benefits of the Bond Order, except for the purposes of any such payment from such money or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds has been previously given in accordance with the applicable Series Resolution, or if said Bonds are not to be redeemed within the next 35 days, until the City has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of such Bonds in accordance with the applicable Series Resolution, that the deposit required by (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Bond Order and stating the maturity or redemption date on which money is to be available for the payment of the principal and premium, if any, of said Bonds plus interest thereon to the due date thereof, or (b) the maturity of such Bonds.

THE SERIES RESOLUTION

Establishment of Subaccounts. The Series Resolution establishes the following subaccounts:

(a) Series 2025 Additional Facilities Account of the Construction Fund, and within the Series 2025 Additional Facilities Account, (1) the Series 2025A Subaccount of the Series 2025 Additional Facilities Account and (2) the Series 2025B Subaccount of the Series 2025 Additional Facilities Account;

(b) Series 2025A Subaccount of the Revenue Bond Capitalized Interest Account;

(c) Series 2025A Subaccount of the Revenue Bond Interest Account;

(d) Series 2025A Subaccount of the Revenue Bond Principal Account;

(e) Series 2025A Subaccount of the Revenue Bond Redemption Account;

(f) Series 2025A Subaccount of the Revenue Bond Sinking Fund Account;

(g) Series 2025B Subaccount of the Revenue Bond Capitalized Interest Account;

(h) Series 2025B Subaccount of the Revenue Bond Interest Account;

(i) Series 2025B Subaccount of the Revenue Bond Principal Account;

(j) Series 2025B Subaccount of the Revenue Bond Redemption Account; and

(k) Series 2025B Subaccount of the Revenue Bond Sinking Fund Account;

All accounts are established with and held by the Trustee under the Bond Order. The Trustee is not required to create any of the subaccounts in the Revenue Bond Sinking Fund related to any series of Bonds for which there are no Term Bonds. The Trustee is not required to create any of the subaccounts in the Revenue Bond Redemption Account until such time as the subaccount may be needed to deposit money to be applied to the purchase or redemption of an applicable Series of the Bonds.

Revenues Received by the City. On or before the 25th day of each month after the 2025 Bonds are issued, the City shall, subject to the provisions of the Order, deposit or cause to be deposited from Net Revenues with the Trustee the following amounts and the Trustee shall apply such amounts to the various accounts and subaccounts specified in the Series Resolution:

(a) into the applicable subaccount of the Revenue Bond Interest Account created with respect to each Series of Common Reserve Bonds an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25 and December 25, commencing (i) with respect to the 2025 Bonds on December 25, 2025, and (ii) with respect to any other Series of Common Reserve Bonds, on the date set forth in the applicable Common Reserve Series Resolution, to pay the next maturing installment of interest, on each such Series of Common Reserve Bonds then Outstanding; and

(b) into the applicable Subaccount of the Revenue Bond Principal Account created with respect to each Series of Common Reserve Bonds an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25, commencing (i) with respect to the 2025 Bonds, on June 25, 2026, and (ii) with respect to any other Series of Common Reserve Bonds, on the date set forth in the applicable Common Reserve Series Resolution, to pay the next maturing installment of principal, on each such Series of Common Reserve Bonds then Outstanding; or

(c) into the applicable Subaccount of the Revenue Bond Sinking Fund Account created with respect to each Series of Common Reserve Bonds, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, 1/12th of the amount required to retire each such Series of Common Reserve Bonds to be called by mandatory redemption pursuant to the applicable Common Reserve Series Resolution on the next ensuing July 1, in accordance with the Sinking Fund Requirement therefor.

In each month following a month in which the Trustee has failed to make any deposit set forth above, the City shall pay, but only from Net Revenues, and the Trustee shall deposit, in addition to the amounts then due, an amount sufficient to cure the deficiency in the deposits in the prior months unless such deficiency has been cured by a transfer of money to such fund or account from other funds and accounts created hereby, pursuant to the terms of the Series Resolution.

Application of Money in the Series 2025A Subaccount of the Revenue Bond Sinking Fund Account. Money held in the Series 2025A Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2025A Bonds then Outstanding as set forth in the Series Resolution.

Application of Money in the Series 2025A Revenue Bond Redemption Account. The Trustee shall apply money in the Series 2025A Revenue Bond Redemption Subaccount to the purchase or redemption of 2025A Bonds Outstanding as set forth in the Series Resolution.

Application of Money in the Series 2025B Subaccount of the Revenue Bond Sinking Fund Account. Money held in the Series 2025B Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2025B Bonds then Outstanding as set forth in the Series Resolution.

Application of Money in the Series 2025B Revenue Bond Redemption Account. The Trustee shall apply money in the Series 2025B Revenue Bond Redemption Subaccount to the purchase or redemption of 2025B Bonds as set forth in the Series Resolution.

Application of Money in the Revenue Bond Capitalized Interest Account. On or after the date of issuance of the 2025A Bonds, the Finance Director will deliver or cause to be delivered a schedule of transfers to be made from Series 2025A Subaccount of the Revenue Bond Capitalized Interest Account to the 2025A Subaccount of the Revenue Bond Interest Account. In accordance with such schedule, the Trustee shall withdraw such amounts from the Series 2025A Subaccount of the Revenue Bond Capitalized Interest Account and transfer such amounts to the 2025A Subaccount of the Revenue Bond Interest Account to be used on the applicable Interest Payment Date to pay interest on the 2025A Bonds.

On or after the date of issuance of the 2025B Bonds, the Finance Director will deliver or cause to be delivered a schedule of transfers to be made from Series 2025B Subaccount of the Revenue Bond Capitalized Interest Account to the 2025B Subaccount of the Revenue Bond Interest Account. In accordance with such schedule, the Trustee shall withdraw such amounts from the Series 2025B Subaccount of the Revenue Bond Capitalized Interest Account and transfer such amounts to the 2025B Subaccount of the Revenue Bond Interest Account to be used on the applicable Interest Payment Date to pay interest on the 2025B Bonds.

Application of Money in the Accounts of the Construction Fund. On the filing from time to time with the Trustee of a requisition signed by an authorized representative of the City in the applicable form attached to the Series Resolution, accompanied by a voucher or other appropriate documentation as may be required by the Trustee, the Trustee will make or cause to be made disbursements from the Series 2025A Subaccount of the Series 2025 Additional Facilities Account and the Series 2025B Subaccount of the Series 2025 Additional Facilities Account, as indicated on the requisition, for the payment of the applicable Costs of the Projects to be financed with the proceeds of the respective Series of 2025 Bonds, including costs of issuance.

On the completion of the Projects to be financed with the proceeds of the 2025A Bonds, the City will deliver a certificate to the Trustee stating the fact and date of such completion and stating that all of the Costs of the Projects anticipated to be paid by the City from the proceeds of the 2025A Bonds have been paid. On the receipt by the Trustee of such certificate, unless the Trustee receives written direction from the City otherwise, the Trustee will deposit the remaining balance in the Series 2025A Subaccount of the Series 2025 Additional Facilities Account to the Series 2025A Subaccount of the Revenue Bond Interest Account to be applied to the next payment due with respect to the 2025A Bonds.

On the completion of the Projects to be financed with the proceeds of the 2025B Bonds, the City will deliver a certificate to the Trustee stating the fact and date of such completion and stating that all of the Costs of the Projects anticipated to be paid by the City from the proceeds of the 2025B Bonds have been paid. On the receipt by the Trustee of such certificate, unless the Trustee receives written direction from the City otherwise, the Trustee will deposit the remaining balance in the Series 2025B Subaccount

of the Series 2025 Additional Facilities Account to the Series 2025B Subaccount of the Revenue Bond Interest Account to be applied to the next payment due with respect to the 2025B Bonds.

Application of Money in Common Reserve Subaccount of the Revenue Bond Reserve Account.

(a) The Series Resolution has been designated a Common Reserve Series Resolution and the 2025 Bonds are designated as being secured by the Common Reserve Subaccount of the Revenue Bond Reserve Account. There will be deposited in the Common Reserve Subaccount of the Revenue Bond Reserve Account an amount as certified by the Finance Director. The Trustee shall use money deposited in the Common Reserve Subaccount of the Revenue Bond Reserve Account solely for the purpose of paying the principal of and the interest on each Series of Common Reserve Bonds whenever and to the extent that (1) money in the applicable Subaccount of the Revenue Bond Interest Account created with respect to such Series of Common Reserve Bonds is insufficient to pay the interest on such Series of Common Reserve Bonds or (2) money in the applicable Subaccount of the Revenue Bond Principal Account or the applicable Subaccount of the Revenue Bond Sinking Fund Account created with respect to such Series of Common Reserve Bonds is insufficient to pay the principal of such Series of Common Reserve Bonds. With respect to the 2025 Bonds, the Trustee shall withdraw such money in accordance with the order of priorities set forth in the Series Resolution, and with respect to any other Series of Common Reserve Bonds, the Trustee shall withdraw such money in accordance with the order of priorities set forth in the corresponding section of the applicable Common Reserve Series Resolution; *provided, however*, if there is insufficient money in the Common Reserve Subaccount of the Revenue Bond Reserve Account to satisfy all deposits required within the Series Resolution, then any amounts remaining in the Common Reserve Subaccount of the Revenue Bond Reserve Account will be used to satisfy the deposits between each subaccount on a *pro rata* basis in accordance with the Outstanding aggregate principal amount of each corresponding Series of Common Reserve Bonds. If on any Interest Payment Date the amount on deposit in an account of the Common Reserve Subaccount of the Revenue Bond Reserve Account exceeds the Reserve Requirement therefor, the Trustee shall transfer such excess to (1) the applicable Subaccount of the Revenue Bond Interest Account created with respect to each Series of Common Reserve Bonds on a *pro rata* basis based on the Outstanding aggregate principal amount of each corresponding Series of Common Reserve Bonds or (2) as the City otherwise directs as required by the City's arbitrage and tax regulatory agreement executed and delivered in connection with any Series of Common Reserve Bonds.

(b) If the City delivers a Qualified Reserve Fund Substitute to the Trustee in satisfaction of the Reserve Requirement, in whole or in part:

(i) If and to the extent that money on deposit in the Common Reserve Subaccount of the Revenue Bond Reserve Account, plus all amounts on deposit in and credited to the Subaccounts of the Revenue Bond Fund applicable to each Series of Common Reserve Bonds, in excess of the amount of the Qualified Reserve Fund Substitute, is insufficient to pay the amount of principal and interest coming due with respect to any Series of Common Reserve Bonds, then on the later of: (i) one day after receipt by the Qualified Reserve Fund Substitute Provider of a demand for payment (a "*Demand for Payment*"), duly executed by the Trustee certifying that payment due under the Order and any Common Reserve Series Resolution has not been made to the Trustee; or (ii) the payment date of any Series of Common Reserve Bonds as specified in the Demand for Payment presented by the Trustee to the Qualified Reserve Fund Substitute Provider, the Qualified Reserve Fund Substitute Provider will make a deposit of funds in an account with the Trustee sufficient for the payment to the Trustee of amounts which are then due to the Trustee under any such Common Reserve Series Resolution (as specified in the Demand for Payment) up to but not in excess of the coverage, as defined in the Qualified Reserve Fund Substitute.

(ii) The Trustee shall, after submitting to the Qualified Reserve Fund Substitute Provider the Demand for Payment as provided in (i) above, make available to the Qualified Reserve Fund Substitute Provider all records relating to the funds and accounts maintained under the Series Resolution and any other Common Reserve Series Resolution.

(iii) The Trustee shall, on receipt of money received from the draw on the Qualified Reserve Fund Substitute, as specified in the Demand for Payment, credit the Common Reserve Subaccount of the Revenue Bond Reserve Account to the extent of money received pursuant to such Demand for Payment.

(iv) The Common Reserve Subaccount of the Revenue Bond Reserve Account is to be replenished in the following priority: (A) principal and interest on the Qualified Reserve Fund Substitute is to be paid from first available Revenues; (B) after all such amounts are paid in full, amounts necessary to fund the Common Reserve Subaccount of the Revenue Bond Reserve Account to the required level, after taking into account the amounts available under the Qualified Reserve Fund Substitute are to be deposited from next available Revenues.

Investment of Money. Money held for the credit of all subaccounts or accounts established under the Series Resolution on deposit with the Trustee are to be continuously invested and reinvested by the Trustee in such Investment Obligations as the City may direct to the extent practicable. Except as otherwise permitted under the Bond Order, any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts or accounts will be required for the purposes intended. No Investment Obligations in any such subaccount or account may mature beyond the maturity date of the applicable series of 2025 Bonds.

The interest accruing on Investment Obligations in the subaccounts and any profit or loss realized on the disposition or maturity of such Investment Obligations are to be credited to or charged against the following Funds, accounts and subaccounts, unless otherwise directed by the City: interest and profit or loss resulting from each of the subaccounts established under the Series Resolution other than the Series 2025A Subaccount of the Series 2025 Additional Facilities Account and the Series 2025B Subaccount of the Series 2025 Additional Facilities Account shall be credited to or charged against the Revenue Fund, and interest and profit or loss resulting from the Series 2025A Subaccount of the Series 2025 Additional Facilities Account and the Series 2025B Subaccount of the Series 2025 Additional Facilities Account shall be credited to or charged against that respective account or subaccount.

Payment of Principal, Interest and Premium and Pledge of Net Revenues. The City has covenanted that it will promptly pay the principal of and the interest on every 2025 Bond issued under the Series Resolution at the places, on the dates and in the manner provided in the Series Resolution and in the 2025 Bonds, and any premium required for the retirement of the 2025 Bonds by purchase or redemption, according to the true intent and meaning thereof. The City represents and covenants that it is duly authorized under the constitution and laws of the State, particularly the Act, to issue the 2025 Bonds and to pledge the Net Revenues in the manner and to the extent in the Series Resolution and in the Bond Order set forth; that all action on its part for the issuance of the 2025 Bonds initially issued has been duly and effectively taken; and that such 2025 Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the City according to their terms.

Except to the extent of a lien on Net Revenues from the Airport, the 2025 Bonds are not payable from the general funds of the City and do not constitute a legal or equitable pledge, lien or encumbrance on any of the properties of the City or on any of its income, receipts or revenues, except as provided in the Series Resolution and the Bond Order, and neither the credit nor the taxing power of the City are pledged

for the payment of the 2025 Bonds, or the City's obligations to comply with any covenant or agreement under the Series Resolution or any other agreement entered into by the City pursuant to its authority.

Supplemental Series Resolutions. The Series Resolution and the rights and obligations of the City and the Owners may be modified or amended at the same times, in the same manner and for the same purposes as the Bond Order, but if the modification or amendment affects only one or more of the respective Series of 2025 Bonds, the percentage to be applied under the Bond Order will be applied only to the affected Series of Outstanding 2025 Bonds.

Notwithstanding anything in the Bond Order or the Series Resolution to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any 2025 Bonds or another Series of the Bonds issued after the issuance of the 2025 Bonds may, regardless of its intent to sell or distribute such 2025 Bonds in the future, consent as the Owner of such 2025 Bonds to any amendment or supplemental series resolution as required or permitted by the Series Resolution, including any amendment or supplemental series resolution that adversely affects the interests of other Owners, and (2) any Owner is not entitled to receive, nor is the City required to provide, any prior notice or other documentation regarding such amendment or supplemental series resolution.

On the adoption of any supplemental series resolution, the Series Resolution will be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Series Resolution, the Trustee and all Owners will thereafter be determined, exercised and enforced in all respects pursuant to the provisions of the Series Resolution as so modified and amended.

Arbitrage and Tax Covenants. The City covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from federal income taxation of the interest on the 2025 Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the City will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly on having knowledge thereof. The City acknowledges that the continued exclusion of interest on the 2025 Bonds or from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The City covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2025 Bonds or other funds under its control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2025 Bonds to be "*arbitrage bonds*" for purposes of Section 148 of the Code.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]



June ___, 2025

City of Charlotte, North Carolina
Charlotte, North Carolina

U.S. Bank Trust Company, National Association
Charlotte, North Carolina

\$265,595,000
City of Charlotte, North Carolina
Airport Revenue Bonds, Series 2025A (Non-AMT)

and

\$25,405,000
City of Charlotte, North Carolina
Airport Revenue Bonds, Series 2025B (AMT)

Ladies and Gentlemen:

We have acted as bond counsel ("*Bond Counsel*") to the City of Charlotte, North Carolina (the "*City*"), in connection with the issuance and delivery by the City of its \$265,595,000 Airport Revenue Bonds, Series 2025A (Non-AMT) (the "*2025A Bonds*") and its \$25,405,000 Airport Revenue Bonds, Series 2025B (AMT) (the "*2025B Bonds*") and collectively with the 2025A Bonds, the "*2025 Bonds*"), pursuant to the Bond Order adopted on April 24, 2017 by the City Council of the City (the "*City Council*"), as amended and supplemented by Supplemental Bond Order, Number 1 adopted by the City Council on March 22, 2021 (collectively, the "*Bond Order*"), and the Series Resolution adopted by the City Council on April 28, 2025 (the "*Series Resolution*"). The City is a municipal corporation of the State of North Carolina (the "*State*") and is empowered to issue the 2025 Bonds pursuant to The State and Local Government Revenue Bond Act, Section 159-80 *et seq.* of the General Statutes of North Carolina, as amended (the "*Act*"), subject to the approval of the Local Government Commission of North Carolina. All capitalized terms not otherwise defined herein have the meaning assigned to such terms in the Bond Order.

The proceeds of the 2025 Bonds are being issued to provide funds to be used, with other available funds, to (1) finance a portion of the costs of facilities and improvements located at the Charlotte Douglas International Airport, (2) refund the City's previously issued and outstanding Airport Refunding Revenue Bonds, Series 2014A, (3) fund any debt service reserves for the 2025 Bonds, (4) pay capitalized interest on the 2025 Bonds and (5) pay the costs of issuance of the 2025 Bonds.

In rendering the opinions hereinafter expressed, we have examined the Act, certified copies of the Bond Order and the Series Resolution and such laws, documents, instruments, proceedings and opinions as we have deemed relevant in rendering the opinions hereinafter expressed. We have assumed the accuracy and truthfulness of all public records and of all certifications, documents, opinions and other

proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing on such public records, certifications, documents, opinions and proceedings.

On the basis of the foregoing, we are of the opinion, under existing law, that:

1. The City is validly existing as a municipal corporation of the State, with the authorization and power under the provisions of the Constitution and laws of the State, including the Act, to execute and deliver the 2025 Bonds for the purposes set forth in the Bond Order and the Series Resolution and to execute and deliver, and to perform its obligations under, the Bond Order and the Series Resolution.

2. The Bond Order and the Series Resolution have been duly adopted by the City and are each valid, binding and enforceable obligations of the City. The security for the payment of the 2025 Bonds, including the Net Revenues, has been validly pledged and assigned to U.S. Bank Trust Company, National Association, as trustee under the Bond Order and the Series Resolution for the benefit of the owners of the 2025 Bonds.

3. The 2025 Bonds have been duly authorized, executed and delivered in accordance with the applicable provisions of the Constitution and laws of the State, including the Act, and are valid and binding special obligations of the City. The 2025 Bonds are entitled to the benefits and security of the Bond Order and the Series Resolution for the payment of the 2025 Bonds, including the pledge of Net Revenues, in accordance with the terms of the Bond Order and the Series Resolution.

4. The principal of and interest on the 2025 Bonds are special obligations payable by the City solely from the sources described in the Bond Order and the Series Resolution, including the Net Revenues. The principal of, premium, if any, and interest on the 2025 Bonds are not payable from the general funds of the City, nor do they constitute a legal or equitable pledge, charge, lien or encumbrance on any of the City's property or on any of the City's income, receipts or revenues, except for the Net Revenues and any and all unencumbered funds which are pledged for such payment under the Bond Order and the Series Resolution. Neither the credit nor the taxing power of the State or the City are pledged for the payment of the principal of, premium, if any, or interest on the 2025 Bonds, and no owner of the 2025 Bonds has the right to compel the exercise of the taxing power by the State or the City or the forfeiture of any of its property in connection with any default on the 2025 Bonds.

5. Interest on the 2025A Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest on the 2025A Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "*Code*")) for the purpose of computing the alternative minimum tax imposed on corporations.

6. Interest on the 2025B Bonds (a) is excludable from gross income for federal income tax purposes, except no opinion is expressed regarding interest on any 2025B Bond for any period during which such 2025B Bond is held by a "substantial user" of the facilities financed or refinanced by the 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code, (b) is an item of tax preference for purposes of the federal individual alternative minimum tax, and (c) is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in

Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

7. The opinions set forth in paragraphs 5 and 6 are each subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2025 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2025 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2025 Bonds. We express no opinion regarding other federal tax consequences related to the ownership of or receipt, accrual or amount of interest on, the 2025 Bonds.

8. Interest on the 2025 Bonds is exempt from all State of North Carolina income taxation.

The rights of the owners of the 2025 Bonds and the enforceability of the 2025 Bonds, the Bond Order and the Series Resolution are limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, liquidation, readjustment of debt and other similar laws affecting creditors' rights and remedies generally, and by general principles of equity, whether such equitable principles are considered in a proceeding at law or in equity.

Our services as Bond Counsel to the City in connection with the issuance of the 2025 Bonds have been limited to rendering the opinions expressed above on the basis of our review of such proceedings, documents and opinions as we have deemed necessary to approve the validity of the 2025 Bonds and the tax status of interest on the 2025 Bonds. We express no opinion relating to the adequacy, accuracy or completeness of the Preliminary Official Statement or the Official Statement (collectively, the "*Official Statement*"), or any other offering material relating to the 2025 Bonds (excepting only the matters set forth as our opinion in the Official Statement and the section entitled "**TAX TREATMENT**") or as to the financial resources of the City, or the ability of the City to make the payments required under the Bond Order and the Series Resolution, that may have been relied on by anyone in making the decision to purchase 2025 Bonds.

The opinions expressed above are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E
THE CITY OF CHARLOTTE

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE CITY OF CHARLOTTE

The City, a municipal corporation of the State located in Mecklenburg County (the "County"), is the 15th most populated city in the United States. The City was incorporated in 1768, became the County seat in 1774, and has grown from an initial 360 acres to a present area covering 308 square miles of the 527 square-mile County.

The City's Planning, Design and Development Department has estimated the City's population to be 1,028,689 in Fiscal Year 2024.

The United States Census Bureau has recorded the population of the City as follows:

<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
395,934	540,828	731,424	940,144

The City is the core of the Charlotte-Concord Combined Statistical Area (the "CSA"), a region of over 3.6 million people as of 2024, which includes the Charlotte-Concord-Gastonia, NC-SC metropolitan statistical area, the Albemarle, NC micropolitan statistical area, and the Shelby, NC micropolitan statistical area. The combination of population growth and location reinforces the City's role as a regional center in the Southeast.

The City and County are important locations for regional headquarters of major national and international companies. Several national corporations have selected the City and County for establishment of sales offices, division headquarters, research and development facilities and other administrative units. The Charlotte region is home to 425 corporate headquarters, including eight of the nation's "Fortune 500" companies. According to North Carolina Department of Commerce Labor & Economic Analysis Division, the City's annual average unemployment rate (not seasonally adjusted) was 3.7 in 2024, compared to 3.6% for the State and 4.0% for the United States for the same period.

The City is governed by a mayor and an 11-member Council elected biennially on a partisan basis. The mayor presides over all Council meetings and can vote only in case of a tie, but does have limited veto power. The Council enacts all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approves contracts and originates general management policies. The Council employs a City Manager who directs the daily operations of the City through department heads appointed by the City Manager, including one Aviation Director.

The City is a large and complex organization. At all times, there are litigation matters that are threatened and on-going, audits, compliance reviews and investigations that arise in the normal course of the City's activities. Such litigation, audits, compliance reviews and investigations may relate to any activity at the City. The following is a discussion of such on-going matters that the City has determined may be material.

The City is a party defendant to a number of civil injustice lawsuits and legal actions. In one of these, seven plaintiffs filed a class action in state court, *Curlee, et al v. City of Charlotte* (21-CVS-12505), alleging that they suffered severe injuries due to the use of riot control agents such as tear gas and smoke bombs by the Charlotte-Mecklenburg Police Department (CMPD) in response to protests in uptown Charlotte after the death of George Floyd. Plaintiffs filed an amended complaint (March 31, 2023), and a second amended complaint (June 2023) that increased the number of plaintiffs to its current 66. The parties unsuccessfully mediated the case on December 3, 2024. The parties anticipated moving forward with identifying one or more test case plaintiffs and asking the court to set a trial date with additional discovery

deadlines in 2025. However, on December 23, 2024, the plaintiffs filed a motion seeking partial summary judgment.

In another case, *Durham v. City of Charlotte*, (No. 3:21-CV-638 (W.D.N.C)), a plaintiff alleged a class action claiming that the City violated her and other alleged class members' rights under the federal Drivers Privacy Protection Act ("DPPA") by disclosing their driver's license information as part of state crash report forms released to the public—most frequently to personal injury attorneys upon request. CMPD released these reports in reliance on a North Carolina Attorney's General Opinion finding that the reports constituted public records under North Carolina law. Plaintiff alleges that the release of the reports resulted in personal injury attorneys sending unwanted solicitations. Plaintiff seeks damages (\$2,500 per violation under the DPPA statute) for all alleged class members and equitable relief. The CMPD no longer makes unredacted copies of DMV-349s publicly available. On March 5, 2024, Plaintiffs moved for class certification and both parties moved for summary judgment. On September 24, 2024, the federal trial court granted summary judgment against the City, determining that the City violated the DPPA. The Court also certified a proposed class of plaintiffs. On October 8, 2024, the City filed a petition asking for an appeal of the Court's class certification order and the plaintiff followed with a motion to dismiss that appeal. On March 27, 2025, the 4th Circuit Court of Appeals granted plaintiff's motion to dismiss the City's appeal. The City also intends to appeal the summary judgment order ruling. For fiscal year 2024, the City accrued \$7.3 million related to the summary judgement. If the City is unsuccessful in its appeals, the City estimates the amount of the liability could range up to \$50 million.

In *Thalle Construction Co. v. City of Charlotte* (24 CVO 23884-590), an airport contractor filed state claims. The City has counterclaimed for liquidated damages. The case is currently in discovery with a trial date scheduled for August 4, 2025. In the opinion of the City's attorney and management, the ultimate outcome of these legal matters is not expected to have a material adverse impact on the Airport's financial position.

The City is subject to a range of federal and state environmental laws and regulations, including those governing the management and remediation of hazardous substances. The City has three historic environmental sites. Currently, the City is under an Administrative Order of Consent (AO) with the North Carolina Department of Environmental Quality (DEQ) for the City's Fire Training Academy. Under the AO, the City must annually provide financial assurance that the City is capable of covering up to 30 years post-closure sampling at this site. Approximately every five years, the DEQ reviews and updates the AO. The DEQ recently conducted a review and the City expects an updated AO in the next few weeks.

One area of emerging regulatory concern is per-and polyfluoroalkyl substances ("PFAS"), a group of synthetic chemicals that have been widely used in industrial and consumer products, including firefighting foams. Federal and state regulatory agencies have recently increased efforts to regulate PFAS under various environmental statutes, including the federal Safe Drinking Water Act and the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). These efforts include the establishment of maximum contaminant levels in drinking water, potential designation of certain PFAS compounds as hazardous substances, and requirements for investigation and remediation of contaminated sites. The City expects the updated AO to include monitoring for PFAS given the historical use of PFAS containing firefighting foam. If PFAS contamination is discovered, the City could be subject to investigation, enforcement actions, and cleanup obligations. In addition, evolving PFAS regulations may require capital improvements to municipal drinking water or wastewater systems, potentially resulting in increased operational or compliance costs. On the other hand, there are significant political and legislative efforts under way to limit or shield passive recipients of PFAS from liability.

At this time, how the nation will address the proliferation of PFAS is at best unclear; and therefore, the City cannot predict the extent to which PFAS-related liabilities, if any, may impact its financial condition.

The other two historic environmental sites are former landfills. The former York Road landfill (Renaissance Park) is monitored under the DEQ's Solid Waste Section. Another prior landfill, Statesville Road, is monitored by the DEQ's "Pre-Regulatory Landfill Unit." For the Fiscal Year ending June 30, 2024, the annual combined cleanup costs totaled approximately \$130,000 for the two landfill sites and \$270,000 for the Fire Training Academy.

Additionally, the City may receive a Notice of Violation (NOV) or Notice of Regulatory Requirement (NORR), from time to time, from the DEQ for current/historical operations at a property. These are typically due to current or historical operations of petroleum underground tanks. The City addresses and seeks to close out these issues in a timely manner. In the opinion of City management, costs incurred for addressing environmental issues are not expected to have a material adverse impact on the City's financial position after giving effect to the provision for clean-up costs.

The City has received a number of federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. The City management believes that such disallowances, if any, would not have a material adverse impact on the City's financial position.

Through a report by local media and attributed to a campaign communication by a current Council member, the City has been made aware of recent allegations of corruption and illegality within City government. The City will take all necessary steps to assess the merits of the allegations and will respond accordingly.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

The Local Government Commission (the "Commission") is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit's debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act and its ability to service the proposed debt. With some limited exceptions, all general obligation issues are customarily sold on the basis of formal sealed bids submitted at the Commission's offices in Raleigh and are subsequently delivered to the successful bidder by the Commission. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems and practices. The Commission's staff also counsels the units of local government in treasury and cash management, budget preparation and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission in order to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his approval prior to the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take

such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors in order to assist the unit in working out a plan for refinancing, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary deems necessary and (b) to approve or reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue with respect to a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed in accordance with such plan.

APPENDIX G
BOOK-ENTRY SYSTEM

[THIS PAGE INTENTIONALLY LEFT BLANK]

BOOK-ENTRY SYSTEM

THE FOLLOWING DESCRIPTION OF DTC, OF PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE 2025 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS WITH RESPECT TO THE 2025 BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2025 BONDS, AND OR OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

The Depository Trust Company
a subsidiary of The Depository Trust & Clearing Corporation

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2025 Bonds. The 2025 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 2025 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2025 BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2025 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE 2025 BONDS.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. 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 the 2025 Bonds. Direct Participants include both U.S. and non-U.S. 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 ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2025 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests with respect to the 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates

representing their ownership interests in 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

4. To facilitate subsequent transfers, all 2025 Bonds deposited by Direct 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 2025 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 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. 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 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 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 registrar and request that copies of notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2025 BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE 2020 BOND RESOLUTION, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE COMMISSION, TO THE CITY OR TO DTC, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2025 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

8. Redemption proceeds, distributions, and dividend payments on the 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on the payable 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 Participant and not of DTC, the City or

the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Commission, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. THE CITY AND THE COMMISSION CANNOT AND DO NOT GIVE ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

9. DTC may discontinue providing its services as depository with respect to the 2025 Bonds at any time by giving reasonable notice to the Commission and the City. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

10. The Commission or the City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Commission and the City believe to be reliable, but the Commission and the City take no responsibility for the accuracy thereof.

The Commission and the City have no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the 2025 Bonds, or the sending of any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the 2025 Resolution to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption of the 2025 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the 2025 Bonds, including any action taken pursuant to an omnibus proxy.

[THIS PAGE INTENTIONALLY LEFT BLANK]

