

*In the opinion of Dickinson Wright PLLC, Bond Counsel, subject to compliance with certain covenants, under existing law, (1) the interest on the Series 2023A Bonds is **not** excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 ("Code"), see "TAX MATTERS" herein, and (2) the Series 2023A Bonds and the interest thereon are free and exempt from all taxation in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof and franchise taxes.*

**\$159,390,000**



**GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY  
COUNTY OF KENT, MICHIGAN  
REVENUE BONDS, SERIES 2023A  
(FEDERALLY TAXABLE) (LIMITED TAX GENERAL OBLIGATION)**

**Dated: Date of Delivery**

**Due: January 1, as shown on inside cover**

The Gerald R. Ford International Airport Authority (the "Authority") is issuing the Revenue Bonds, Series 2023A (the "Series 2023A Bonds") to (1) pay all or a portion of the costs of acquiring, constructing, furnishing and equipping (a) a new parking facility for rental cars at the Gerald R. Ford International Airport, formerly known as the Kent County International Airport (the "Airport") and (b) certain modifications to the existing public parking facility at the Airport, (2) fund capitalized interest on the Series 2023A Bonds, (3) pay the premium of a municipal bond debt service reserve insurance policy for the Series 2023A Bonds, and (4) pay the costs of issuing the Series 2023A Bonds. The Series 2023A Bonds are payable on a parity basis from the Net Revenues derived by the Authority from the operation of the Airport and are secured by a statutory first lien on said Net Revenues on a parity basis with the Outstanding Bonds and Credit Facility Obligations (each as defined herein). In addition, if the Net Revenues and amounts on deposit in the Bond Reserve Account are not sufficient to pay the principal of and interest on the Series 2023A Bonds when due, the County of Kent, State of Michigan (the "County") has pledged its limited tax full faith and credit and is obligated to advance sufficient funds out of its general funds to make such payment, subject to constitutional and statutory limitations on the taxing power of the County.

The Series 2023A Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2023A Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2023A Bonds. Purchases of beneficial interests in the Series 2023A Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof within any maturity. Purchasers will not receive certificates representing their beneficial interest in Series 2023A Bonds purchased. So long as the Series 2023A Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean Beneficial Owners of the Series 2023A Bonds. See "THE SERIES 2023A BONDS — Book-Entry-Only System" herein.

Principal of and interest on the Series 2023A Bonds will be paid by The Huntington National Bank, Grand Rapids, Michigan, as bond registrar and paying agent (the "Bond Registrar"). So long as DTC or its nominee, Cede & Co., is the bondholder, such payments will be made directly to such bondholder. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described in this Official Statement. Interest on the Series 2023A Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2024, until maturity or prior redemption.

The Series 2023A Bonds are subject to optional, mandatory sinking fund, and extraordinary redemption prior to maturity as more fully described herein.

Concurrently with the issuance of the Series 2023A Bonds, Assured Guaranty Municipal Corp. will issue its Municipal Bond Debt Service Reserve Insurance Policy relating to the Series 2023A Bonds in the form attached hereto as Appendix I. See "SECURITY FOR THE SERIES 2023A BONDS – Debt Service Reserve Insurance Policy" herein.

The Series 2023A Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to receipt of the approving legal opinion of Dickinson Wright PLLC, Troy and Grand Rapids, Michigan, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its Authority Counsel, Varnum LLP, Grand Rapids, Michigan, and for the Underwriters by Barnes & Thornburg LLP, Grand Rapids, Michigan. It is expected that the Series 2023A Bonds in book-entry form will be available for delivery through DTC on or about April 12, 2023.

This cover page contains information for quick reference only. It is not a summary of this issue. Prospective purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

**Citigroup**

**BofA Securities**

March 16, 2023

† See "RATINGS" herein.

**\$159,390,000**  
**GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY**  
**COUNTY OF KENT, MICHIGAN**  
**REVENUE BONDS, SERIES 2023A**  
**(FEDERALLY TAXABLE) (LIMITED TAX GENERAL OBLIGATION)**

<u>Maturity</u> <u>January 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>373695</u>	<u>Maturity</u> <u>January 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>373695</u>
2030	\$1,210,000	4.600%	4.600%	BB0	2035	\$1,525,000	4.940%	4.940%	BG9
2031	\$1,270,000	4.640%	4.640%	BC8	2036	\$2,760,000	5.040%	5.040%	BH7
2032	\$1,330,000	4.690%	4.690%	BD6	2037	\$2,905,000	5.140%	5.140%	BJ3
2033	\$1,390,000	4.740%	4.740%	BE4	2038	\$5,880,000	5.240%	5.240%	BK0
2034	\$1,455,000	4.840%	4.840%	BF1					

\$1,260,000 4.550% Term Bonds due January 1, 2029; Yield 4.550% CUSIP\$ 373695BA2

\$34,510,000 5.435% Term Bonds due January 1, 2043; Yield 5.435% CUSIP\$ 373695BL8

\$103,895,000 5.495% Term Bonds due January 1, 2053; Yield 5.495% CUSIP\$ 373695BM6

**GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY**

**BOARD**

Dan Koorndyk, *Chairperson*  
Doug Small, *Vice Chairperson*  
Birgit Klohs, *Secretary*  
Dan Burrill\*  
Michael Verhulst  
Peter Beukema  
Emily Brieve\*

\*Member, Kent County, Michigan, Board of Commissioners

**AIRPORT OFFICIALS**

Torrance Richardson, A.A.E., *President and Chief Executive Officer*  
Alex Peric, A.A.E., *Vice President and Chief Operating Officer*  
Maria Kim, *Chief Financial Officer*

**PROFESSIONAL SERVICES**

MUNICIPAL ADVISOR  
PFM Financial Advisors LLC

BOND COUNSEL  
Dickinson Wright PLLC

AUTHORITY AUDITORS  
Plante Moran, PLLC

COUNTY AUDITORS  
Rehmann Robson LLC

AUTHORITY COUNSEL  
Varnum LLP

AIRPORT CONSULTANT  
Unison Consulting, Inc.

**COUNTY OF KENT, MICHIGAN**

**BOARD OF COMMISSIONERS**

Stan Stek, *Chair*  
Stephen Wooden, *Board Minority Party Vice-Chair*

Emily Brieve, *Vice-Chair*

Ben Greene  
Jennifer Merchant  
Dave Hildenbrand  
Dan Burrill  
Lindsey Thiel  
Michelle McCloud  
Lisa Oliver-King  
Tony Baker  
Ivan Diaz

Thomas Antor  
Katie DeBoer  
Stan Ponstein  
Matt Kallman  
Monica Sparks  
Carol Hennessey  
Melissa LaGrand  
Kris Pachla  
Walter Bujak

**COUNTY OFFICIALS**

Alan G. Vanderberg  
*County Administrator/Controller*

Jeff Dood  
*Fiscal Services Director*

## **REGARDING THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, any Series 2023A Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or any other person. The information set forth herein has been obtained from the Authority, the County, The Depository Trust Company (“DTC”) and other sources that are believed to be reliable, but the accuracy or completeness of the information is not guaranteed and the information is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of the Authority, the County or the Airport or the other matters described herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its 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.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Series 2023A Bonds or the advisability of investing in the Series 2023A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “SECURITY FOR THE SERIES 2023A BONDS – Debt Service Reserve Insurance Policy” and “-Assured Guaranty Municipal Corp.” and “APPENDIX I – FORM OF MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the Authority’s beliefs as well as assumptions made by and information currently available to the Authority. Such statements are subject to certain risks, uncertainties and assumptions. Such Statements are not intended as representations of fact or guarantees of results. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

Information contained on internet web pages identified herein is a reference only to those pages and no additional information that may be reached from those pages by linking to any other page should be considered to be incorporated herein. The websites are included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

CUSIP numbers appearing on the cover of this Official Statement are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The Authority is not responsible for the selection of CUSIP numbers and no representation is made as to their correctness on the Series 2023A Bonds or as set forth on the cover of this Official Statement.

The Series 2023A Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Resolution been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon

exemptions contained in such Acts. The registration or qualification of the Series 2023A Bonds in accordance with applicable provisions of securities law of the states in which the Series 2023A Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the Authority, the County, the Airport and the terms of the offering, including the merits and risks involved. The Series 2023A Bonds 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 Official Statement. Any representation to the contrary may be a criminal offense.

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## OFFICIAL STATEMENT

Relating to

**\$159,390,000**

**GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY  
COUNTY OF KENT, MICHIGAN  
REVENUE BONDS, SERIES 2023A  
(FEDERALLY TAXABLE) (LIMITED TAX GENERAL OBLIGATION)**

### INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to furnish information concerning the Gerald R. Ford International Airport Authority (the “Authority”), the County of Kent, State of Michigan (the “County”), the Gerald R. Ford International Airport (formerly known as Kent County International Airport) (the “Airport”), and certain other information in connection with the issuance and sale by the Authority of the \$159,390,000 principal amount of Revenue Bonds, Series 2023A (the “Series 2023A Bonds”).

Unless otherwise indicated, capitalized terms used in this Official Statement have the meanings established in the Resolution (as defined below). See “APPENDIX E – SUMMARY OF THE RESOLUTION”. The summary information contained under the heading “INTRODUCTION” is subject in all respects to the more complete information contained in this Official Statement, including the Appendices hereto.

*The Series 2023A Bonds.* The proceeds of the Series 2023A Bonds will be used to (1) pay all or a portion of the costs of acquiring, constructing, furnishing and equipping (a) a new parking facility for rental cars at the Airport and (b) certain modifications to the existing public parking facility at the Airport (collectively, the “Project”), (2) fund capitalized interest on the Series 2023A Bonds, (3) pay the premium of a municipal bond debt service reserve insurance policy for the Series 2023A Bonds (the “2023A Reserve Policy”); and (4) pay the costs of issuing the Series 2023A Bonds. Upon their issuance, the Series 2023A Bonds will be on a parity with the Outstanding Bonds (as defined herein) and Credit Facility Obligations (as defined in “APPENDIX E – SUMMARY OF THE RESOLUTION”). See “SECURITY FOR THE SERIES 2023A BONDS” herein.

*Authorization.* The Series 2023A Bonds are being issued pursuant to the provisions of Act 327, Public Acts of Michigan, 1945, as amended (“Act 327”), Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”) and Act 95, Public Acts of Michigan, 2015, which amended Act 327 to enable the County to form the Authority (“Act 95”, and together with Act 327 and Act 94, the “Act”), and pursuant to the master bond resolution authorizing the Series 2023A Bonds adopted by the Board of the Authority (the “Authority Board”) on September 26, 2018, as amended and supplemented on February 26, 2020, which resolution was further amended by resolutions adopted by the Authority Board on August 25, 2021 and October 27, 2021, as further supplemented by a resolution adopted by the Authority Board on May 26, 2021, and as further supplemented by a resolution adopted by the Authority Board on August 31, 2022 (collectively, the “Resolution”). As required by the Authority’s Articles of Incorporation, the Board of Commissioners of the County (the “County Board”) adopted a resolution on October 27, 2022, approving the issuance of the Series 2023A Bonds and pledging the County’s limited tax full faith and credit for the payment of principal and interest on the Series 2023A Bonds.

*The Authority, the Airport and the Airport Service Region.* The Airport is owned by the County and operated by the Authority. The Authority was formed by the County on September 2, 2015, in accordance with Act 95. In order to enable the Authority to exercise its powers under Act 95, to provide for the transition of Airport operations, the transfer of Airport assets and aviation facilities (as defined in Act 95) from the County to the Authority, and the assumption of all obligations of the County with respect to the Outstanding Obligations (as defined in the Resolution), the County and the Authority entered into the Assignment and Assumption Agreement,

dated as of December 17, 2015, and the Airport Lease and Asset Transfer Agreement, dated as of December 17, 2015, as amended by the First Amendment to Airport Lease and Asset Transfer Agreement, dated as of December 1, 2022 (collectively, the “County Agreement”). In addition, the Authority Board adopted a resolution on July 27, 2016 to assume all obligations of the County with respect to the Outstanding Obligations, including, but not limited to compliance with all covenants and obligations set forth in the County Resolution.

The Airport’s primary service area consists of the four counties of Barry, Kent, Montcalm, and Ottawa that constitute the Grand Rapids-Wyoming, MI, Metropolitan Statistical Area (“Grand Rapids MSA”), and the adjacent counties of Allegan, Ionia, Mecosta, and Muskegon. The Airport is classified as a small hub primary airport by the Federal Aviation Administration.

*The Annual Operating Permit.* On November 16, 2022, the Authority Board adopted an Airport Operating and Terminal Building Occupancy Permit (the “Permit”) for the fiscal year beginning January 1, 2023. The Permit applies to all scheduled airlines, both passenger and cargo, using the Airport. The Permit establishes the terms, charges, rentals and fees for the use of Airport facilities. The Permit is revised and reissued annually, and allows for 30 days written notice of termination by either the Authority or a scheduled airline. See “THE ANNUAL OPERATING PERMIT” herein.

*Security for the Series 2023A Bonds.* The Series 2023A Bonds are payable on a parity basis from the Net Revenues derived by the Authority from the operation of the Airport and are secured by a statutory first lien on the Net Revenues on a parity basis with the Outstanding Bonds (as defined herein) and all Credit Facility Obligations (as defined in “APPENDIX E – SUMMARY OF THE RESOLUTION”). The Outstanding Bonds, the Series 2023A Bonds and any other Additional Bonds issued under the Resolution are herein referred to as the “Bonds,” and collectively with the Credit Facility Obligations are herein referred to as the “Authority Obligations.”

In addition, if the Net Revenues and amounts on deposit in the Bond Reserve Account are not sufficient to pay the principal of and interest on the Series 2023A Bonds when due, the County has pledged its limited tax full faith and credit and is obligated to advance sufficient funds out of its general funds to make such payment, subject to constitutional and statutory limitations on the taxing power of the County to levy taxes to advance such funds (the “County Advance”). If the County pays principal of and interest on the Series 2023A Bonds from taxes or general funds, it shall be reimbursed from the Net Revenues subsequently received as provided in the Resolution.

After the issuance of the Series 2023A Bonds, the Series 2023A Bonds will be of equal standing and priority of lien as to the Net Revenues with each other and with the Authority’s Revenue Refunding Bonds, Series 2018, dated as of November 15, 2018 (the “Series 2018 Bonds”), the Authority’s Revenue Refunding Bonds, Series 2021, dated as of July 29, 2021 (the “Series 2021 Refunding Bonds”), the Authority’s Revenue Bonds, Series 2021, dated as of November 30, 2021 (the “Series 2021 Bonds”), the County’s Revenue Refunding Bonds, Series 2015 dated as of February 19, 2015 (the “Series 2015 Refunding Bonds”), and the County’s Revenue Bonds, Series 2015, dated as of April 9, 2015 (the “Series 2015 Bonds” and collectively with the Series 2015 Refunding Bonds, the Series 2018 Bonds, the Series 2021 Refunding Bonds and the Series 2021 Bonds are herein referred to as the “Outstanding Bonds”). The Series 2023A Bonds and the Outstanding Bonds are additionally secured by the County Advance. At the time of issuance of the Series 2023A Bonds, the aggregate outstanding principal amount of the Outstanding Bonds and the Series 2023A Bonds is \$356,880,000.

*Bond Reserve Account.* The Series 2023A Bonds will be additionally secured by a separate subaccount in the Bond Reserve Account established within the Redemption Fund under the Resolution (the “Series 2023A Bond Reserve Subaccount”). In accordance with the Resolution, upon the issuance of the Series 2023A Bonds, the Series 2023A Bond Reserve Subaccount shall be funded to equal the Bond Reserve Requirement with respect to the Series 2023A Bonds (the “Series 2023A Bond Reserve Requirement”), which is equal to the lesser of 10%

of the aggregate principal amount of all Series 2023A Bonds outstanding under the Resolution or the Maximum Annual Debt Service on all Series 2023A Bonds outstanding under the Resolution. As of the issuance of the Series 2023A Bonds, the Series 2023A Bond Reserve Requirement will be \$13,784,359.76, based on the Maximum Annual Debt Service on all Series 2023A Bonds outstanding under the Resolution and will be fully satisfied with cash and Cash Equivalents. In that regard, AGM has issued its commitment to provide the 2023A Reserve Policy to fund the Series 2023A Bond Reserve Subaccount, which will be available solely to pay the principal of and interest on the Series 2023A Bonds, as to which there would otherwise be a default. The 2023A Reserve Policy constitutes a Cash Equivalent under the Resolution. Except as otherwise provided in the Resolution, all other funds on deposit in the Bond Reserve Account shall be used solely for the payment of the principal of and interest on the remaining Outstanding Bonds, the Credit Facility Obligations and Additional Bonds, as to which there would otherwise be a default. See “SECURITY FOR THE SERIES 2023A BONDS – Bond Reserve Account (Including the Series 2023A Bond Reserve Account),” “- Debt Service Reserve Insurance Policy,” “- Assured Guaranty Municipal Corp.” and “- Letter of Credit Bank as Credit Facility for Bond Reserve Account (Excluding the Series 2023A Bond Reserve Account)” herein.

*Rate Covenant.* Pursuant to the Resolution, the Authority has covenanted and agreed at all times to fix and maintain rates and charges for the use of the Airport and to revise such rates and charges as may be necessary or appropriate to produce Net Revenues in each Fiscal Year at least equal to the sum of (i) 100% of the Debt Service Requirements for all Bonds outstanding under the Resolution for such Fiscal Year, plus (ii) the amount by which the amount on deposit in the Surplus Fund on the last day of the immediately preceding Fiscal Year was less than 25% of Maximum Annual Debt Service as of such day.

*Additional Bonds.* The Authority may issue one or more series of Additional Bonds payable from and secured by a lien on the Net Revenues on a parity basis with the Series 2023A Bonds and the Outstanding Bonds, but only for the purposes and subject to the terms and conditions of the Resolution. See “SECURITY FOR THE SERIES 2023A BONDS – Additional Bonds” herein for additional information.

*Subordinate Bonds.* The Authority has reserved the right to issue, for any lawful Airport purpose, bonds or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues securing payment of the Bonds. Such Subordinate Bonds may be further secured by any other source of payment lawfully available for such purposes. The Authority has not issued Subordinate Bonds and at the present time has no plans to do so.

*Special Purpose Facilities Bonds.* The Authority has reserved the right to issue, from time to time, in one or more series, Special Purpose Facilities Bonds to finance and refinance the cost of any Special Purpose Facilities, including all reserves required therefor, all related costs of issuance and other amounts reasonably relating thereto, provided that such Special Purpose Facilities Bonds shall be payable solely from payments by Special Purpose Facilities lessees and/or other security not provided by the Authority. In no event shall any Revenues or any other amounts held in any other fund or account maintained by the Authority as security for the Bonds or for the construction, operation, maintenance or repair of the Airport be pledged to the payment of Special Purpose Facilities Bonds or to the payment of any lessee expenses for maintenance and operation of Special Purpose Facilities.

*Report of the Airport Consultant.* Included as APPENDIX A to this Official Statement is the Financial Feasibility Report of the Airport Consultant, dated March 7, 2023 (the “Report of the Airport Consultant” or “Report”), prepared by Unison Consulting, Inc. (the “Airport Consultant”), in conjunction with the issuance of the Series 2023A Bonds and the anticipated issuance by the Authority of Additional Bonds before the end of 2023 in a principal amount of approximately \$135,250,000 (the “Series 2023B Bonds”) to finance an expansion of the terminal, a new in-line checked baggage system and related improvements (the “Airport Project”). The Report includes, among other things: a description of the Project and the Airport Project; a description of the underlying economic base of the Airport’s air service area; a description of historical air traffic activity at the Airport; the

Airport Consultant’s projections for air traffic activity at the Airport through 2028 with respect to both the Series 2023A Bonds and the Series 2023B Bonds and a description of the assumptions on which such projections were based; and the Airport Consultant’s projections of debt service coverage through 2028 and a description of the assumptions upon which such projections were based. Inevitably, some assumptions used to develop the projections in the Report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. The projections contained in the Report are not necessarily indicative of future performance, and neither the Airport Consultant nor the Authority Board assume any responsibility for the failure to meet such projections. The Report is an integral part of this Official Statement and should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein. See “- Forward-Looking Statements,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A - REPORT OF THE AIRPORT CONSULTANT.”

*Forward-Looking Statements.* The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the Authority Board’s expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “intend” or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority Board on the date hereof, and the Authority Board assumes no obligation to update any such forward-looking statements. It is important to note that the Authority Board’s actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are 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 airlines, customers, suppliers and competitors, among others, 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 Authority Board. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate. See “FORWARD-LOOKING STATEMENTS.”

## **THE SERIES 2023A BONDS**

### **General**

The Series 2023A Bonds will be issued in book-entry-only form as one fully registered bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page of this Official Statement and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Series 2023A Bonds will be dated as of and bear interest from the date of delivery. Interest on the Series 2023A Bonds will be payable semiannually each January 1 and July 1 to maturity or earlier redemption, commencing January 1, 2024. Interest on the Series 2023A Bonds shall be computed using a 360-day year with twelve 30-day months. The Series 2023A Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the inside cover page of this Official Statement.

The Huntington National Bank, Grand Rapids, Michigan, or its successor will serve as the bond registrar and paying agent under the Resolution (the “Bond Registrar”) and also as transfer agent if the Series 2023A Bonds cease to be held in book-entry-only form. When issued, the Series 2023A Bonds will be registered in the name

of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Series 2023A Bonds will be made in book-entry-only form. Purchasers of beneficial interests in the Series 2023A Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the Series 2023A Bonds.

So long as the Series 2023A Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of and interest on the Series 2023A Bonds will be paid as described under the heading “Book-Entry-Only System” below. Neither the Issuer nor the Bond Registrar will have any responsibility for a Beneficial Owner’s receipt from DTC or its nominee, or from any Direct Participant (as hereinafter defined) or Indirect Participant (as hereinafter defined), of any payments of principal of or interest on any Series 2023A Bonds.

In the event that the Series 2023A Bonds cease to be held in the book-entry-only system, then interest on the Series 2023A Bonds shall be payable when due by check or draft (or by wire transfer to the registered owner of Series 2023A Bonds in the aggregate principal amount of \$1,000,000 or more) to the registered owner of record as of the fifteenth (15th) day of the month preceding each interest payment date. See “Transfer Outside Book-Entry-Only System” below.

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

The information in this section has been furnished by The Depository Trust Company, New York, New York (“DTC”). No representation is made by the Authority, the Bond Registrar or the Underwriters as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the Authority, the Bond Registrar or the Underwriters to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the Authority nor the Bond Registrar will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Series 2023A Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Series 2023A Bonds. The Series 2023A 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 certificate will be issued for each maturity of the Series 2023A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 securities certificates. 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](http://www.dtcc.com).

Purchases of the Series 2023A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023A Bond ("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 in the Series 2023A 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 the Series 2023A Bonds, except in the event that use of the book-entry system for the Series 2023A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023A 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 Series 2023A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023A 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.

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 the Series 2023A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023A Bonds, such as redemptions, defaults and proposed amendments to the Resolution. For example, Beneficial Owners of Series 2023A Bonds may wish to ascertain that the nominee holding the Series 2023A 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2023A 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023A 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 Authority 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 the Series 2023A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2023A 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 Authority or Bond Registrar on 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 Bond Registrar, or the Authority, subject to any statutory

or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Bond Registrar, 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.

DTC may discontinue providing its services as depository with respect to the Series 2023A Bonds at any time by giving reasonable notice to the Authority or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2023A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023A Bond certificates will be printed and delivered to DTC.

### **Transfer Outside Book-Entry-Only System**

The Bond Registrar shall keep the registration books for the Series 2023A Bonds (the “Bond Register”) at its corporate trust office. Subject to the further conditions contained in the Resolution, the Series 2023A Bonds may be transferred or exchanged for one or more Series 2023A Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Bond Registrar by the registered owner or the registered owner’s duly authorized attorney. Upon surrender of any Series 2023A Bonds to be transferred or exchanged, the Bond Registrar shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations. The Authority and the Bond Registrar shall be entitled to treat the registered owners of the Series 2023A Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Series 2023A Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution. The Bond Registrar shall not be required to transfer or exchange Series 2023A Bonds or portions of Series 2023A Bonds which have been selected for redemption.

### **Redemption of the Series 2023A Bonds**

*Par Optional Redemption.* The Series 2023A Bonds maturing on or after January 1, 2034 are subject to redemption at the option of the Authority on any date on or after January 1, 2033 in whole or in part, and if in part, from such maturities as the Authority determines and by lot within maturities, at par, plus accrued interest to the redemption date.

*Make-Whole Optional Redemption.* In addition to the foregoing, the Series 2023A Bonds are subject to redemption at the option of the Authority, in whole or in part, and if in part, from such maturities as the Authority determines and by lot within maturities, on any date prior to January 1, 2033, at a make-whole redemption price (the “Make-Whole Price”) equal to the greater of:

- (1) 100% of the principal amount of the Series 2023A Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2023A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Comparable Treasury Yield (defined below), plus: (a) 15 basis points for such Bonds maturity on January 1, 2029, through and including January 1, 2031; (b) 20 basis points for such Bonds maturity on January 1, 2032, through and including January 1, 2035; and (c) 25 basis points

for such Bonds maturity on January 1, 2036, through and including January 1, 2053; plus, in each case, accrued interest on such Series 2023A Bonds to be redeemed to the redemption date.

For purposes of calculating the Make-Whole Price with respect to the optional make-whole redemption of the Series 2023A Bonds, the following terms shall have the following meanings:

“Calculation Agent” means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the Authority (which may be one of the institutions that served as an underwriter for the Series 2023A Bonds).

“Comparable Treasury Issue” means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the Series 2023A Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2023A Bonds being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a Series 2023A Bond or portion thereof is being redeemed, either: (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations or (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time at least three business days but no more than 20 business days preceding the date fixed for redemption, as selected by the Authority.

“Comparable Treasury Yield” means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Series 2023A Bond being redeemed. The Comparable Treasury Yield will be determined at least three business days but no more than 20 business days preceding the date fixed for redemption, as selected by the Authority. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2023A Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity: (i) closest to and greater than the remaining term to maturity of the Series 2023A Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the Series 2023A Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) assuming a price for the Comparable Treasury Issue equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Reference Treasury Dealer” means a primary dealer of United States Government securities in the United States (which may be one of the institutions that served as an underwriter for the Series 2023A Bonds) appointed by the Authority and reasonably acceptable to the Calculation Agent.

*Mandatory Sinking Fund Redemption.* The Series 2023A Bonds maturing on January 1, 2029, January 1, 2043, and January 1, 2053 are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on January 1 of the following years and in the following principal amounts:

**Term Bonds Maturing January 1, 2029**

Redemption Date (January 1)	Principal Amount
2028	\$ 100,000
2029*	1,160,000
*Maturity Date	

**Term Bonds Maturing January 1, 2043**

Redemption Date (January 1)	Principal Amount
2039	\$6,190,000
2040	6,525,000
2041	6,885,000
2042	7,260,000
2043*	7,650,000
*Maturity Date	

**Term Bonds Maturing January 1, 2053**

Redemption Date (January 1)	Principal Amount
2044	\$ 8,070,000
2045	8,515,000
2046	8,980,000
2047	9,475,000
2048	10,000,000
2049	10,550,000
2050	11,130,000
2051	11,740,000
2052	12,380,000
2053*	13,055,000
*Maturity Date	

*Extraordinary Redemption.* The Series 2023A Bonds are subject to redemption at the option of the Authority at any time, in whole or in part in such order as the Authority may determine, in the event of destruction or taking of or damage to the Airport, but only if: (i) the Airport has been restored to substantially the same condition as prior to such damage, destruction or taking and excess condemnation or insurance proceeds remain; or (ii) the Authority has determined that the portion of the Airport damaged, destroyed or taken is not necessary to the operation of the Airport and that the failure of the Authority to repair and restore the same will not impair or otherwise adversely affect the revenue-producing capability of the Airport; or (iii) an Airport Consultant cannot provide a statement that condemnation or insurance proceeds, together with other funds made available or to be made available by the Authority, are projected to be sufficient to pay the costs of the replacement, repair, rebuilding or restoration of the Airport. Such redemption shall be at a price equal to the principal amount of the Series 2023A Bonds to be redeemed plus interest accrued to the date of redemption.

*Notice of Redemption; Effect of Call for Redemption.* Notice of redemption of the Series 2023A Bonds shall be given not less than thirty (30) days prior to the date fixed for redemption to the registered owners of the Series 2023A Bonds to be redeemed at the registered address. So long as the Series 2023A Bonds are registered in the name of Cede & Co., as nominee of DTC, the Bond Registrar shall send such notice to DTC. DTC will be responsible for notifying the Direct Participants who in turn will forward such notice to its Indirect Participants and Beneficial Owners. See “THE SERIES 2023A BONDS – Book-Entry-Only System” herein.

Series 2023A Bonds or portions of Series 2023A Bonds called for redemption shall not bear interest on and after the date fixed for redemption, provided funds are on hand with the Bond Registrar to redeem the same.

## **SECURITY FOR THE SERIES 2023A BONDS**

### **Source of Payment**

The principal of and interest on the Series 2023A Bonds are payable from the Net Revenues derived by the Authority from the operation of the Airport. To secure the payment of the principal of and interest on the Authority Obligations, including the Series 2023A Bonds, the Resolution creates in favor of the holders of the Bonds, including the Series 2023A Bonds and the Outstanding Bonds, and the Credit Facility Obligations, equally and ratably, a statutory first lien as provided in Act 94, upon the whole of the Net Revenues. Net Revenues for any period means the excess of Revenues of the Airport remaining after deducting the Operation and Maintenance Expenses of the Airport for such period. See “APPENDIX E – SUMMARY OF THE RESOLUTION” for the definitions of Revenues and Operation and Maintenance Expenses.

In addition, if the Net Revenues and amounts on deposit in the Bond Reserve Account are not sufficient to pay the principal of and interest on the Series 2023A Bonds when due, the County has pledged its limited tax full faith and credit and is obligated to advance sufficient funds out of its general funds to make such payment, subject to constitutional and statutory limitations on the taxing power of the County to levy taxes to advance such funds (the “County Advance”). If the County pays principal of and interest on the Series 2023A Bonds from taxes or general funds, it shall be reimbursed from the Net Revenues subsequently received as provided in the Resolution.

The Outstanding Bonds, like the Series 2023A Bonds, are additionally secured by the County Advance. At the time of issuance of the Series 2023A Bonds, the aggregate outstanding principal amount of the Outstanding Bonds and the Series 2023A Bonds will be \$356,880,000.

The lien on the Net Revenues shall continue until payment in full of the principal of and interest on all Bonds and all Credit Facility Obligations payable from the Net Revenues, or until Sufficient cash, Sufficient Government Obligations or any combination thereof shall have been deposited in trust for payment in full of the principal of and the interest on all Bonds and all Credit Facility Obligations to be paid to their maturity, or, if called or if irrevocable instructions have been given to call for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. Upon deposit of Sufficient cash, Sufficient Government Obligations or any combination thereof, as provided in the previous sentence, the statutory lien shall be terminated with respect to the Bonds and Credit Facility Obligations to be paid, the holders of such Bonds shall have no further rights under the Resolution except for payment from the deposited funds and for rights of replacement, registration and transfer, and such Bonds and Credit Facility Obligations shall no longer be considered to be outstanding under the Resolution.

### **Bond Reserve Account (Including the Series 2023A Bond Reserve Subaccount)**

The Series 2023A Bonds will be additionally secured by the Series 2023A Bond Reserve Subaccount. In accordance with the Resolution, upon the issuance of the Series 2023A Bonds, the Series 2023A Bond Reserve

Subaccount be funded to equal the Series 2023A Bond Reserve Requirement, which is equal to the lesser of 10% of the aggregate principal amount of or the Maximum Annual Debt Service on the Series 2023A Bonds. As of the issuance of the Series 2023A Bonds, the Series 2023A Bond Reserve Requirement will be \$13,784,359.76, which may be fully satisfied with cash and Cash Equivalents. In that regard, AGM has issued its commitment to provide the 2023A Reserve Policy in an amount equal to the Series 2023A Bond Reserve Requirement to fund the Series 2023A Bond Reserve Subaccount, which will be available solely to pay the principal of and interest on the Series 2023A Bonds, as to which there would otherwise be a default. The 2023A Reserve Policy constitutes a Cash Equivalent under the Resolution.

Except as otherwise provided in the Resolution, all other funds on deposit in the Bond Reserve Account shall be used solely for the payment of the principal of and interest on the remaining Outstanding Bonds, the Credit Facility Obligations and any Additional Bonds hereafter issued, as to which there would otherwise be a default. As of the issuance of any Additional Bonds, the Bond Reserve Requirement with respect to the Outstanding Bonds (excluding the Series 2023A Bonds) and such Additional Bonds will be equal to the lesser of 10% of the aggregate principal amount of all such Bonds outstanding under the Resolution or the Maximum Annual Debt Service on all such Bonds (the “Remaining Outstanding Bonds Bond Reserve Requirement”). As of the issuance of the Series 2023A Bonds, the Remaining Outstanding Bonds Bond Reserve Requirement will be \$18,602,172.50, based on the Maximum Annual Debt Service on all the remaining Outstanding Bonds, of which: (1) \$761,806.28 will consist of cash and investments on deposit in the Bond Reserve Account (excluding the Series 2023A Bond Reserve Subaccount); and (2) \$17,840,366.22 will consist of the Letter of Credit (as defined below) that is a Cash Equivalent under the Resolution.

AGM has issued its commitment to provide the 2023A Reserve Policy to fund the Series 2023A Bond Reserve Subaccount, which will be available solely to pay the principal of and interest on the Series 2023A Bonds, as to which there would otherwise be a default. In the event that the Bond Registrar is required to make a withdrawal from the Series 2023A Bond Reserve Subaccount in order to pay the principal of and interest on the Series 2023A Bonds, the Bond Registrar shall draw on the 2023A Reserve Policy in an amount sufficient to fund the remaining deficiency, up to the stated amount thereof.

In the event that the Bond Registrar is required to make a withdrawal from the Bond Reserve Account (excluding the Series 2023A Bond Reserve Subaccount) in order to pay the principal of and interest on the Outstanding Bonds (excluding the Series 2023A Bonds), the Credit Facility Obligations and any Additional Bonds, as a result of a deficiency in the Redemption Fund, the Bond Registrar shall first withdraw any cash and investments on deposit in or credited to the Bond Reserve Account (excluding the Series 2023A Bond Reserve Subaccount). If the foregoing cash and investments are not sufficient to satisfy such deficiency in the Redemption Fund, the Bond Registrar shall draw on the Letter of Credit in an amount sufficient to fund the remaining deficiency, up to the stated amount thereof.

BMO Harris Bank N.A., a national banking association (the “Letter of Credit Bank”), has issued the Letter of Credit in favor of the Bond Registrar for the credit of the Bond Reserve Account (excluding the Series 2023A Bond Reserve Subaccount) to satisfy a portion of the Remaining Outstanding Bonds Bond Reserve Requirement, as described above. The Letter of Credit qualifies as a Cash Equivalent under the Resolution. Unless extended or renewed, the Letter of Credit Bank’s obligations under the Letter of Credit will expire upon the earliest of (i) December 1, 2023, (ii) the Bond Registrar surrendering the Letter of Credit to the Letter of Credit Bank for cancellation, (iii) the date on which the Letter of Credit Bank honors the last drawing available to be made under the Letter or Credit, or (iv) there being no Outstanding Bonds (excluding the Series 2023A Bonds) remaining outstanding under the Resolution. In the event that the Letter of Credit is not renewed or replaced prior to the stated expiration date, the Bond Registrar is entitled to draw down the full stated amount thereof and to deposit the proceeds thereof to the credit of the Bond Reserve Account (excluding the Series 2023A Bond Reserve Subaccount) solely to be used for the payment of the principal of and interest on the Outstanding Bonds (excluding the Series 2023A Bonds) and any Additional Bonds. See “SECURITY FOR THE SERIES 2023A BONDS –

Letter of Credit Bank as Credit Facility for Bond Reserve Account (Excluding the Series 2023A Bond Reserve Subaccount)” below for additional information regarding the Letter of Credit Bank.

The Authority has agreed in the Resolution to fund each month from the next available Revenues of the Airport, after provision has been made for the Operation and Maintenance Fund and the Redemption Fund, any deficiency in the Bond Reserve Account. If at any time the amount on deposit in or credited to the Series 2023A Bond Reserve Subaccount exceeds the Series 2023A Bond Reserve Requirement or the Bond Reserve Account (excluding the Series 2023A Bond Reserve Subaccount) exceeds the Remaining Outstanding Bonds Bond Reserve Requirement, the amount of such excess shall be transferred therefrom and deposited in or credited to the Receiving Fund.

### **Debt Service Reserve Insurance Policy**

Concurrently with the issuance of the Series 2023A Bonds, AGM will issue its 2023A Reserve Policy in the form attached hereto as “APPENDIX I – FORM OF MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

The 2023A Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to, in accordance with and only to the extent provided in the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On October 21, 2022, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2022, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

### *Capitalization of AGM*

At December 31, 2022:

- The policyholders' surplus of AGM was approximately \$2,747 million.
- The contingency reserve of AGM was approximately \$855 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,134 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

### *Incorporation of Certain Documents by Reference*

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") on March 1, 2023 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2023A Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "SECURITY FOR THE SERIES 2023A BONDS – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such

previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

### *Miscellaneous Matters*

AGM makes no representation regarding the Series 2023A Bonds or the advisability of investing in the Series 2023A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “SECURITY FOR THE SERIES 2023A BONDS – Debt Service Reserve Insurance Policy” and “-Assured Guaranty Municipal Corp.”

### **Letter of Credit Bank as Credit Facility for Bond Reserve Account (Excluding the Series 2023A Bond Reserve Subaccount)**

The Letter of Credit Bank has executive offices in Chicago, Illinois, and is a wholly owned subsidiary of BMO Financial Corp., a Delaware corporation (“BFC”). BFC is a wholly owned subsidiary of Bank of Montreal. As such, the Bank is a member of BMO Financial Group (“BFG”), a brand name representing Bank of Montreal and its subsidiaries and affiliates. The Letter of Credit Bank is a commercial bank offering a wide range of banking and trust services to its customers throughout the United States and around the world.

Each quarter, the Letter of Credit Bank files quarterly reports called “Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices” (“Call Reports”). Each Call Report may be obtained from the FDIC on its website at <http://www.fdic.gov>, or by a written request directed to: BMO Harris Bank N.A., 111 West Monroe Street, P.O. Box 755, Chicago, Illinois 60690, Attention: Public Relations Department. The Letter of Credit is an unsecured obligation of the Letter of Credit Bank and not of BFC or BFG. BFC and BFG have not guaranteed the Letter of Credit Bank’s obligation under the Letter of Credit or the corresponding reimbursement agreement and BFC and BFG are not and will not become obligated in any manner with respect thereto.

As of the date of this Official Statement, the following credit ratings have been assigned to the Letter of Credit Bank: (i) S&P Global Ratings has assigned a long-term senior debt rating of A+ with a stable outlook, and (ii) Moody’s has assigned a long-term senior debt rating of Baa1 with a stable outlook. The credit ratings by either Moody’s or S&P Global Ratings can be revised by either credit rating agency at any time. The documents between the Letter of Credit Bank and the Authority do not require the Letter of Credit Bank to provide any updates of the credit rating of the Letter of Credit Bank.

### **Rate Covenant**

Pursuant to the Resolution, the Authority has covenanted and agreed at all times to fix and maintain rates and charges for use of the Airport as shall produce the greater of (i) amounts sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the Airport as are necessary to preserve the same in good repair and working order, to provide for the payment of the principal of and interest on all Bonds payable therefrom and for the creation and maintenance of a reserve therefor as required by the Resolution, and to provide for such other requirements, expenditures and funds for the Airport as the Resolution and Act 94 may require, or (ii) an amount so as to produce Net Revenues in each Fiscal Year equal to the sum of (a) 100% of the Debt Service Requirement for such Fiscal Year, plus (b) the amount by which the amount on deposit in the Surplus Fund on the last day of the immediately preceding Fiscal Year was less than 25% of Maximum Annual Debt Service as of such day. The rates and charges shall be revised from time to time as may be necessary to produce these amounts, provided that any rate or charge fixed and established pursuant to a lease or contract shall not be revised except in the manner provided in the lease or contract.

## **Budgetary Procedures**

The Authority has covenanted in the Resolution to adopt, prior to the commencement of each Fiscal Year, a budget for the Airport demonstrating that for such Fiscal Year, the projected Revenues are sufficient to cover the Operation and Maintenance Expenses of the Airport and Debt Service Requirements for such Fiscal Year and any other financial obligations of the Authority under the Resolution or relating to the Airport for such Fiscal Year.

## **Application of Revenues**

The Resolution creates a fund designated the Airport Receiving Fund (the "Receiving Fund") into which the Authority is required to set aside and credit all Revenues of the Airport as collected. Revenues credited to the Receiving Fund are pledged for the purposes of, and shall be transferred and credited to, the following funds and accounts at the following times and in the following order of priority:

(i) Monthly to the Operation and Maintenance Fund, an amount sufficient to provide for payment of the Operation and Maintenance Expenses of the Airport for the next succeeding month;

(ii) Out of the Revenues remaining in the Receiving Fund after provision for the Operation and Maintenance Fund, there shall first be paid to the County an amount sufficient to reimburse the County for any amounts advanced from its general funds to pay principal of and/or interest on the Bonds or any Credit Facility Obligations. There shall then be set aside monthly in the Bond and Interest Redemption Fund held by the Bond Registrar (the "Redemption Fund"): (A) an amount which is equal to 1/6<sup>th</sup> of the total amount of interest next coming due on the Bonds (net of amounts available therefor representing capitalized interest and investment income) or such greater or lesser amount in approximately equal monthly installments necessary to accumulate the amount of interest next coming due by the date such interest is to be paid; and (B) an amount which is equal to 1/12<sup>th</sup> of the total principal amount of the Bonds (including a mandatory redemption of Term Bonds) next coming due or such greater or lesser amount in approximately equal monthly installments necessary to accumulate the principal amount next coming due by the date such principal is to be paid;

(iii) If at any time there is not on deposit in the Bond Reserve Account an amount equal to the Bond Reserve Requirement, an amount equal to such deficiency;

(iv) If any of the Bonds are issued as Term Bonds, there shall be established in the Redemption Fund an account to be designated the "Term Bond Sinking Fund Account" (the "Sinking Fund Account"). There shall be credited to the Sinking Fund Account the amounts required to be deposited in the Redemption Fund to meet the next due Mandatory Redemption Requirement for the Bonds that are Term Bonds becoming due within the next twelve months. The moneys so credited to the Sinking Fund Account shall be used to satisfy the next Mandatory Redemption Requirement for Bonds that are Term Bonds either by (A) redeeming the Term Bonds on the following Mandatory Redemption Date, or (B) by purchasing Term Bonds of the same series and maturity with respect to which the Mandatory Redemption Requirement applies and surrendering the same to the Bond Registrar for cancellation on or prior to the required Mandatory Redemption Date. In the event that after any Mandatory Redemption Date moneys remain in the Redemption Fund credited to the Sinking Fund Account as a result of the purchase of Term Bonds at less than par, the amount of such excess may be transferred to the Receiving Fund;

(v) If the Authority shall ever issue Subordinate Bonds, there shall be established and maintained a fund for the purpose of paying the principal, redemption premiums, if any, and interest on such Subordinate Bonds as they come due. Revenues remaining in the Receiving Fund after provision for the requirements of the Operation and Maintenance Fund and the Redemption Fund including the Bond Reserve Account shall be set aside, but not more often than monthly, in such fund for the Subordinate Bonds in accordance with the resolution authorizing

the issuance or sale of the Subordinate Bonds. Additionally, a separate account also may be established within such fund as a bond reserve account to be funded on a subordinate lien basis in accordance with the resolution authorizing the issuance or sale of the Subordinate Bonds; and

(vi) Money remaining in the Receiving Fund at the end of any Fiscal Year, after satisfaction of the requirements of the foregoing funds, may be transferred to a fund designated the Surplus Fund. Moneys from time to time on hand in the Surplus Fund, at the option of the Authority Board, may be used and applied for any of the purposes related to the Airport for which the foregoing funds and accounts were established or for any other lawful purpose of the Airport; provided, however, that if there should be any deficit in the Operation and Maintenance Fund or the Redemption Fund (including the Bond Reserve Account), then transfers shall be made from the Surplus Fund to such funds in the priority and order named, to the extent of any such deficit.

The Resolution provides that profit realized or interest income earned on investment of funds in the Receiving Fund, Operation and Maintenance Fund and Redemption Fund (including the Bond Reserve Account) shall be deposited in or credited to the Receiving Fund.

### **Additional Bonds**

Subject to certain limitations and exceptions set forth in the Resolution, the Resolution permits the issuance of one or more series of Additional Bonds payable from and secured by a lien on the Net Revenues on a parity basis with the Series 2023A Bonds and the Outstanding Bonds; provided, however, that (i) the Authority will not be in default under any term or provision of any Bonds then outstanding or under the Resolution or any other resolution pursuant to which any Bonds were issued, and (ii) upon the issuance of the Additional Bonds, the Redemption Fund and the Subordinate Bond and Interest Redemption Fund (if any) will have the required amounts on deposit therein, including the applicable Bond Reserve Requirement or so much thereof as is required to be funded at such time.

In addition, except with respect to the issuance of Additional Bonds to pay the cost of completing any capital project for which Bonds have previously been issued if the principal amount of such Additional Bonds does not exceed 15% of the Bonds initially issued to fund such capital project, either:

(i) an Authorized Officer of the Authority shall certify that, for either the most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months, the Net Revenues of the Airport were equal to at least (A) 125% of the Debt Service Requirements for all Bonds for such period, plus (B) 110% of the Debt Service Requirements for all Subordinate Bonds for such period; or

(ii) an Airport Consultant shall provide a written report setting forth projections which indicate that the estimated Net Revenues of the Airport for each of the three (3) consecutive Fiscal Years beginning on the earliest of (A) the first Fiscal Year following the estimated date of completion and initial use of all revenue producing facilities to be financed with such series of Additional Bonds, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or (B) the first Fiscal Year in which the Authority will have scheduled payments of interest on or principal of the series of Additional Bonds to be issued for the payment of which provision has not been made as indicated in the report of such Airport Consultant from proceeds of such series of Additional Bonds, investment income thereon or from other appropriated sources (other than Net Revenues), are equal to at least (1) 125% of the Debt Service Requirements for all Bonds, plus (2) 110% of the Debt Service Requirements for all Subordinate Bonds scheduled to occur during each such respective Fiscal Year after taking into consideration the additional Debt Service Requirements for the series of Additional Bonds to be issued.

The resolution authorizing the series of Additional Bonds proposed to be issued shall also provide for (i) additional payments into the Redemption Fund sufficient to provide for any principal and interest requirements

resulting from the issuance of the Additional Bonds including, in the event that interest on the series of Additional Bonds is capitalized and/or to be paid from investment earnings, a requirement for the deposit of a portion of the Additional Bond proceeds into the Redemption Fund and/or the transfer from the Construction Fund to the Redemption Fund of amounts fully sufficient to pay interest on such series of Additional Bonds during the period specified in the resolution, and (2) satisfaction of the Bond Reserve Requirement by not later than the date required by the Resolution.

If Additional Bonds are being issued for the purpose of refunding less than all previously issued Bonds which are then outstanding, none of the certifications described above are required (except in the event Additional Bonds are issued to refund Subordinate Bonds) so long as the Debt Service Requirements in any Fiscal Year after the issuance of such Additional Bonds will not exceed by more than 10% the scheduled Debt Service Requirements in the same Fiscal Year prior to the issuance of such Additional Bonds.

### **Subordinate Bonds**

The Authority has reserved the right to issue, for any lawful Airport purpose, bonds or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues securing payment of the Series 2023A Bonds and the Outstanding Bonds. Such Subordinate Bonds may be further secured by any other source of payment lawfully available for such purposes. The Authority has not issued Subordinate Bonds and at the present time has no plans to do so.

### **Special Purpose Facilities Bonds**

The Authority has reserved the right to issue, from time to time, in one or more series, Special Purpose Facilities Bonds to finance and refinance the cost of any Special Purpose Facilities, including all reserves required therefor, all related costs of issuance and other amounts reasonably relating thereto, provided that such Special Purpose Facilities Bonds shall be payable solely from payments by Special Purpose Facilities lessees and/or other security not provided by the Authority. In no event shall any Revenues or any other amounts held in any other fund or account maintained by the Authority as security for the Series 2023A Bonds or the Outstanding Bonds or for the construction, operation, maintenance or repair of the Airport be pledged to the payment of Special Purpose Facilities Bonds or to the payment of any lessee expenses for maintenance and operation of Special Purpose Facilities. The Authority has not issued Special Purpose Facilities Bonds and at the present time has no plans to do so.

## **PLAN OF FINANCE**

### **Purpose**

The Series 2023A Bonds are being issued for the purpose of funding all or a portion of the costs of the Project, funding capitalized interest on the Series 2023A Bonds, and paying the costs of issuing the Series 2023A Bonds.

The Resolution establishes a Construction Fund, Series 2023 (the "Construction Fund"), which shall be established and maintained as a separate depository account into which a portion of the proceeds of the Series 2023A Bonds will be deposited for the purposes described herein. Within the Construction Fund, there shall be established a separate account, into which, a portion of the proceeds of the Series 2023A Bonds will be deposited for the purpose of financing the costs of the Project (the "Series 2023A Construction Account"). The Authority anticipates issuing the Series 2023B Bonds to finance the Airport Project. Upon the issuance of the Series 2023B Bonds, there shall be established another separate account within the Construction Fund, into which, a portion of the proceeds of the Series 2023B Bonds will be deposited for the purpose of financing the costs of the Airport Project (the "Series 2023B Construction Account"). The portions of the proceeds of the Series 2023A Bonds and the Series 2023B Bonds deposited into the Series 2023A Construction Account and the Series 2023B Construction

Account shall be applied solely to the payment of the cost of the Project and the Airport Project, respectively, including engineering fees, legal and financial advisor fees, Credit Facility premiums or fees, if any, rating agency fees and other expenses incident to the Project and the Airport Project, respectively, and to the costs of issuing the Series 2023A Bonds and the Series 2023B Bonds, respectively.

Payments for construction of the Project or the Airport Project, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with the Authority Board a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for. Payment of engineering fees, legal and financial advisor fees, Credit Facility premiums or fees, rating agency fees and other expenses incident to the financing of the Project or the Airport Project and the costs of issuing the Series 2023A Bonds or the Series 2023B Bonds shall be made upon submission of appropriate documentation to the Board. Any unexpended balance of the proceeds of the sale of the Series 2023A Bonds and the Series 2023B Bonds remaining in the Construction Fund after completion of the Project and the Airport Project may be used, with the approval of the Michigan Department of Treasury, for the improvement, enlargement and/or extension of the Airport, and any remaining balance shall be paid immediately into the Redemption Fund established by the Resolution and shall be applied in accordance with the provisions of Section 16 of Act 94.

**Sources and Uses of Funds**

The following table sets forth the overall anticipated sources and uses of funds associated with the Series 2023A Bonds:

Series 2023A Bonds

<u>Sources of Funds</u>	
Principal Amount of Series 2023A Bonds	\$159,390,000.00
 <u>Uses of Funds</u>	
Project Fund Deposit	\$144,000,000.00
Capitalized Interest – Deposit to Redemption Fund	14,159,673.78
Premium for the 2023A Reserve Policy	130,951.42
Issuance Costs (Including Underwriters’ Discount)	<u>1,099,374.80</u>
Total Uses	\$159,390,000.00

## ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each respective fiscal year ending December 31 the annual debt service requirements payable by the Authority from Net Revenues following the issuance of the Series 2023A Bonds:

Fiscal Year Ending <u>December 31</u> <sup>1</sup>	Series 2015			Series 2021		Series	Total
	Refunding <u>Bonds</u>	Series 2015 <u>Bonds</u>	Series 2018 <u>Bonds</u>	Refunding <u>Bonds</u>	Series 2021 <u>Bonds</u> <sup>3</sup>	2023A <u>Bonds</u> <sup>3</sup>	Annual <u>Debt Service</u> <sup>1, 2, 3</sup>
2023	\$7,325,200	\$1,133,100	\$2,519,500	\$2,949,403	-	-	\$13,927,203
2024	7,322,950	1,129,850	2,525,250	2,941,623	\$4,682,500	-	18,602,173
2025	7,331,200	1,130,100	-	2,944,553	6,017,500	\$8,627,120	26,050,473
2026	7,323,950	1,128,600	-	2,953,065	6,015,750	8,627,120	26,048,485
2027	7,321,450	1,130,350	-	2,942,010	6,030,750	8,727,120	26,151,680
2028	7,322,950	1,130,100	-	-	6,151,500	9,782,570	24,387,120
2029	7,322,700	1,127,850	-	-	6,152,500	9,779,790	24,382,840
2030	7,320,200	1,128,600	-	-	6,149,250	9,784,130	24,382,180
2031	7,319,950	1,128,375	-	-	6,151,750	9,785,202	24,385,277
2032	7,322,950	1,127,175	-	-	6,149,500	9,782,825	24,382,450
2033	7,321,750	1,130,000	-	-	6,147,500	9,781,939	24,381,189
2034	7,321,150	1,128,750	-	-	6,150,500	9,781,517	24,381,917
2035	7,320,750	-	-	-	6,118,000	10,941,182	24,379,932
2036	7,323,750	-	-	-	6,116,500	10,947,078	24,387,328
2037	-	-	-	-	7,169,250	13,772,761	20,942,011
2038	-	-	-	-	7,168,250	13,774,649	20,942,899
2039	-	-	-	-	7,173,250	13,773,222	20,946,472
2040	-	-	-	-	7,173,500	13,778,589	20,952,089
2041	-	-	-	-	7,173,750	13,779,389	20,953,139
2042	-	-	-	-	7,173,500	13,774,808	20,948,308
2043	-	-	-	-	7,172,250	13,779,030	20,951,280
2044	-	-	-	-	7,169,500	13,780,584	20,950,084
2045	-	-	-	-	7,169,750	13,777,685	20,947,435
2046	-	-	-	-	7,172,250	13,779,234	20,951,484
2047	-	-	-	-	7,171,250	13,783,582	20,954,832
2048	-	-	-	-	7,171,250	13,784,082	20,955,332
2049	-	-	-	-	7,171,500	13,784,360	20,955,860
2050	-	-	-	-	7,166,250	13,782,766	20,949,016
2051	-	-	-	-	-	13,777,653	13,777,653
2052	-	-	-	-	-	13,772,372	13,772,372
<b>Total</b> <sup>4</sup>	<b>\$102,520,900</b>	<b>\$13,552,850</b>	<b>\$5,044,750</b>	<b>\$14,730,654</b>	<b>\$178,429,000</b>	<b>\$336,802,355</b>	<b>\$651,080,509</b>

<sup>1</sup> Pursuant to the Resolution, principal and interest payments on the Outstanding Bonds due on January 1 of any Fiscal Year are deemed to be payable on December 31 of the immediately preceding Fiscal Year.

<sup>2</sup> Total debt service requirements on the Series 2015 Refunding Bonds, the Series 2015 Bonds, the Series 2018 Bonds, the Series 2021 Refunding Bonds, the Series 2021 Bonds and the Series 2023A Bonds; excludes debt service on the Series 2023B Bonds anticipated to be issued later this year. For a further description of the Series 2023B Bonds, see "INTRODUCTION – Report of the Airport Consultant" and "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT."

<sup>3</sup> Total annual debt service is net of capitalized interest on the Series 2021 Bonds and the Series 2023A Bonds.

<sup>4</sup> The columns may not add due to rounding.

## **THE COUNTY**

The County is located in western Michigan, encompasses approximately 864 square miles, and includes 21 townships, 9 cities, 5 villages, and 26 school districts. The County is a general law county governed by an elected Board of Commissioners consisting of 21 elected members. General, economic and financial data for the County is included in “APPENDIX B – COUNTY OF KENT”.

### **GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY**

The Authority was formed by the County on September 2, 2015, upon the filing of Articles of Incorporation with the Michigan Secretary of State in accordance with Act 95. Prior to the formation of the Authority, the Airport was operated by the County’s Department of Aeronautics, under the supervision of the Gerald R. Ford International Airport Board established by the County pursuant to the authority granted by Act 327 and by a resolution adopted on June 26, 1956.

In order to enable the Authority to exercise its powers under Act 95, to provide for the transition of Airport operations, the transfer of Airport assets and aviation facilities (as defined in Act 95) from the County to the Authority, and the assumption of the Outstanding Obligations, the County and the Authority entered into the County Agreement. In addition, the Authority Board adopted a resolution on July 27, 2016 to assume the Outstanding Obligations, including, but not limited to compliance with all covenants and obligations set forth in the County Resolution.

### **GERALD R. FORD INTERNATIONAL AIRPORT**

#### **The Airport and the Airport Service Region**

The Airport occupies approximately 3,200 acres and is located approximately 12 miles southeast of the Grand Rapids business district and approximately 3 miles from Interstate 96. The Airport is classified as a small hub primary airport by the Federal Aviation Administration (the “FAA”) and was the 68<sup>th</sup> and 72<sup>nd</sup> busiest commercial service airport in the nation in 2020 and 2021, respectively, based on passenger activity.

The Airport’s primary service area consists of the four counties of Barry, Kent, Montcalm, and Ottawa that constitute the Grand Rapids-Wyoming, MI, Metropolitan Statistical Area (“Grand Rapids MSA”), and the adjacent counties of Allegan, Ionia, Mecosta, and Muskegon. The two principal cities in the Grand Rapids MSA are Grand Rapids and Wyoming. Grand Rapids MSA’s four counties of Barry, Kent, Montcalm, and Ottawa, and the adjacent counties of Allegan, Ionia, Mecosta, and Muskegon provide the Airport with a large population base of more than 1.4 million, representing 14.74 percent of the state population. The two largest counties in the Airport’s primary air service area are Kent and Ottawa. According to the U.S. Census Bureau 2020 Census data, Kent County and Ottawa County contained 44.27 percent and 19.93 percent, respectively, of the Airport’s eight-county primary air service area. The City of Grand Rapids, located in Kent County, is home to a population of 198,917, or 18.29% of the population of the Grand Rapids MSA and 13.38% of the population of the eight-county primary Airport service region.

A secondary region served by the Airport adjoins the primary region and is less densely populated than the primary region. The boundaries of the secondary service region are generally defined by the location and accessibility (e.g., automobile driving distance) of other air carrier airports and by the service and airfares offered by the airlines serving those airports. The air carrier airports defining the secondary region served by the Airport are located in Muskegon (Muskegon County Airport, 40 miles from Grand Rapids), Kalamazoo (Kalamazoo/Battle Creek International Airport, 50 miles from Grand Rapids), Lansing (Capital City Airport, 65 miles from Grand Rapids), Flint (Bishop International Airport, 104 miles from Grand Rapids), Saginaw (MBS International Airport, 116 miles from Grand Rapids), Traverse City (Cherry Capital Airport, 139 miles from Grand

Rapids) and Detroit (Detroit Metropolitan Wayne County Airport, 149 miles from Grand Rapids). Muskegon County Airport, the closest to Grand Rapids, provides regional commuter service to short-haul (less than 500 miles) destinations.

### **Management of the Airport**

The Airport is owned by the County and operated by the Authority. The Authority Board consists of seven members appointed by the County Board with no more than three members being elected officials and with one member to be an individual living outside of the County in the Combined Statistical Area (as defined by the United States Office of Management and Budget) which includes the Airport. Members of the Authority Board are appointed for three-year staggered terms.

Torrance Richardson, A.A.E., President and Chief Executive Officer, has responsibility for the administration, operation and development of the Authority. Mr. Richardson is assisted by Alex Peric, A.A.E. Vice President and Chief Operating Officer, and Maria Kim, Chief Financial Officer.

### **Airport Facilities**

The Airport occupies approximately 3,200 acres of land and has three runways and an associated system of taxiways. The primary air carrier runway is east/west Runway 8R-26L, which is 10,000 feet long and 150 feet wide. Precision instrument approach capability (Category I) is provided at both ends of Runway 8R-26L. A second runway, parallel east/west Runway 8L-26R, is 5,000 feet long and 100 feet wide, and serves general aviation and commuter aircraft. The third runway is north/south crosswind Runway 17-35, which is 8,500 feet long and 150 feet wide. Precision instrument approach capability (Category II) is provided on the 35 approach to Runway 17-35, and instrument landing system capability (ILS) is provided on the 17 approach to Runway 17-35.

The Airport's existing passenger terminal consists of approximately 274,850 square feet, and includes two concourses with a total of 15 gates. Ongoing construction of the expansion of Concourse A is scheduled to be completed by the end of 2023, which will add approximately 90,000 additional square feet and eight more gates to the Airport's passenger terminal.

The Airport provides 7,953 public parking spaces in five lots, including a short-term lot and four long-term lots, and a multi-level parking garage completed in 2009. The completion of the Consolidated Rental Car Facility financed with the Series 2023A Bonds will free up approximately 1,100 additional parking spaces in the parking garage for public parking. Construction of rental car service centers was completed in 2006. The Airport is currently served by five major rental car companies.

In addition, approximately 85 based aircraft (general aviation and corporate), two fixed base operator facilities, Aero Med medical helicopters and other aviation maintenance and support facilities are located at the Airport.

### **Future Projects**

In addition to the Project costs funded through the issuance of the Series 2023A Bonds, the Projects in the Authority's 2023 – 2027 Capital Improvement Program include an expansion of the terminal, a new in-line checked baggage system, an additional public parking structure, a new maintenance building for snow removal equipment, site preparation for land development, concourse B enclosure replacement, wildlife attraction and wetland removal. Funding for these projects is planned to be from a combination of grants, bonds, and general revenues. In particular, the Authority anticipates issuing the Series 2023B Bonds to finance the Airport Project. For more information on future projects, refer to <https://flyford.org/elevate/>.

## Passenger Facility Charges

Under the Aviation Safety and Capacity Expansion Act of 1990, as amended (the “PFC Act”), the FAA may authorize a public agency that controls an airport to impose a passenger facility charge (“PFC”) of up to \$4.50 for each qualifying enplaned passenger at such airport to be used to finance eligible airport-related projects, subject to certain restrictions.

In September 1992, the Department of Aeronautics, the predecessor to the Authority, received approval from the FAA to impose a PFC of \$3 per eligible enplaned passenger at the Airport, with a charge effective date of December 1, 1992.

In September 2005, the Department of Aeronautics received approval from the FAA to increase its PFC from \$3.00 to \$4.50, which it began collecting on November 1, 2005.

To date, the Department of Aeronautics and the Authority have received approval from the FAA to collect and use approximately \$120.2 million in PFC revenue, with an estimated charge expiration date of January 1, 2026. Capital projects for which PFCs have been approved by the FAA for collection and use since the initial charge effective date have included eligible PFC costs for Runway 17/35 and related expenditures; Terminal B concourse expansion; passenger loading bridges; public address system replacement; radio system replacement; and a portion of the cost of Phase I of the Gateway Transformation Project which included a new consolidated checkpoint, marketplace and concourses.

The Authority plans on submitting an application in the fall of 2023 to the FAA to extend the PFC collection to pay for some of the debt on the Series 2021 Bonds. Upon authorization by the FAA, the Authority may use collected PFCs to pay debt services on the Series 2021 Bonds, however, PFCs are not “Net Revenues” under the Resolution pledged for the payment of the Series 2021 Bonds or the Series 2023A Bonds.

Through December 31, 2022, PFC revenues received by the Department of Aeronautics and the Authority, including investment earnings, totaled \$119.1 million, of which \$107.5 million had been expended on approved project costs.

***Termination of Passenger Facility Charges.*** The Authority’s authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, the regulations published by the FAA pursuant to the PFC Act (the “PFC Regulations) and the FAA’s authorizations to impose PFCs. If the Authority fails to comply with these requirements, the FAA may take action to terminate or to reduce the Authority’s authority to impose or to use PFCs. The FAA may terminate the Authority’s authority to impose PFCs, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Act or the PFC Regulations, or (b) the Authority otherwise violates the PFC Act or the PFC Regulations. The Authority is in compliance with all such terms and conditions. The Authority’s authority to impose a PFC may also be terminated if the Authority violates certain provisions of the Airport Noise and Capacity Act of 1990 (the “ANCA”) and its implementing regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Authority’s authority to impose a PFC would not be summarily terminated. The Authority is in compliance with the ANCA.

No assurance can be given that the Authority’s authority to impose a PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Authority or that the Authority will not seek to decrease the amount of PFCs to be collected, provided such decrease does not violate the Authority’s covenant in the Resolution. A shortfall in PFC revenues may cause the Authority to increase rates and charges at the Airport to meet the debt service requirements on the Outstanding Bonds that the Authority plans to pay from PFCs, and/or require the Authority

to identify other sources of funding for its capital program, including issuing Additional Bonds and/or Subordinate Bonds, to finance projects currently expected to be paid with PFC revenues. As an alternative to issuing Additional Bonds and/or Subordinate Bonds, the Authority Board may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, producing different results than those included in the projections shown in “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

***Amendments to Aviation Safety and Capacity Expansion Act of 1990 or PFC Regulations.*** There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any FAA authorization to impose PFCs will not be amended in a manner that would adversely affect the Authority’s ability to collect and use PFC Revenues.

***Collection of the PFCs.*** The ability of the Authority to collect sufficient PFCs depends upon a number of factors including the operation of the Airport by the Authority, the use of the Airport by airlines collecting PFCs, the efficiency and ability of the collecting carriers to collect and remit PFCs to the Authority and the number of enplanements at the Airport. The Authority relies upon the collecting carriers’ collection and remittance of PFCs, and both the Authority and the FAA rely upon the airlines’ reports of enplanements and collection statistics. 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 Authority) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC revenue in a separate account for the benefit of the Airport and cannot grant a third party any security or other interest in PFC revenue. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted. This procedure was followed by Delta, United and Northwest during their respective bankruptcies. PFCs collected by those airlines were required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and be paid to airports monthly in accordance with the PFC Regulations. However, the Authority cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs or whether the bankruptcy estate will have sufficient moneys to pay the Authority in full for the PFCs owed by such airline. The Authority has recovered all of its PFCs from each of the airlines that filed for Chapter 11 bankruptcy protection to date.

### **Airlines Serving the Airport**

As of January 31, 2023, the Airport was served by six mainline scheduled U.S. airlines: American Airlines, Allegiant Air, Delta Air Lines, Frontier Airlines, Southwest Airlines and United Airlines. In addition, the Airport was served by eleven regional airlines: Air Wisconsin, CommutAir, Endeavor Air, Envoy Air Inc., Express Jet Airlines, GoJet Airlines, Mesa Airlines, Pacific Southwest Airlines, Piedmont Air, Republic and Sky West Airlines. See “GERALD R. FORD INTERNATIONAL AIRPORT – Airline Market Shares.”

The Airport is also served by one all-cargo airline: Federal Express. See “GERALD R. FORD INTERNATIONAL AIRPORT – Air Cargo.”

### **Enplaned Passengers**

From 2015 through 2017 the Airport had consecutive record breaking years with additional markets and Frontier Airlines re-entering the market. In 2017, the Airport saw a 5.9% growth in enplanements with a new record high of 1.41 million enplanements. This growth continued through 2019. The airport reached a new record of 1.80 million enplanements up 10.0% from the 2018 record of 1.64 million enplanements.

2020 passenger activity continued to break year-over-year records for the months of January and February, with a 17.47% growth from the same months in the previous year. In March 2020 the COVID-19

pandemic began in the United States, and air travel around the country dropped an unprecedented amount. The Airport saw April 2020 passenger traffic of only 4.07% of April 2019 passenger traffic. Over the remaining months of 2020, passenger traffic at the Airport steadily increased at a slightly higher rate than the national average and the year ended with 889 thousand enplanements, a 50.7% reduction from 2019.

The Airport has continued to post increases in passenger traffic since the end of the pandemic. The number of enplaned passengers in 2022 was 1.75 million, 96.75% of the 2019 pre-pandemic baseline and 18.9% more than the number of enplaned passengers in 2021. The number of scheduled outbound seats in 2022, was 2.1 million, 93.75% of the 2019-pre pandemic baseline. Based on recent schedules filed by all carriers, the Authority anticipates that the number of scheduled outbound seats for the 12-month period ended July 31, 2023, will be 2.19 million. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

The table below presents historical enplaned passenger traffic at the Airport from 2013 through 2022.

**Historical Enplaned Passengers**  
Gerald R. Ford International Airport  
2013 – 2022

<u>Year</u>	<u>Major/ National Airlines</u>	<u>Regional/ Commuter Airlines</u>	<u>Charter Airlines</u>	<u>Total</u>	<u>Average Annual Percentage Increase (Decrease)</u>
2013	554,368	568,896	1,705	1,124,969	5.2%
2014	640,515	529,761	1,519	1,171,795	4.2
2015	744,553	535,485	1,200	1,281,238	9.3
2016	780,502	552,103	1,351	1,333,956	4.1
2017	905,180	506,867	1,263	1,413,310	5.9
2018	1,028,121	611,881	1,017	1,641,019	16.1
2019	1,153,781	648,710	1,867	1,804,358	10.0
2020*	570,606	317,060	1,258	888,924	(-50.7)
2021	983,644	484,013	705	1,468,362	65.2
2022	1,368,236	375,297	2,107	1,745,640	18.9

\*COVID-19 pandemic began in March.

## Domestic Passenger Origin-Destination Patterns

The table set forth below presents the distribution of Airport passengers to and from the Airport's top 20 origination and destination markets for the 12 months ended September 30, 2022. The top 20 markets collectively accounted for 66.23% of the Airport's enplanements for the 12-month time period.

### Domestic Passenger Origin-Destination Patterns

Gerald R. Ford International Airport

12 months ended September 30, 2022

<u>City of Origin or Destination</u>	<u>Passengers</u>	<u>Air Miles from Grand Rapids</u>	<u>Percent of Scheduled Airline Passengers</u>
Orlando, FL (MCO & SFB)	269,143	1,023	8.76%
Tampa, FL (TPA & PIE)	172,725	1,044	5.62%
Denver, CO	170,246	1,014	5.54%
Phoenix, AZ (PHX & AZA)	132,480	1,574	4.31%
Atlanta, GA	126,807	640	4.13%
New York, NY (LGA, EWR & JFK)	125,073	626	4.07%
Las Vegas, NV	118,307	1,643	3.85%
LA Area, CA (LAX, BUR, LGB, ONT & SNA)	102,248	1,874	3.33%
Washington, DC (DCA, IAD & BWI)	97,030	528	3.16%
Dallas, TX (DFW & DAL)	93,282	931	3.04%
Fort Myers, FL	89,685	1,147	2.92%
Punta Gorda, FL	83,876	1,118	2.73%
Minneapolis, MN	78,075	408	2.54%
Sarasota, FL	63,939	1,080	2.08%
Austin, TX	56,306	1,103	1.83%
Boston, MA	53,590	740	1.74%
Fort Lauderdale, FL	53,570	1,198	1.74%
Houston, TX (IAH & HOU)	51,467	1,042	1.68%
Charlotte, NC	48,074	583	1.57%
Bay Area, CA (SFO, OAK & SJC)	<u>48,072</u>	1,966	<u>1.57%</u>
Cities Listed	2,033,995		66.23%
Other Cities	<u>1,037,344</u>		<u>33.77%</u>
All Cities	3,071,339		100.00%

## Airline Market Shares

Comparative market share information for airlines based on enplaned passengers for 2012, 2017, and 2022 is shown in the following table:

Historic Airline Market Share of Enplaned Passengers						
Gerald R. Ford International Airport						
Airline	2012		2017		2022	
	Enplaned Passengers	Percent of Total	Enplaned Passengers	Percent of Total	Enplaned Passengers	Percent of Total
<b>Mainline</b>						
American Airlines	-	0.0%	149	0.0%	171,408	9.8%
United Airlines	44,842	4.2%	91,641	6.5%	154,339	8.8%
Delta Airlines	223,783	20.9%	434,084	30.7%	422,259	24.2%
Allegiant Air	76,759	7.2%	128,130	9.1%	327,903	18.8%
Frontier Air	53,189	5.0%	4,048	0.3%	97,397	5.6%
AirTran/Southwest	123,465	11.5%	247,128	17.5%	194,930	11.2%
Subtotal	522,038	48.8%	905,180	64.0%	1,368,236	78.4%
<b>Regional</b>						
American Partners <sup>1</sup>	123,317	11.5%	243,126	17.2%	154,734	8.9%
Continental Express	16,799	1.6%	-	0.0%	-	0.0%
Delta Partners <sup>2</sup>	221,782	20.7%	99,383	7.0%	101,957	5.8%
United Partners <sup>3</sup>	180,234	16.8%	164,358	11.6%	118,606	6.8%
Air Canada	4,502	0.4%	-	0.0%	-	0.0%
Subtotal	546,634	51.1%	506,867	35.9%	375,297	21.5%
Charter	1,123	0.1%	1,263	0.1%	2,107	0.1%
<b>Total</b>	<b>1,069,795</b>	<b>100.0%</b>	<b>1,413,310</b>	<b>100.0%</b>	<b>1,745,640</b>	<b>100.0%</b>

<sup>1</sup> Includes Envoy, Skywest, Pacific Southwest Airlines, Air Wisconsin, Republic, Trans States, and Piedmont.

<sup>2</sup> Includes Compass, Endeavor, ExpressJet, Freedom, GoJet, Shuttle America, Skywest, Atlantic Southeast, Chautaugua, Comair, Mesaba, Pinnacle, and Republic.

<sup>3</sup> Includes Chautauqua, CommutAir, ExpressJet, GoJet, Shuttle America, Skywest, Trans States, Air Wisconsin, Mesa, and Republic.

Note: Columns may not add to totals shown because of rounding.

Although Delta lost its lead to American in 2020 and 2021 as the airline with the most landings at the Airport, it has regained that lead over American in 2022. Another positive development at the Airport since 2010 has been the increasing market share of low-cost carriers (“LCCs”) such as Southwest, Allegiant Air, and Frontier Airlines. The combined LCC share of Airport enplanements increased from 24% in 2012 to 36% in 2022. In particular, the combined share of Airport enplanements of two of the ultra-LCCs, Allegiant Air and Frontier Airlines, increased from 18% in 2019 to 24% in 2022. These LCCs provide not only low-fare competition to the incumbent legacy airlines, but also point-to-point flight options to Airport passengers. The Authority Board cannot predict, however, whether those trends will continue long-term. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” for a more detailed discussion.

## Airline Service

As of December 2022, 55 regularly scheduled nonstop departures were provided from Grand Rapids to 28 airports in the United States. Mainline airlines provided 37 regularly scheduled nonstop departures to 23 cities, and regional airlines provided 18 regularly scheduled nonstop departures to nine cities, as shown below. All but 12 of the cities with nonstop service are connecting passenger hubs of the mainline airlines or their regional airline partners.

### Daily Scheduled Nonstop Departures

Gerald R. Ford International Airport

(as of December 2022)

Destination City	Mainline Airlines	Regional Airlines
Atlanta	4	
Austin <sup>1</sup>	1	
Baltimore	1	
Charlotte	2	1
Chicago (MDW)	3	
Chicago (ORD)	2	6
Dallas	2	1
Denver <sup>1</sup>	2	
Destin <sup>1</sup>	1	
Detroit	4	
Fort Lauderdale <sup>1</sup>	1	
Fort Myers <sup>1</sup>	1	
Houston <sup>1</sup>		1
Las Vegas <sup>1</sup>	1	
Minneapolis/St. Paul	2	2
Nashville <sup>1</sup>	1	
New York (EWR)		2
New York (LGA)		2
Orlando (MCO) <sup>1</sup>	2	
Orlando (SFB)	1	
Philadelphia		1
Phoenix (AZA) <sup>1</sup>	1	
Phoenix (PHX)	1	
Punta Gorda	1	
Sarasota/Bradenton <sup>1</sup>	1	
St. Pete/Clearwater	1	
Tampa <sup>1</sup>	1	
Washington, DC (DCA)		2
	37	18

<sup>1</sup> Regular service, but less than daily.

## Air Cargo

The following table presents historical data for total (enplaned and deplaned) air cargo at the Airport for the years 2013 through 2022. Air cargo consists of air freight and mail. Air freight consists of cargo carried in the bellies of passenger aircraft (referred to as bellyhold cargo) as well as that carried by the all-cargo airlines and express carriers. Air mail at the Airport is primarily carried by an all-cargo airline.

<u>Year</u>	<u>Lbs. of Freight</u>	<u>Average Annual Percentage Increase (Decrease)</u>
2013	80,400,365	(1.0)%
2014	82,087,599	2.1%
2015	82,594,563	0.6%
2016	86,080,870	4.2%
2017	88,285,848	2.6%
2018	91,043,947	3.1%
2019	91,396,017	0.4%
2020	91,883,489	0.5%
2021	91,513,777	(0.4)%
2022	85,276,304	(6.8)%

## Historical Financial Data and Projected Debt Service Coverage

The General Fund Budget Summary and Comparative Financial Statements for the County are included at the end of APPENDIX B. The audited financial statements of the County for the Fiscal Year ended December 31, 2021, together with the reports of Rehmann Robson LLC, independent auditors, relating thereto, are included herein as APPENDIX C.

The audited financial statements of the Authority for the Fiscal Year ended December 31, 2021, together with the reports of Plante Moran, PLLC, independent auditors, relating thereto, are included herein as APPENDIX D.

The following tables set forth (i) historical operating results of the Airport under both generally accepted accounting principles (as set forth in the County's annual financial statements for Fiscal Years 2018, 2019, 2020 and 2021) and under the requirements of the Resolution for Fiscal Years 2018, 2019, 2020 and 2021 as well as a reconciliation of the two bases of accounting, (ii) historical debt service coverage for the Airport based on Net Revenues collected for Fiscal Years 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021, and (iii) projected debt service coverage for each fiscal year through Fiscal Year 2028. The table reflecting Historical Operating Airport Results are audited for Fiscal Years 2018, 2019, 2020 and 2021 and unaudited for Fiscal Year 2022. In the table reflecting Projected Debt Service Coverage, projections are those of the Authority and are based on current revenue sources as well as certain allowances made for any potential increase or decrease in revenues in the future. **THERE CAN BE NO ASSURANCES THAT HISTORICAL RESULTS FROM EXISTING AIRPORT FACILITIES WILL BE ACHIEVED IN FUTURE PERIODS.**

**Historical Operating Results**  
Gerald R. Ford International Airport  
For Fiscal Years Ended December 31

<u>Statement of Net Income</u> <u>(GAAP)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<b>Budgeted</b> <b>2023</b>
Operating Revenues	\$49,175	\$56,730	\$33,259	\$50,308	\$61,088	\$65,687
Operating Expenses <sup>1</sup>	<u>25,350</u>	<u>28,519</u>	<u>25,748</u>	<u>29,363</u>	<u>36,194</u>	<u>41,436</u>
Operating Income (Loss)	23,825	28,211	7,511	20,945	24,894	24,251
Non-Operating Revenues (Expenses):						
Investment Earnings	77	513	166	87	982	557
Depreciation	(19,608)	(20,521)	(21,937)	(23,288)	(22,380)	(24,900)
Interest Expense and Charges	(6,298)	(5,837)	(5,417)	(5,556)	(9,108)	(8,372)
Passenger Facilities Charges	6,886	7,372	3,427	6,243	7,050	7,506
Customer Facility Charges	2,383	2,631	1,301	1,772	3,578	5,400
CARES, CRRSAA, ARPA Revenue	-	-	16,261	5,509	6,986	6,944
Other Revenue (Expense)	<u>77</u>	<u>45</u>	<u>22</u>	<u>87</u>	<u>105</u>	<u>50</u>
Total Non-Operating Revenues (Expenses)	<u>(16,526)</u>	<u>(15,797)</u>	<u>(6,177)</u>	<u>(15,146)</u>	<u>(12,787)</u>	<u>(12,815)</u>
Net Income <sup>3</sup>	<u><b>\$7,342</b></u>	<u><b>\$12,414</b></u>	<u><b>\$1,334</b></u>	<u><b>\$5,799</b></u>	<u><b>\$12,107</b></u>	<u><b>\$1,436</b></u>
Revenues	58,598	67,291	54,436	64,006	79,789	86,144
Operating and Maintenance Expenses	(25,350)	(28,519)	(25,748)	(29,363)	(36,194)	(41,436)
Passenger Facility Charges	(6,886)	(7,372)	(3,427)	(6,243)	(7,050)	(7,506)
CARES, CRRSAA, ARPA Revenue	<u>-</u>	<u>-</u>	<u>(16,261)</u>	<u>(5,509)</u>	<u>(6,986)</u>	<u>(6,944)</u>
<b>Net Revenues (computed as provided in the Resolution)</b>	<b>\$26,362</b>	<b>\$31,400</b>	<b>\$9,000</b>	<b>\$22,891</b>	<b>\$29,559</b>	<b>\$30,258</b>

## **Reconciliation**

Net Income (Loss) (GAAP) <sup>3</sup>	7,342	12,414	1,334	5,799	12,107	11,436
Add back:						
Depreciation	19,608	20,521	21,937	23,288	22,380	24,900
Interest Expense	6,298	5,837	5,417	5,556	9,108	8,372
Passenger Facility Charge Revenues	(6,886)	(7,372)	(3,427)	(6,243)	(7,050)	(7,506)
CARES, CRRSAA, ARPA Revenue	-	-	(16,261)	(5,509)	(6,986)	(6,944)
<b>Net Revenues <sup>2</sup></b>	<b>\$26,362</b>	<b>\$31,400</b>	<b>\$9,000</b>	<b>\$22,891</b>	<b>\$29,559</b>	<b>\$30,258</b>

<sup>1</sup> Operating Expenses excludes depreciation as an expense.

<sup>2</sup> Net Revenues calculated as described in the Resolution.

<sup>3</sup> Excludes “other capital contributions.”

## **Historical Debt Service Coverage**

### **Historical Debt Service Coverage** Gerald R. Ford International Airport

<u>Fiscal Year</u>	<u>Net Revenues<sup>(1)</sup></u>	<u>Annual Debt Service Requirement<sup>(2)</sup></u>	<u>PFC Revenues Applied to Debt Service<sup>(3)</sup></u>	<u>Federal Aid Applied to Debt Service</u>	<u>Net Debt Service Requirement</u>	<u>Debt Service Coverage Ratio<sup>(4)</sup></u>
2013	\$16,935	\$14,018	\$2,777		\$11,241	1.51
2014	19,353	14,400	2,771		11,629	1.66
2015	19,016	13,996	2,774		11,222	1.69
2016	22,901	14,895	2,770		12,125	1.89
2017	21,076	14,686	2,777		11,909	1.77
2018	26,362	14,641	2,735		11,907	2.23
2019	31,402	14,432	2,523		11,909	2.64
2020	9,001	14,431	2,516	\$5,957	5,957	1.51
2021	22,892	14,130	2,528	1,985	9,617	2.38
2022	29,559	13,919	2,524	0	11,395	2.59

(1) Calculated as described in the Resolution. See the table “Historical Operating Airport Results” above.

(2) Includes debt service on the Series 2015 Refunding Bonds, 2015 New Money Bonds, Series 2018 Bonds, Series 2021 Refunding Bonds and Series 2021 Bonds.

(3) Passenger Facility Charge (“PFC”) revenues applied to Series 2018 Bonds debt service only.

(4) Net Revenues divided by Net Debt Service Requirement for each Fiscal Year.

## Projected Debt Service Coverage

### Projected Debt Service Coverage Gerald R. Ford International Airport

	Projected <sup>1</sup>					
	2023	2024	2025	2026	2027	2028
Total Revenues	\$80,605,499	\$81,286,088	\$87,117,806	\$92,695,152	\$94,897,292	\$95,428,939
Less: Operating Expenses	(41,433,993)	(42,830,000)	(44,136,000)	(45,689,000)	(47,159,000)	(48,573,000)
Net Revenues	\$39,171,506	\$38,456,088	\$42,981,806	\$47,006,152	\$47,738,292	\$46,855,939
Debt Service Payments:						
Series 2015 Ref.	\$7,325,200	\$7,322,950	\$7,331,200	\$7,323,950	\$7,321,450	\$7,322,950
Series 2015 Rev.	1,133,100	1,129,850	1,130,100	1,128,600	1,130,350	1,130,100
Series 2018 Ref.	2,519,500	2,525,250	-	-	-	-
Series 2021 Ref.	2,949,403	2,941,623	2,944,553	2,953,065	2,942,010	-
Series 2021 <sup>2</sup>	-	4,682,500	6,017,500	6,015,750	6,030,750	6,151,500
Series 2023A <sup>2</sup> .	-	-	8,627,120	8,627,120	8,727,120	9,782,570
Future Series 2023B <sup>2</sup> - Est.	-	-	3,637,100	7,274,200	7,374,200	8,239,200
Total Existing and Proposed Debt Payments	\$13,927,203	\$18,602,173	\$29,687,572	\$33,522,685	\$33,525,880	\$32,626,320
Less: Debt paid with PFCs	(2,519,500)	(5,334,750)	(3,610,500)	(4,417,691)	(4,439,100)	(4,664,922)
Less: Federal funds applied to debt service	0	0	0	0	0	0
Net Debt Service Payments	\$11,407,703	\$13,267,423	\$26,077,072	\$29,104,994	\$29,086,780	\$27,961,398
Project Debt Service Coverage	3.43	2.90	1.65	1.62	1.64	1.68

1 Total Revenues and Operating Expenses based on the Report of the Airport Consultant.

2 Debt service payments for the Series 2021 Bonds, the Series 2023A Bonds and the Series 2023B Bonds are net of capitalized interest, and the debt service payments for the Series 2023B Bonds are estimates only and subject to change. A portion of the Series 2021 Bonds and the Series 2023B Bonds are anticipated to be paid from PFCs.

## THE ANNUAL OPERATING PERMIT

The Authority collects rent and fees from four groups of users: commercial airlines, general aviation (i.e., corporate and privately owned aircraft not used for commercial, passenger, cargo, or military service) and non-aeronautical concessionaires, including car rental agencies, restaurants, gift shops, and other small vendors, and users for parking lots and parking garage. Since 1968, the Authority and its predecessors have allocated its costs and set charges to aircraft operators pursuant to a cost of service accounting system known as the “Buckley methodology.” This system is designed to charge the airlines only for the cost of providing the particular facilities and services they use.

Under its accounting system, the Authority first determines the costs of operating the airfield, the airline apron and the passenger terminal, and allocates these costs among the users of the facilities. Costs associated with airfield operations (e.g., maintaining the runways and navigational facilities) are allocated to the airlines and general aviation in proportion to their use of the airfield. The airline apron is allocated 100% to the passenger airlines. No portion of these costs is allocated to the concessions. Costs associated with maintaining the airport terminal are allocated among the terminal tenants — the airlines and the concessions — in proportion to each tenant’s square footage.

The Authority then establishes fees and rates for each user group. It charges the airlines 100% of the costs allocated to them, in the form of aircraft landing and apron fees (for use of the airfield and airline apron), and rent

(for the terminal space the airlines occupy). The Authority recovers from general aviation a per gallon fuel flowage fee for local aircraft and for aircraft based elsewhere.

On November 16, 2022, the Authority Board adopted the Permit. The Permit applies to all scheduled airlines, both passenger and cargo, using the Airport. The Permit establishes the terms, charges, rentals and fees for the use of Airport facilities. The Permit is revised and reissued annually, and allows for 30 days written notice of termination by either the Authority or a scheduled airline. Fiscal Year 2023 is the seventh consecutive year the Authority, as successor to the Department of Aeronautics, and the scheduled airlines have executed the annual Permit.

Under the Permit, terminal rentals, apron use fees and landing fees are calculated according to a compensatory (cost of services) methodology, taking into consideration the capital and operating costs of the terminal building, airline apron, and airfield.

## **IMPACT OF THE COVID-19 PANDEMIC**

### **General**

In 2020, the World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus. The pandemic has impacted federal, state and local governments, and has altered the behavior of businesses and people in a manner that may have a long-term negative effect on economic activity, and therefore could adversely affect the future financial condition of the Authority and the County, directly or indirectly.

In response to the effects of COVID-19 in Michigan, the Governor and Michigan Department of Health and Human Services issued a series of orders directing Michigan businesses and other venues to temporarily suspend or reduce in-person operations. Effective June 22, 2021, the last of such orders were rescinded, effectively lifting all such limitations.

### **Impact on the County**

The County responded to the COVID-19 pandemic through strong policy and fiscal responsibility. The County has received additional funding pursuant to the CARES Act (defined below) and ARPA (defined below) moneys. The County was awarded and received \$114.6 million of CARES Act moneys for 2021 and \$127.6 million of ARPA moneys, with one half being received in 2021 and the other half in 2022. The County has not been adversely affected financially to date by the COVID-19 pandemic. Further, the County does not expect further material adverse financial impact; however, the County cannot predict the effect the spread of COVID-19 will have on its future finances or operations.

### **Impact on the Authority**

#### *Federal Relief Efforts*

Subsequent to the COVID-19 outbreak in March 2020, legislation was passed on three separate occasions to partially offset the negative financial impacts of COVID-19. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136) (the “CARES Act”), signed into law on March 27, 2020, included \$10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the COVID-19 pandemic. The Authority was awarded \$16.261 million under this legislation and accepted and executed agreements for the grants awarded. The funds are to be utilized within four years, with a key focus on operating costs and debt service, but may be used for any purpose for which airport revenue may lawfully be used. During 2020, the Authority utilized \$16.261 million of the CARES Act funding to partially offset reductions in revenue

caused by the pandemic. Other revenue losses were mitigated by reducing operating expenses and deferring capital spending. CARES Act grants may be used for any purpose for which airport revenues may lawfully be used. Such funding was fully expended before December 31, 2020.

The Coronavirus Response and Relief Supplemental Appropriation Act (H.R. 133, Public Law 116-260) (“CRRSA”), signed into law on December 27, 2020, includes nearly \$2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports. From this second relief package, the Authority was awarded \$5.5 million. Under the CRRSA grant program, the Authority may use these funds to retain its workforce, make debt service payments or offset increased operational costs from enhanced mitigation efforts to limit the spread of COVID-19. Such funding was fully expended before March 31, 2021.

The American Rescue Plan Act of 2021 (H.R. 1319, Public Law 117-2) (“ARPA”), a \$1.9 trillion economic stimulus package designed to help the United States’ economy recover from the adverse impacts of the COVID-19 pandemic, was signed into law on March 11, 2021. In addition to other economic relief, ARPA appropriates \$8 billion to assist eligible U.S. airports in preventing, preparing for, and responding to COVID-19, and includes, among other things, funds to be used to provide relief from rent and minimum annual guarantees to airport concessions. The Authority was allocated \$13.9 million pursuant to ARPA, and has received approval of its grants from the FAA. The Authority applied \$7.0 million of its allocated ARPA funds to eligible 2022 operating expenses, and expects to apply the remaining \$6.9 million to eligible operating expenses in 2023.

#### *Summary of Actions Taken in Response to COVID-19*

During the onset of the COVID-19 pandemic and resultant reduction in air travel throughout the country, the Airport was able to reduce its Operating Expenses by approximately 30% from June through December, 2020, ending the year 2020 19.4% below budget. This was accomplished with a combination of staff reductions (both early retirement offerings and furloughs/layoffs), service contract amendments, and limiting expenses to only those deemed necessary for daily operation of the Airport. In addition to a reduction in Operating Expenses, the Airport also halted all activity on Capital Projects that were still in the planning or design phase. Some projects were cancelled altogether, and some were put on hold until deemed to be both essential to the operation of the Airport and financially feasible. To help protect those employees, tenants, and passengers that did utilize the Airport facility, new cleaning and sanitizing efforts were put into place to limit the risk of infection from the Coronavirus as well as all other sickness. Based on research done for combatting the Coronavirus, the Airport utilized a number of different cleaning and sterilization methods, including ultra-violet light emitting robots and regular deep cleaning of all high-traffic touch surfaces. When air travel rebounded, the Airport began the process of increasing staff to fulfill the needs being presented by the higher volume of passengers. With 2022 passenger traffic substantially returned to the levels the Airport saw pre-pandemic, the Authority’s staffing levels are back to 100% of its pre-pandemic levels.

## **THE AIRLINE INDUSTRY**

### **General**

For discussion on key factors affecting the level of aviation activity and the airline industry, see “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Airline Information**

Certain airlines (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith, file reports and other information with the Securities and Exchange Commission (the “SEC”). Only companies with securities listed on a national securities exchange or registered under § 12(g) of the Exchange

Act, or companies that are required to file with the SEC pursuant to § 15(d) of the Exchange Act, are subject to the information reporting requirements. Certain information, including financial information, concerning each reporting airline (or its respective parent corporation) is disclosed in such reports and statements filed with the SEC. Such reports and statements can be inspected in the Public Reference Rooms of the SEC that 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 website at <http://www.sec.gov>. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the United States Department of Transportation ("USDOT"). Such reports can be inspected at the following location: Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, D.C. 20590, and copies of such reports can be obtained from USDOT at prescribed rates.

**Neither the Authority nor the Underwriters undertake any responsibility for or make any representation as to the accuracy or completeness of (i) any reports and statements filed with the SEC or the USDOT, or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updates of information on the SEC website or links to other Internet sites accessed through the SEC's website.**

### **Factors Affecting Airline Activity**

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities, terrorist attacks, volcanic or meteorological events and world health concerns, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of travel and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the selection of surface travel over air travel. The Authority cannot predict the likelihood of any such events or their effect on the patterns of air travel and air transportation systems.

In addition, there is no assurance that the Airport, despite a demonstrated stable level of demand for airline service and operations, will continue to maintain such levels in the future. The continued presence of the airlines serving the Airport, and the levels at which that service will be provided, are a function of a variety of factors, including: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline fares and competition; airline industry economics, including labor costs and the price of aviation fuel; capacity of the Airport and competition from other airports; and business travel substitutes, including videoconferencing and web-casting. Many of these factors are beyond the control of the Authority. Accordingly, no assurance can be given as to the levels of aviation activity that will be achieved at the Airport.

### **Effect of Airline Industry Consolidation and Affiliation**

In response to competitive pressures, the United States airline industry has significantly consolidated over the last 15 years. In 2009, Delta and Northwest merged into a single entity now operating as Delta. In 2010, United Airlines and Continental Airlines merged and now operate as United Airlines, and in 2011, Southwest Airlines completed its purchase of AirTran Airways. American Airlines and US Airways completed their merger in 2013, creating the world's largest airline as measured by available seat miles. Further, alliances, joint ventures, and other marketing arrangements may provide airlines with many of the advantages of mergers, and, currently, all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines.

To date, these mergers and alliances have not adversely impacted the Airport, but it is not possible to predict the future impact, if any, on the Airport of these mergers or alliances. Any further airline consolidation could change airline service patterns, particularly at the connecting hub airports of the merging airlines. Furthermore, if certain airlines serving the Airport merge or form other alliances, gate utilization at the Airport

could decrease, which could materially adversely affect Airport operations, and ultimately the cost to the airlines of operating at the Airport. At this time, it is not possible to predict the effect of any future airline consolidation on connecting activity or gate utilization at the Airport.

### **Financial Condition of Airlines Serving the Airport**

Increases in passenger traffic at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to increase service.

The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001, or the COVID-19 pandemic. Historically, the airline industry's results have correlated with the performance of the economy. Many of the airlines serving the Airport were impacted by the global economic downturn and recession that occurred between 2008 and 2009 and the recent COVID-19 pandemic, during each of which most domestic airlines suffered significant financial losses. While the U.S. and global economies generally have rebounded, there can be no assurances that any such rebound will continue, or that other national or international fiscal concerns will not have an adverse effect on the airline industry or the individual airlines serving the Airport. For a more detailed description of the financial condition of the airline industry, see Section 3.2 of "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

The aviation industry is sensitive to a variety of factors, including (a) the cost and availability of labor, fuel, aircraft and insurance, (b) general economic conditions, (c) international trade, (d) currency values, (e) competitive considerations, including the effects of airline ticket pricing, (f) traffic and airport capacity constraints, (g) governmental regulation, including security regulations and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (h) passenger demand for air travel, and (i) disruption caused by airline accidents, criminal incidents and acts of war or terrorism. Such factors are not subject to the control of the Authority.

It is reasonable to assume that any significant financial or operational difficulties incurred by the airlines serving the Airport may, whether directly or indirectly, have an adverse impact on revenues or Airport operations, the effect of which may be material. At this time, it is not possible to predict the effect that any financial or operational difficulties incurred by any airline serving the Airport could have on the Airport.

Future losses could force airlines to retrench, seek bankruptcy protection, discontinue marginal operations or liquidate. The restructuring or liquidation of one or more of the large network airlines could drastically affect service at connecting hub airports, present business opportunities for the remaining airlines and change travel patterns throughout the U.S. aviation system.

### **Airline Service and Routes**

The Airport serves a predominantly origination-destination market and is not likely to become a connecting hub. The number of origin and destination passengers depends on the intrinsic attractiveness of the Grand Rapids MSA as a business and leisure destination and the propensity of its residents to travel.

### **Airline Competition and Airfares**

Airfares have an important effect on passenger demand, particularly for relatively short trips for which the automobile and other travel alternatives are viable alternatives and for price-sensitive, "discretionary" travel. Airfares are influenced by: labor, fuel and other airline operating costs; taxes, fees and other charges assessed by governmental and aviation agencies; debt burden; passenger demand; capacity and yield management; market presence; and competition. Increases in passenger traffic at the Airport will depend on the continued availability of competitive airfares and service.

## **Availability and Price of Aviation Fuel**

Airline earnings are significantly affected by changes in 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, and can also result in higher airfares as fuel price increases are passed along to passengers, with the effect of reducing demand for discretionary air travel. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, including the current Russia-Ukraine war, 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 weather. 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.

The cost of aviation fuel has fluctuated in the past in response to changes in demand or and supply of oil worldwide. In particular, fuel prices have trended upward since early 2020. Historically, significant fluctuations and prolonged increases in the cost of aviation fuel have adversely affected air transportation industry profitability, causing airlines: to reduce capacity, fleet and personnel, to invest in new, more fuel efficient aircraft and equipment; and to increase airfares and institute fuel, checked baggage, and other extra surcharges, all of which may reduce demand for air travel.

Many airlines engage in or have engaged in fuel hedging – purchasing fuel in advance at a fixed price through derivative contracts – to help manage the risk of future increases in fuel costs. However, there can be no assurance that any fuel hedging contract can provide any particular level of protection from volatile fuel prices. One carrier has even purchased its own refinery in order to better manage its fuel costs.

## **Climate Change**

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, on the airlines operating at the Airport and on ground operations at the Airport. The United States Environmental Protection Agency (the "EPA") has taken steps towards the regulation of greenhouse gas ("GHG") emissions by aircraft under existing federal law and in 2021, the EPA finalized GHG emission standards for airplanes used in commercial and business aviation. The Authority is unable to predict what future, climate change related regulations may be implemented on the state or the federal level, and such regulations may impact the cost or demand for air travel and impact the level of revenues realized by the Authority.

## **Supply Chain**

The Authority is encountering minor adverse effects resulting from the current supply chain crises. Steps taken by the Authority to mitigate the supply chain crises include, but are not limited to, adjusting purchasing schedules to accommodate longer lead times and increasing strategic inventory levels. Steps taken to mitigate these risks include increasing efforts in planning, scheduling, project management, monitoring material availability, pricing and lead times. With respect to the Project, the Authority has included a contingency in the Project budget in an amount sufficient to address such issues.

## **Industry Workforce Shortages**

Pilot shortage is an industry-wide issue, and especially so for smaller regional airlines. There are several causes for the pilot shortage that affect all airlines. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have a particularly difficult time hiring qualified new pilots, despite increased incentives. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. 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.

## **Aviation Security, Health and Safety Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Safety concerns in the aftermath of the terrorist attacks on September 11, 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines and airport operators have upgraded security measures to guard against future terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed federal air marshals, federalization of airport security functions under the Transportation Security Administration of the United States Department of Homeland Security ("TSA"), more effective dissemination of information about threats, more intensive screening of passengers, baggage and cargo, and deployment of new screening technologies. The airlines and the federal government were primarily responsible for, and bore most of the capital costs associated with, implementing the new security measures. No assurance can be given that these precautions will be successful. Also, the possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Public health and safety concerns have also affected air travel demand from time to time as evidenced by the COVID-19 pandemic as discussed herein. The COVID-19 pandemic has had and may in the future have material adverse effects on passenger traffic and Authority operations and financial performance. See "IMPACT OF THE COVID-19 PANDEMIC – Impact on the Authority" above. Future outbreaks of pandemics may lead to a decrease in passenger traffic, which in turn could cause a decrease in passenger activity at the Airport and a corresponding decline in revenues.

## **Geopolitical Tension**

The U.S. economy is constantly exposed to risk from geopolitical tensions. The Russian invasion of Ukraine is the latest example of a geopolitical conflict affecting air transportation and the world economy. The economic impacts include, but are not limited to: (1) increases in energy prices as Russia accounted for roughly

10% of global oil output; (2) increases in food and commodity prices; (3) recessions in both Russia and Ukraine; and (4) intensification of existing bottlenecks in global supply chains for intermediate goods. The country-level economic impacts are likely to slow global economic growth. In the United States, the immediate impact of the Russia-Ukraine conflict was an increase in oil and gasoline prices, pushing inflation higher. Any new or growing geopolitical tensions could exacerbate the impacts resulting from the Russia-Ukraine conflict, and the extent of the resulting impacts are unknown.

## **Cyber-Security**

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 the 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 Systems 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 cyber-attacks, the Airport invests in multiple forms of cybersecurity and operational safeguards.

While the Airport cybersecurity and operational safeguards are periodically tested, no assurances can be given by the Authority 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.

## **Structural Changes in the Travel Market**

Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. 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. Beginning in the second quarter of 2020, airfares have generally been trending upward. 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 and the impacts on the COVID-19 pandemic, have made business customers more amenable to communications substitutes such as teleconferencing, video-conferencing and web-based meetings.

### **Alternative Transportation Modes and Future Parking Demand**

One significant source of non-airline revenues at the Airport is from ground transportation activity, including use of on-Airport parking garages. New technologies, such as autonomous vehicles and connected vehicles, and innovative business strategies, such as TNC operators Lyft, Uber and Wingz, in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in the Airport's passengers' choice of ground transportation mode.

While the Authority makes every effort to anticipate demand shifts, there may be times when the Authority's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Authority 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 Authority 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.

### **FAA Reauthorization**

On October 5, 2018, President Trump signed the "FAA Reauthorization Act of 2018" into law. The law reauthorizes the FAA operations and programs for federal fiscal years 2019 through 2023. The law maintains the maximum rate of the PFC at \$4.50 and provides for \$16.75 billion in Airport Improvement Program ("AIP") funding for the five-year period, or \$3.35 billion annually. 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).

AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. Additionally, AIP expenditures could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. The Authority is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Authority, such reduction could (1) increase by a corresponding amount the capital expenditures that the Authority would need to fund from other sources (including operating revenues and Additional Bonds), (2) result in adjustments to the capital plan or (3) extend the timing for completion of certain projects.

Federal funding received by the Authority could also be adversely affected by the implementation of sequestration, a budgetary feature first introduced in the Statutory Pay-As-You-Go Act of 2010. Sequestration could adversely affect FAA and TSA budgets and operations and the availability of certain federal grant funds typically received annually by the Authority, which may cause the FAA or TSA to implement furloughs of its employees and freeze hiring, and may result in flight delays and cancellations. On December 29, 2022, President Biden signed the Consolidated Appropriations Act, 2023, which provides approximately \$1.7 trillion in discretionary funding for various defense and non-defense programs. The Consolidated Appropriations Act, 2023 specifically provided that the implementation of the sequestration requirements of the Statutory Pay-As-You-Go Act, with respect to the debits for the federal budget years 2023 and 2024, shall be delayed until its implementation for the federal budget year 2025, to which shall be added the debits for the federal budget years 2023 and 2024.

### **FORWARD-LOOKING STATEMENTS**

This Official Statement contains certain statements relating to future results that are forward-looking statements. When used in this Official Statement, the words "estimate," "intend," "expect" and similar

expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, bondholders and potential investors should be aware that there are likely to be differences between forward-looking statements and actual results, and those differences could be material. The Authority Board does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

## **REPORT OF THE AIRPORT CONSULTANT**

The Report of the Airport Consultant set forth in APPENDIX A was prepared by the Airport Consultant in connection with the issuance of the Series 2023A Bonds and the anticipated issuance of the Series 2023B Bonds. The Airport Consultant has provided its consent to include the Report of the Airport Consultant as APPENDIX A hereto. The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of Unison Consulting, Inc., as the Airport Consultant. As noted in the Report, any forecast is subject to uncertainties. Therefore, the actual results achieved during the forecast period may vary, and the variations may be material. The financial projections and forecasts presented in the Report of the Airport Consultant are based on various assumptions that reflect the best information available and circumstances existing as of the date of the Report. The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein.

Accordingly, the projections contained in the Report or that may be contained in any future certificate of the Authority Board or an Airport Consultant are not necessarily indicative of future performance, and neither the Airport Consultant nor the Authority Board assumes any responsibility for the failure to meet such projections. In addition, certain assumptions with respect to future business and financing decisions of the Authority Board are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2023A Bonds are cautioned not to place undue reliance upon the Report or upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Net Revenues may be materially less than expected.

Neither the Authority Board's independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability.

## **LITIGATION**

The Authority is involved in various judicial and administrative proceedings that arise in the normal course of operations of the Airport. All of these proceedings are expected to be resolved with no material financial impact on the Airport.

There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or to the knowledge of the Authority, threatened against or affecting the Authority or the Airport, or, to the Authority's knowledge, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Official Statement, or the validity of the Series 2023A Bonds, the Resolution, or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

## TAX MATTERS

**General.** Interest on the Series 2023A Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In addition, in the opinion of Dickinson Wright PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law, the Series 2023A Bonds and the interest thereon are free and exempt from all taxation in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof and franchise taxes.

The following is a summary of certain U.S. federal income tax considerations generally applicable to the purchase, holding, and disposition of the Series 2023A Bonds by U.S. Holders. The discussion is limited to the tax consequences to initial owners of the Bond who purchase their Series 2023A Bonds in the initial offering at the issue price within the meaning of Section 1273 of the Code. This summary is based upon laws, regulations, rulings and judicial decisions now in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax considerations discussed below, and no assurances can be given that the IRS will not take a contrary position.

This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors, nor does this discussion address any state, local, foreign taxes, or federal estate or gift tax consequences. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2023A Bonds generally and does not purport to furnish information in the level of detail or with the investor’s specific tax circumstances that would be provided by an investor’s own tax advisor. For example, except as explicitly provided below, it generally is addressed only to original purchasers of the Series 2023A Bonds that are “U.S. Holders” (as defined below), deals only with Series 2023A Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, S corporations, persons that hold Series 2023A Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose “functional currency” is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of Series 2023A Bonds. This summary was prepared in connection with the offering of the Series 2023A Bonds. **EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE APPLICATION OF UNITED STATES FEDERAL INCOME TAX LAWS, AS WELL AS ANY STATE, LOCAL, FOREIGN OR OTHER TAX LAWS, TO SUCH INVESTOR’S PARTICULAR SITUATION.**

As used herein, a “*U.S. Holder*” is a “U.S. person” that is a beneficial owner of a Bond. A “*Non-U.S. Holder*” is a holder (or beneficial owner) of a Bond that is not a U.S. Person. For these purposes, a “*U.S. person*” is a citizen or resident (including a “deemed” resident) of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust’s administration and (ii) one or more United States persons have the authority to control all of the trust’s substantial decisions.

***Tax Consequences to U.S. Holders.*** Stated interest on the Series 2023A Bonds will be included as ordinary income of the U.S. Holder at the time such amounts are accrued or paid, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

***Original Issue Discount.*** A Bond will be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes if the stated principal amount of such Series 2023A Bonds exceeds its “issue price” by at least a specified de minimis amount (generally equal to 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity). If a Bond is issued with OID, U.S. Holders, regardless of their regular method of tax accounting, will have to include the OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis), prior to their receipt of the cash corresponding to such OID, which ordinarily will result in the inclusion of increasing amounts of OID in income in successive accrual periods.

***Bond Premium.*** A holder of a Series 2023A Bond who purchase such Series 2023A Bond at a cost that exceeds the stated principal amount of such Bond will have amortizable bond premium equal to such excess. If the holder elects to amortize the bond premium, such election will apply to all Series 2023A Bonds held by the holder on the first day of the taxable year to which the election applies, and to all Series 2023A Bonds thereafter acquired by the holder. The premium must be amortized using constant yield principles based on the purchaser's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, but a reduction in basis is required for amortizable bond premium even though such premium is applied to reduce interest payments. Bond premium on a Bond held by a holder that has not elected to amortize bond premium will decrease the gain or loss otherwise recognized on the disposition of the Bond.

***Sale and Exchange of Series 2023A Bonds; Defeasance.*** Upon a sale, exchange, redemption, or retirement of a Series 2023A Bond, a holder generally will recognize gain or loss on the Series 2023A Bonds equal to the difference between the amount realized on the sale and its adjusted tax basis in such Series 2023A Bond. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Series 2023A Bond not yet taken into income will be ordinary) if the holder holds the Series 2023A Bond as a capital asset. The adjusted basis of the holder in a Series 2023A Bond (without OID) will (in general) equal its original purchase price and decreased by any payments received on the Series 2023A Bond. In general, if the Series 2023A Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations.

***Net Investment Income Tax.*** An additional 3.8% surtax will be imposed on all or a portion of the “net investment income,” or “undistributed net investment income” of an estate or trust, (which includes interest, original issue discount and gains from a disposition of a Series 2023A Bond) of certain individuals, trusts and estates. The 3.8% net investment income tax is determined in a different manner than the regular income tax. Prospective investors in the Series 2023A Bonds should consult their tax advisors regarding this tax.

***Backup Withholding.*** Payments on the Series 2023A Bonds will generally be subject to U.S. information reporting on any payment that is payable to a U.S. Holder, subject to certain exceptions, and may be subject to “backup withholding.” Under Section 3406 of the Code and applicable Treasury Regulations, a non-corporate U.S. Holder of the Series 2023A Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Series 2023A Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2023A Bonds. Amounts withheld under backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liabilities (and possibly result in a refund), so long as certain required information is timely provided to the IRS. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS. U.S. Holders

should consult their tax advisors concerning the application of information reporting and backup withholding rules.

***Future Developments.*** NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE SERIES 2023A BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE SERIES 2023A BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2023A BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

## RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of The McGraw-Hill Companies, Inc. ("S&P") have assigned their municipal bond ratings of "Aaa" and "AAA" respectively, to the Series 2023A Bonds based on the limited tax full faith and credit pledge of the County. The Authority currently has no outstanding ratings, and has not requested an Authority rating in connection with the Series 2023A Bonds. Any explanation of the significance of such ratings may be obtained from Moody's and S&P, respectively. The Authority furnished to Moody's and S&P certain information and materials concerning the Series 2023A Bonds, the Authority and the Airport. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions that they may undertake independently. A rating is not a recommendation to buy, sell or hold the Series 2023A Bonds and there is no assurance that such ratings will remain in effect for any given period of time or that they may not be lowered or withdrawn entirely by such rating agencies, if in their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Series 2023A Bonds.

## UNDERWRITING

The Series 2023A Bonds are being purchased by Citigroup Global Markets, Inc. and BofA Securities, Inc. (collectively, the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the Series 2023A Bonds at an aggregate purchase price of \$158,829,592.28 (equal to the par amount of the Series 2023A Bonds, and less an underwriting discount of \$560,407.72), pursuant to a Bond Purchase Agreement between the Authority and the Underwriters (the "Bond Purchase Agreement"). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2023A Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2023A Bonds to the public. The obligations of the Underwriters to accept delivery of the Series 2023A Bonds are subject to various conditions of the Bond Purchase Agreement.

Citigroup Global Markets, Inc. has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets, Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets, Inc. will compensate Fidelity for its selling efforts.

BofA Securities, Inc. ("BofA Securities"), one of the Underwriters of the Series 2023A Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated

(“MLPF&S”). As part of this arrangement, BofA Securities may distribute Series 2023A Bonds to MLPF&S, which may in turn distribute such Series 2023A Bonds to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2023A Bonds.

### **MUNICIPAL ADVISOR**

The Authority has retained PFM Financial Advisors, LLC, of Ann Arbor, Michigan as municipal financial advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority, but the Municipal Advisor has not undertaken to make an independent verification or assume the responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Series 2023A Bonds. PFM Financial Advisors, LLC is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor.

### **AIRPORT CONSULTANT**

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of Unison Consulting, Inc., as the Airport Consultant. The forecasts in the Report of the Airport Consultant are based on information and assumptions that were provided by or reviewed with and agreed to by the Authority Board. The forecasts reflect the Authority Board’s expected course of action during the forecast period and, in the Authority Board’s judgment, present fairly the expected financial results of the Airport. Those key factors and assumptions that are significant to the forecasts are set forth in the Report. The Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

Any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. Neither Unison Consulting, Inc., nor any person acting on its behalf makes any warranty, expressed or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the Report. Unison Consulting, Inc., has no responsibility to update the Report to reflect events and circumstances occurring after the date of the Report.

### **LEGAL COUNSEL**

The authorization, issuance and sale by the Authority of the Series 2023A Bonds are subject to the approval of Dickinson Wright PLLC, Troy and Grand Rapids, Michigan, Bond Counsel. The proposed form of the approving opinion of Bond Counsel is included in this Official Statement as APPENDIX F. Certain legal matters will be passed upon for the Authority by its Authority Counsel, Varnum LLP, Grand Rapids, Michigan, and for the Underwriters by Barnes and Thornburg LLP, Grand Rapids, Michigan.

### **CONTINUING DISCLOSURE**

The Authority and the County will each covenant for the benefit of the bondholders and the Beneficial Owners (as hereinafter defined under this caption only), pursuant to a Continuing Disclosure Certificate to be delivered by the Authority and the County, respectively, on the date of issuance of the Series 2023A Bonds to the purchaser thereof (each a “Disclosure Certificate”), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the Authority and the County, respectively, for its preceding fiscal year (the “Annual Report”) by not later than the date six months after the first day of its fiscal year,

commencing with the Annual Report for its fiscal year ending December 31, 2022; provided, however, that if the audited financial statements of the Authority or the County are not available by such date, they will be provided when and if available, and unaudited financial statements will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events. Currently, the fiscal years of the Authority and the County commence on January 1. The current fiscal year of the County commenced on January 1, 2023 and will end on September 30, 2023. Thereafter, the fiscal years of the County will commence on October 1. “Beneficial Owner” means, under this caption only, any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2023A Bonds (including any person holding Series 2023A Bonds through nominees, depositories or other intermediaries).

All of the information subject to continuing disclosure shall be filed with the Municipal Securities Rulemaking Board (“MSRB”) by electronic transmission through the Electronic Municipal Market Access Dataport of the MSRB, pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the continuing disclosure requirement are set forth in “APPENDIX G – FORM OF AUTHORITY CONTINUING DISCLOSURE CERTIFICATE” and in “APPENDIX H – FORM OF COUNTY CONTINUING DISCLOSURE CERTIFICATE”.

A failure by the Authority or the County to comply with the continuing disclosure requirement will not constitute an event of default under the Resolution and Beneficial Owners of the Series 2023A Bonds are limited to the remedies described in each Disclosure Certificate. A failure by the Authority or the County to comply with its Disclosure Certificate must be reported by the Authority or the County in accordance with its Disclosure Certificate and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2023A Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Series 2023A Bonds and their market price.

The following statement has been provided by the County and the Authority as obligated persons with respect to the Series 2023A Bonds:

With respect to the Authority, base CUSIP number 373695, the Authority did not timely file its December 31, 2018 Comprehensive Financial Report (CAFR) or notice of failure to file such CAFR. The Authority filed the CAFR and notice to EMMA on July 23, 2019, 23 days after the filing deadline.

Other than mentioned above, the County and the Authority have not failed to comply, in all material respects, in the past five years with any previous undertakings pursuant to the Rule.

## MISCELLANEOUS

This Official Statement has been duly authorized by the Authority Board and duly executed and delivered by the President and Chief Executive Officer of the Authority.

So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

### **GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY**

By: /s/Torrance Richardson  
Torrance Richardson  
President and Chief Executive Officer

**APPENDIX A**

**REPORT OF THE AIRPORT CONSULTANT**

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## **GERALD R. FORD INTERNATIONAL AIRPORT**

# **REPORT OF THE AIRPORT CONSULTANT**

**March 7, 2023**



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## SECTION 1 | INTRODUCTION

The Gerald R. Ford International Airport Authority (the Authority) plans to issue Revenue Bonds, Series 2023A (the Series 2023A Bonds) to fund capital improvements at the Gerald R. Ford International Airport (the Airport, or GRR). The proceeds of the Series 2023A Bonds will be used to (1) pay all or a portion of the costs of acquiring, constructing, furnishing and equipping: (a) a new parking facility for rental cars at the Airport and (b) certain modifications to the existing public parking facility at the Airport (collectively, the “Rental Car Parking Project”); (2) fund capitalized interest on the Series 2023A Bonds; and (3) pay the costs of issuing the Series 2023A Bonds.

The Series 2023A Bonds are being issued pursuant to the provisions of Act 327, Public Acts of Michigan, 1945, as amended (“Act 327”), Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”) and Act 95, Public Acts of Michigan, 2015, which amended Act 327 to enable the County to form the Authority (“Act 95”, and together with Act 327 and Act 94, the “Act”), and pursuant to the master bond resolution authorizing the Series 2023 Bonds adopted by the Board of the Authority (the “Authority Board”) on September 26, 2018, as supplemented and amended by a resolution adopted by the Authority Board on February 26, 2020, supplemented on May 26, 2021, amended on August 25, 2021, further amended on October 27, 2021, and as supplemented on August 31, 2022 (collectively, the “Resolution”). As required by the Authority’s Articles of Incorporation, the County Board adopted a resolution on October 27, 2022, approving the issuance of the Series 2023 Bonds and pledging the County’s limited tax full faith and credit for the payment of principal and interest on the Series 2023 Bonds.

The Series 2023A Bonds are payable on a parity basis from the Net Revenues derived by the Authority from the operation of the Airport and are secured by a statutory first lien on said Net Revenues on a parity basis with the Outstanding Bonds and Credit Facility Obligations (each as defined in the Resolution). In addition, if the Net Revenues and amounts on deposit in the Bond Reserve Account are not sufficient to pay the principal of and interest on the Series 2023A Bonds when due, the County of Kent, State of Michigan (the County) has pledged its limited tax full faith and credit and is obligated to advance sufficient funds out of its general funds to make such payment, subject to constitutional and statutory limitations on the taxing power of the County.

This Report is organized into the following sections:

- Section 1 describes the Authority, the Airport and the Capital Program.
- Section 2 defines the Airport’s air service area and discusses the local economic base.
- Section 3 analyzes the historical aviation activity at the Airport and presents forecasts of future aviation activity.
- Section 4 reviews the framework for the financial operations of the Authority. This section also reviews the recent historical financial performance of the Authority, and it presents projections of key financial metrics.

## 1.1 | Gerald R. Ford International Airport Authority

The Airport is owned by Kent County, Michigan (the County) and operated by the Authority. The Authority was formed by the County on September 2, 2015, in accordance with Act 95. In order to enable the Authority to exercise its powers under Act 95, to provide for the transition of Airport operations, the transfer of Airport assets and aviation facilities (as defined in Act 95) from the County to the Authority, and the assumption of all obligations of the County with respect to the Outstanding Obligations, the County and the Authority entered into an Assignment and Assumption Agreement and an Airport Lease and Asset Transfer Agreement, each dated as of December 17, 2015 (collectively, the “County Agreement”). In addition, the Authority Board adopted a resolution on July 27, 2016 to assume all obligations of the County with respect to the Outstanding Obligations, including, but not limited to compliance with all covenants and obligations set forth in the County Resolution.

The Authority Board consists of seven members appointed by the County Board with no more than three members being elected officials and with one member to be an individual living outside of the County in the Combined Statistical Area. Members of the Authority Board are appointed for three-year staggered terms.

Tory Richardson is the Authority President and CEO/Executive Director (President/CEO). Mr. Richardson has overall responsibility for the management, administration, and planning of the Authority, its annual budget. Mr. Richardson has an experienced staff to aid him in carrying out the responsibilities of the position.

## 1.2 | Gerald R. Ford International Airport

The Airport is the main commercial service airport that serves the Grand Rapids-Wyoming, Michigan, Metropolitan Statistical Area (the Grand Rapids metropolitan area), located in the southwestern region of Michigan, and other nearby counties. The Grand Rapids metropolitan area consists of four counties, with two principal cities. The four counties are Barry, Kent, Montcalm, and Ottawa; and the two principal cities are Grand Rapids and Wyoming, as further described in Section 2 of this Report. The Grand Rapids primary air service area consists of the Grand Rapids MSA and Allegan, Ionia, Mecosta, and Muskegon Counties (Grand Rapids).

During 2019, the Airport accommodated approximately 1.8 million enplaned passengers (enplanements). In March 2020, the COVID-19 outbreak was declared a global pandemic, and as a result, air traffic at GRR and nationwide decreased significantly. The Airport’s enplanements dropped to approximately 0.9 million in 2020, and then recovered somewhat to 1.5 million in 2021. Air traffic has continued to recover at GRR, with enplanements totaling approximately 1.7 million in 2022.

The Federal Aviation Administration (the FAA) classifies GRR as a small-hub airport, the category that includes airports enplaning at least 0.05 percent but less than 0.25 percent of annual U.S. enplanements. The FAA ranked the Airport 72<sup>nd</sup> in the nation in terms of total passengers served in 2021, the most recent year for which the FAA ranking is available. Covering approximately 3,200 acres, the Airport is located approximately 12 miles southeast of the Grand Rapids business district

and approximately three miles from Interstate 96. A map of the Airport's location is presented on Figure 1.

Groundbreaking for the first airport in Kent County, which was located four miles from downtown Grand Rapids, occurred on November 26, 1919. By the late 1950s, the then-existing airport was constrained, and in 1958 the Board of Supervisors retained an aviation consultant to develop the master plan for a new airport. The Kent County Airport was formally dedicated on June 6, 1964. On January 27, 1977, with the opening of a United States Customs Bureau Office in the passenger terminal, the Airport's name was changed to the Kent County International Airport. The Airport's name was changed to the Gerald R. Ford International Airport in 1999, in honor of the 38<sup>th</sup> President of the United States.

The Airport's passenger terminal building encompasses approximately 274,850 square feet, containing two concourses (Concourse A and Concourse B) and 15 gates. The Authority is in the process of expanding Concourse A, which will add eight gates, for a total of 22 gates in the terminal. In addition, the Authority is planning other improvements to the terminal building. The Concourse A Expansion project and other planned improvements to the terminal building are described later in this section. A map of the Airport's existing passenger terminal facilities is shown on Figure 2.

The Airport has three runways. The primary air carrier runway is an East/West runway (Runway 8R-26L) that is 10,000 feet long and 150 feet wide. Precision instrument approach capability (Category I) is provided at both ends of Runway 8R-26L. In addition, an East/West parallel runway (Runway 8L-26R) that is 5,000 feet long and 100 feet wide, serves general aviation and commuter aircraft; and a North/South runway (Runway 17-35), which is 8,500 feet long and 150 feet wide, is an air carrier runway. Precision instrument approach capability (Category I) is provided to Runway 17-35.

Figure 1 | Map of Gerald R. Ford International Airport Location



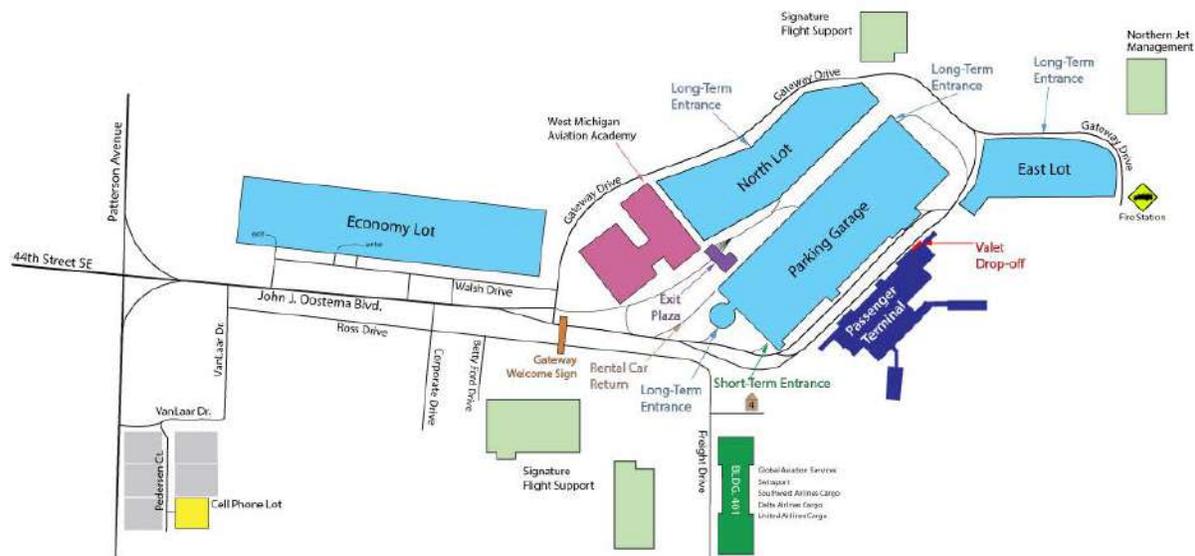
Figure 2 | Map of Gerald R. Ford International Airport Existing Terminal



A total of 7,953 public parking spaces are provided at the Airport, including the following facilities: (1) the parking garage located directly across the terminal roadway from the passenger terminal building, which contains both short-term parking spaces and long-term parking spaces; (2) a surface lot for long-term parking that is located behind the parking garage, with pedestrian access to the passenger terminal building via pedestrian walkways through the garage (the North Lot); (3) a surface lot for long-term parking that is located directly east of the passenger terminal building (the East Lot); and (4) a remote surface parking lot (the Economy Lot), with free shuttle service. In addition, valet parking is available, with a drop-off point in front of the passenger terminal building. A cell phone lot is located on Airport property, near the Airport entrance, providing time-limited, free parking for drivers while they wait for passengers to arrive. Planned improvements to the Airport’s parking facilities are described later in this section. Figure 3 presents a map of the Airport’s existing parking facilities.

Approximately 85 general aviation and corporate aircraft are based at the Airport. The Airport is home to a Fixed Base Operator (FBO), Aero Med medical helicopters, and other aviation maintenance and support facilities. The Airport is also home to the Michigan Aviation Academy, a tuition-free public charter high school, with a focus on aviation education. In October 2022 the Airport’s new operations center was opened, which accommodates the operations and communications functions, including a new emergency operations center.

Figure 3 | Map of Gerald R. Ford Existing Parking Facilities



## Capital Program

The Authority's Capital Program includes the Rental Car Parking Project, which will be funded with the proceeds of the Series 2023A Bonds. In addition, the Capital Program consists of a group of planned projects named "Elevate," which are anticipated to be completed during the next five years, as described below.

### 1.2.1 | Rental Car Parking Project

The Rental Car Parking Project will consolidate into one facility the rental car operations at the Airport, including rental car counters, rental car ready/return spaces, rental car cleaning, fueling, and washing, and rental car short-term storage parking. This project will allow the first level of the existing parking garage to be used exclusively for public parking, adding approximately 1,100 parking spaces to the inventory of public parking spaces. The Rental Car Parking Project is anticipated to enhance the rental car customer experience, reduce traffic on the Airport roadways, and provide adequate space for the rental car companies to accommodate increasing demand at the Airport.

### 1.2.2 | Elevate

The Authority has developed a group of planned capital improvements named "Elevate." These projects are being designed to support anticipated future passenger growth, and to enhance the economic health of the Grand Rapids region. The capital improvements are intended to enable passengers at the Airport to enjoy a more comfortable, convenient, and rewarding experience. The main capital projects include in Elevate are described in the paragraphs below.

### Concourse A Expansion

To accommodate anticipated future growth in passenger traffic at the Airport, Concourse A is being expanded to add eight new gates, for a total of 22 gates. The concourse is being lengthened by 510 feet, to over 900 feet in length, and it will be widened from the current width of 66 feet to 120 feet. The improvements will include the addition of an executive lounge on an elevated level overlooking Concourse A, enlarged hold rooms sized for today's larger aircraft, thereby enhancing the passenger experience and relieving concourse congestion. The Authority anticipates completing this project by January 2024.

### Terminal Enhancement Project

The terminal building will be expanded to the west to relocate the airline ticket counters from the east end of the terminal to the west end of the terminal), and to add new baggage makeup space for airline operations, and an expansion of the baggage claim area. This project will also include the installation of a full Checked Baggage Inspection System (CBIS) on the second floor above the relocated ticket counter spaces. The installment of the CBIS will eliminate the need for the current system of manually loading and unloading baggage to equipment provided by the Transportation Security Administration (TSA). Construction is anticipated to begin in late 2023. The Authority plans to issue bonds later in 2023, as described further in Section 4.2 of this Report, to fund the costs of this project.

### Air Traffic Control Tower

At 59 years old, the existing Air Traffic Control Tower (ATCT) at the Airport is the oldest operational tower at the 75 largest airports in the nation. Its location at the Airport precludes the Authority from building taller parking garages, and it limits future terminal building and tenant hangar development to accommodate future air traffic growth at the Airport. A new ATCT will be designed and built to meet current security and building best practices, and it will enable the development of other Airport facilities to accommodate future demand, thereby enabling the expansion of revenue sources at the Airport. The Authority anticipates completing this project within the next three years.

### Federal Inspection Station

The construction of a new Federal Inspection Station (FIS) will enable GRR to accommodate direct international passengers and cargo. Currently, the Airport does not have facilities to serve international passengers on a non-stop basis, or to process arriving international passengers. The Authority estimates that GRR loses 40 percent of its international passengers to nearby airports, due to the lack of such processing facilities. The project will also incorporate an additional baggage carousel for use by both international and domestic flights. The Authority estimates that after the FIS is completed, currently anticipated within the next two years, the Airport will be able to serve an additional 45,000 international passengers annually by focusing initially on nonstop flights to destinations in Latin America and the Caribbean.

### Parking Improvements

To meet anticipated future growth in public parking demand at the Airport, the Authority has completed schematic design plans for a new parking garage to be built on the site of the existing North Parking Lot. Due to line-of-sight limitations of the existing ATCT, construction of the new North Garage will begin after the ATCT is relocated.

## SECTION 2 | REGIONAL AND MACRO ECONOMIC ENVIRONMENT

Demographic and economic conditions influence demand for air travel. They are particularly important for airports like GRR that serves largely origin and destination (O&D) traffic—passengers that either begin or end their flight itineraries at the airport. National economic trends drive U.S. aggregate demand for air travel and affect state and regional economies. At the regional level, demographic and economic factors determine demand for local outbound travel and the attractiveness of the region for inbound visitor travel. This section discusses relevant demographic and economic trends in GRR’s service area, its home state of Michigan, and the United States. It also assesses the outlook of both the regional and national economy.

The Airport’s primary air service area centers on the Grand Rapids-Kentwood, MI, Metropolitan Statistical Area (Grand Rapids MSA). While the component counties of the MSA have varied over the past three decades, the region’s economic performance has generally exceeded that of Michigan but has been mixed in comparison with that of the United States. A strong manufacturing base and a high concentration of college-educated workers allowed Grand Rapids MSA to enjoy employment growth before the pandemic, entering the COVID-19 Recession of 2020 with a relatively strong economy. Continued investment in physical and human capital has also made the region relatively resilient to adverse economic impacts. In particular, the Grand Rapids MSA recovered from previous negative economic shocks—the 2001 recession and the 2008-2009 Great Recession—faster than the state of Michigan. On the other hand, the MSA’s personal income, GDP, and business starts have lagged national trends.

The Michigan state economy struggled through most of the past two decades, diverging sharply from national economic trends. While most of the nation recovered relatively quickly after the 2001 recession, Michigan did not. The confluence of rising trade pressures from China and increased automation in manufacturing industries led to a significant restructuring of Michigan’s economy. Most exposed to import competition and industrial robot penetration were Michigan’s motor vehicle-related manufacturing industries, which had employed close to 6.3 percent of Michigan’s workforce in 2000.<sup>1</sup> The restructuring contributed to a steady decline in Michigan’s economy—a “One-State Recession” as dubbed by Michigan’s own state department—that started a few years before the 2008-2009 Great Recession.<sup>2</sup> When the housing bubble eventually burst in 2008, Michigan’s economy plunged deeper into crisis and took nearly a decade to recover to its pre-recession peak output level.

Over the past two years, the world has been facing a pandemic caused by the Coronavirus Disease 2019 (COVID-19). The pandemic has disrupted day-to-day life and economic activities across the

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<sup>1</sup> Based on calculations from the 2000 County Business Patterns.

<sup>2</sup> DTMB Center for Shared Solutions, *Analysis: Is Michigan’s Economic Recovery Real? Re-Thinking the One-State Recession*, Michigan Department of Technology, Management, and Budget, August 4, 2011, [https://www.michigan.gov/documents/cgi/cgi\\_census\\_OSR\\_Pres\\_11-0516\\_354250\\_7.pdf](https://www.michigan.gov/documents/cgi/cgi_census_OSR_Pres_11-0516_354250_7.pdf).

globe. Michigan was thrust into a deep recession along with the U.S. economy. However, the state economy has kept up with the U.S. economy in the recovery from the COVID-19, although its long-term growth still lags the nation in terms of employment and output.

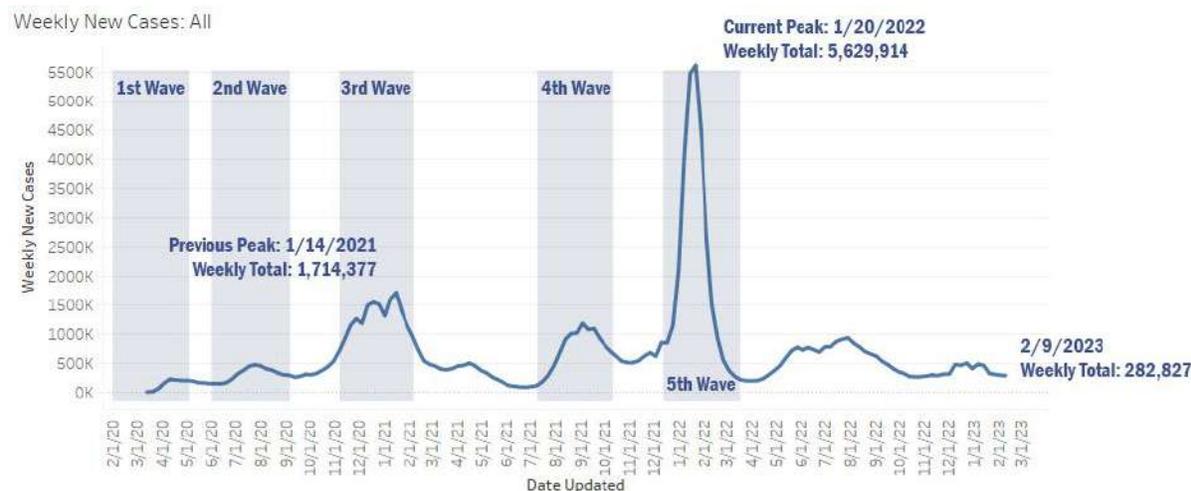
The effects of the pandemic manifest in the economic trends discussed in this section.

## 2.1 | The COVID-19 Pandemic

The COVID-19 virus was first identified in China in December 2019. With holiday travel that winter, the virus diffused quickly around the world, including the United States—the first case in the United States was identified in mid-January 2020. In March 2020, the COVID-19 outbreak was declared a global pandemic, leading to a declaration of national emergency in the United States. Like many countries, the United States sought to curtail the spread of the virus with domestic and international travel restrictions, statewide stay-at-home orders, and national social distancing measures. Despite these efforts to contain the spread of COVID-19, several waves of infection hit the United States as new variants emerged (Figure 4). In the United States, COVID-19 has infected 99.7 million people and caused more than 1 million deaths, as of December 16, 2022.

By far, the fifth wave, which began in November 2021, holds the record for the highest numbers of reported cases—over three times higher than the previous peak in early 2021. The fifth wave subsided quickly. By March and April 2022, infection rates had fallen to levels among the lowest seen over the course of the pandemic. Cases increased over the course of Summer 2022, but not to the level of the previous three waves. As of February 9, 2023, the most recent weekly total, new COVID-19 cases decreased after a minor upturn through December and January (Figure 4).

Figure 4 | COVID-19: United States Weekly Total New Cases, March 2020-February 2023

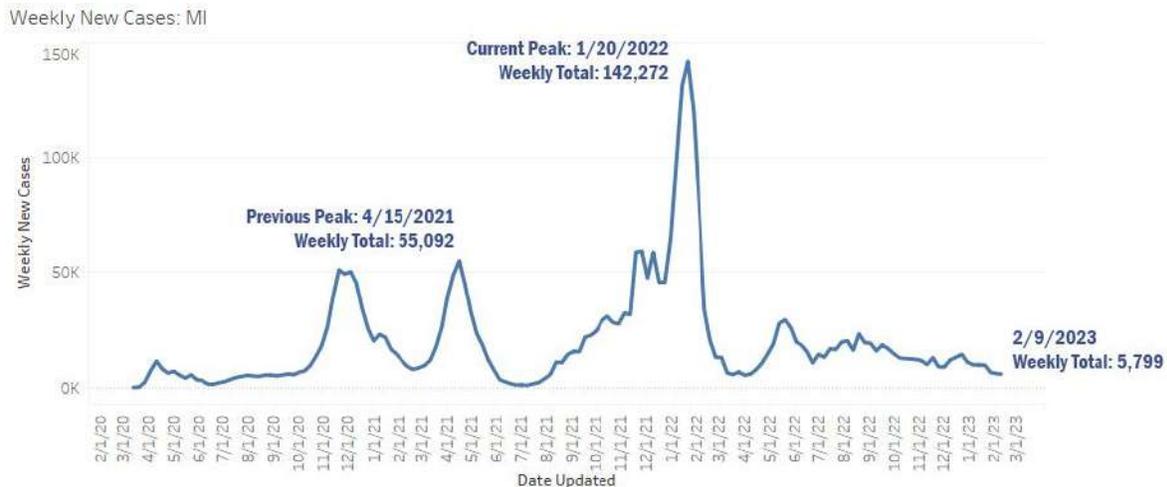


Source: Centers for Disease Control and Prevention.

Figure 5 shows the COVID-19 trends of the state of Michigan. Michigan’s COVID-19 trends differ slightly from national patterns, especially in the first half of the pandemic’s history. Unlike national patterns and many other states, Michigan’s daily new cases decreased through January 2021 where

the U.S. total had its first peak. Instead, cases in Michigan rose in April 2021 when national patterns were decreasing. This unique rise in cases slightly surpassed Michigan’s November 2020 as the state’s peak at the time. The fourth wave of infections also manifested differently in Michigan, as a gradual rise through the fall rather than the summer of 2021. Michigan’s daily new cases reached a new peak in January 2022, similar to national trends. COVID-19 cases fell sharply after the fifth wave, and have since maintained relatively low numbers as of February 9, 2023.

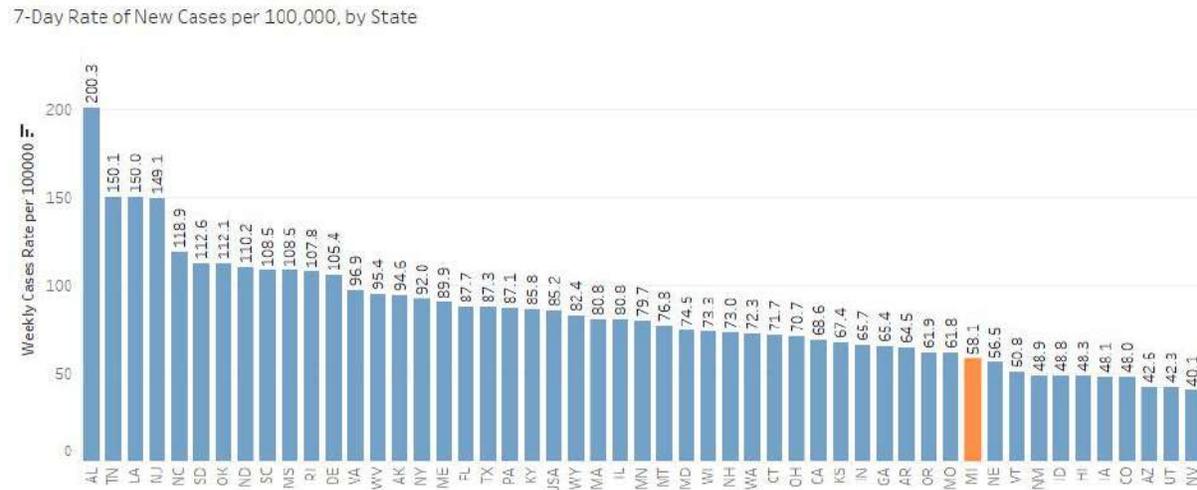
Figure 5 | COVID-19: Michigan Weekly Total New Cases, March 2020-February 2023



Source: Centers for Disease Control and Prevention.

Figure 6 shows the latest reported seven-day COVID-19 case rate (per 100,000 state residents) by state as of February 9, 2023, with Michigan highlighted. The national average seven-day case rate is currently 85.2 new cases per 100,000 people. Michigan is lower than the U.S. average with 58.1 new cases per 100,000 residents.

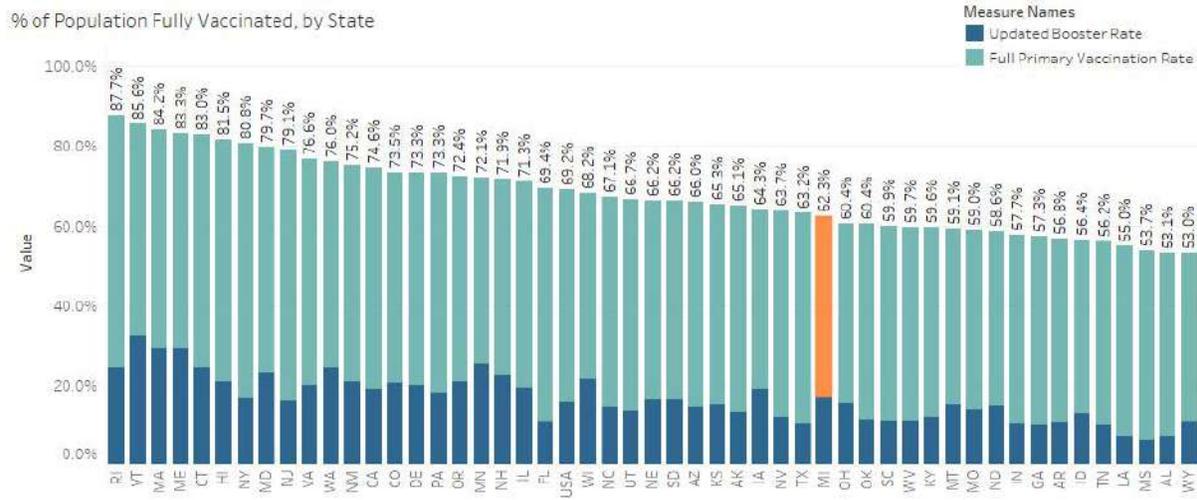
Figure 6 | COVID-19: United States 7-Day Case Rate Per 100,000 by State, February 9, 2023



Source: Centers for Disease Control and Prevention.

The administration of both initial COVID-19 vaccines and subsequent booster shots helped slow virus transmission and alleviate symptoms. Figure 7 shows the current COVID-19 vaccination rates by state as of December 8, 2022—like the previous figure, Michigan is highlighted. Currently, a total of 229.8 million people in the United States—69.2 percent of the population—are fully vaccinated, and of them, 52.5 million have an updated bivalent booster dose (15.8 percent of the national population). Michigan has a noticeably lower vaccination rate, with 6.2 million people vaccinated, or about 62.3 percent of its residents; about 1.7 million of those vaccinated have at least one booster dose (16.9 percent of the state population). As both initial vaccinations and boosters have been widely available and free of charge to United States residents for some time, it is highly likely that most residents who want to and can be vaccinated already are.

Figure 7 | COVID-19: Full Vaccination Rate by State, February 9, 2023



Source: Centers for Disease Control and Prevention.

Transmission has been slowed by immunity through vaccination, booster shots, and prior infection, but COVID-19 remains a threat with the emergence of new variants.

## 2.2 | Air Service Area

The Airport is in western Michigan, about 12 miles southeast of the Grand Rapids business district (Figure 8). The Airport’s primary service area is centered on the Grand Rapids MSA, which includes Kent, Ionia, Montcalm, and Ottawa counties.<sup>3</sup> Principal urban regions in the Grand Rapids MSA include Grand Rapids, Wyoming, Kentwood, and Holland. The City of Grand Rapids is in Kent County, forming the anchor of the MSA. Four counties adjacent to the MSA—Allegan, Barry, Muskegon, and Newaygo—are also significant components of the Airports primary service region.<sup>4</sup> This report will refer to the eight-county primary service area as “Service Area,” but data analysis will focus primarily on the Grand Rapids MSA. Most of the residents in the Service Area are within a 60-minute drive of the Airport. Given GRR’s distant location relative to other airports (and lack of regional competition), its passenger catchment area likely extends beyond the Service Area.

<sup>3</sup> The Office of Management and Budget (OMB) establishes and maintains statistical area delineations to promote consistency in collecting, tabulating, and publishing Federal statistics. The delineation of the Grand Rapids MSA has changed over the years. In 2013, the MSA included Barry, Kent, Montcalm, and Ottawa counties. The previous delineation, effective 2003, included the counties of Barry, Ionia, Kent, and Newaygo. Prior to 2003, the Grand Rapids MSA included the counties of Allegan, Kent, Muskegon, and Ottawa. Definitional changes may impact some data series. See: Office of Management and Budget, “Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations in These Areas,” *OMB Bulletin No. 20-01*, March 6, 2020, <https://www.whitehouse.gov/wp-content/uploads/2020/03/Bulletin-20-01.pdf>.

<sup>4</sup> Each of these adjacent counties has been part of the Grand Rapids MSA at some time in the past.

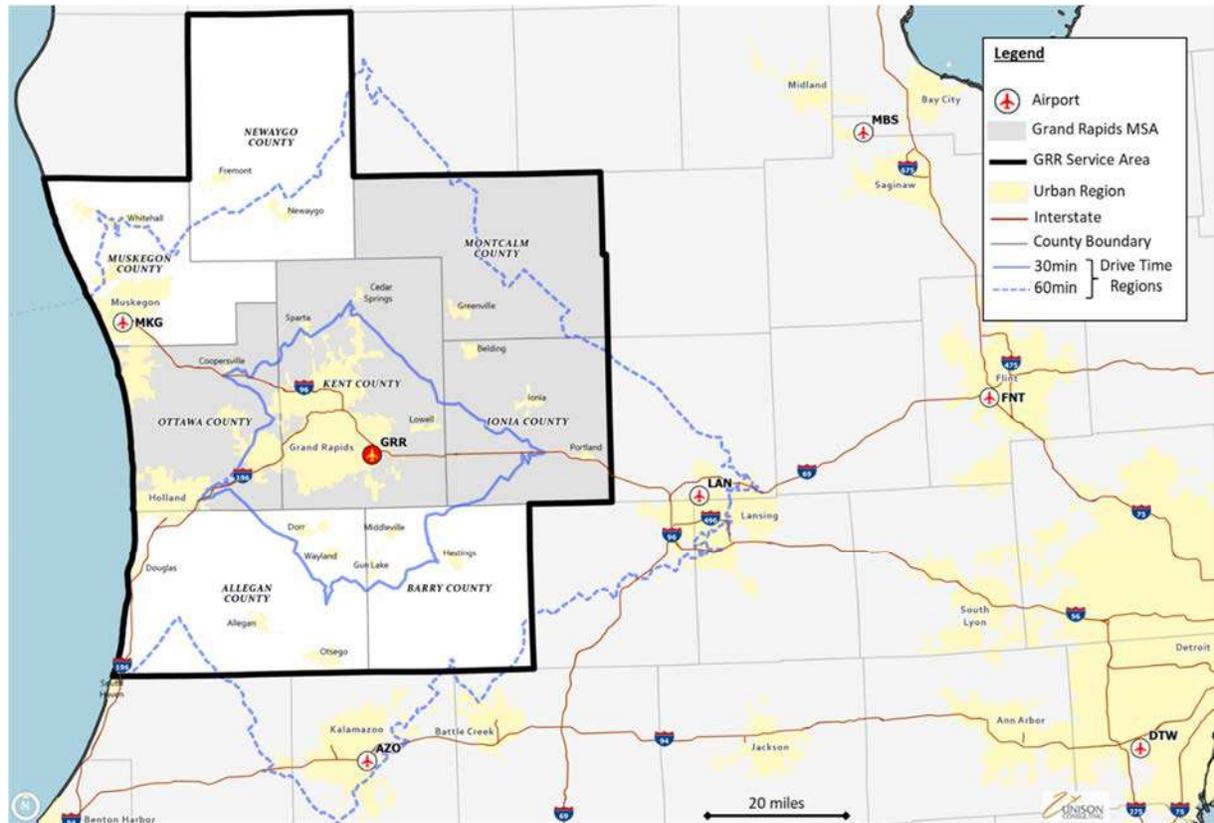
With pre-pandemic annual enplanements of 1.8 million in 2019, the Airport is the only “hub” airport within the Grand Rapids MSA and its adjacent counties—GRR is designated as a small hub by the FAA. As Figure 8 and Table 1 show, there are no other commercial service airports within a 30-minute drive of GRR. Within a 60-minute drive are nonhub airports—Muskegon County (MKG), Kalamazoo/Battle Creek (AZO), and Capital Region (LAN) in Lansing, none of which enplaned more than 10 percent of the passengers served by GRR in 2019.<sup>5</sup>

In most cases, passengers leave the local area for larger airports where the flight options are significantly greater or the fares lower. The closest airports larger than GRR are Detroit Metro Wayne County Airport (DTW, 151 miles), Chicago-Midway (MDW, 189 miles), and Chicago-O’Hare (ORD, 207 miles)—all large hubs. However, DTW is more than a two-hour drive from GRR; MDW and ORD are more than a three-hour drive.

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<sup>5</sup> FAA categorizes airports by type of activities—commercial service, primary, cargo service, reliever, and general aviation airports—and by number of enplanements and share of annual U.S. total enplanements. Commercial service airports are publicly owned airports with at least 2,500 annual enplanements and scheduled air carrier service; they are further classified between primary and nonprimary. Primary commercial service airports have more than 10,000 annual enplanements and are further classified based on share of annual U.S. total enplanements as follows: Nonhubs have more than 10,000 enplanements but less than 0.05 percent of the annual U.S. total enplanements; small hubs, 0.05-0.25 percent; medium hubs, a 0.25-1.0 percent; and large hubs, more than 1 percent. See: Federal Aviation Administration, “Airport Categories,” [https://www.faa.gov/airports/planning\\_capacity/categories](https://www.faa.gov/airports/planning_capacity/categories).

Figure 8 | GRR Service Area



Sources: ESRI and Unison Consulting Consulting, Inc.

Table 1 | Alternative Commercial Service Airports Closest to GRR

Code	City	Airport	Airport Name	Size		Distance from GRR	
				2019 Enplanments	2019 Hub	Miles	Time (h,m)
GRR	Grand Rapids	Gerald R Ford International		1,786,803	Small	0	0
MKG	Muskegon	Muskegon County		19,728	Nonhub	48	0h 49m
AZO	Kalamazoo	Kalamazoo/Battle Creek International		151,254	Nonhub	58	0h 54m
LAN	Clinton Township	Capital Region International		166,976	Nonhub	55	0h 56m
DTW	Detroit	Detroit Metro Wayne County		18,143,040	Large	151	2h 12m
MDW	Chicago, IL	Chicago Midway		10,081,781	Large	189	3h 4m
ORD	Chicago, IL	Chicago O'Hare		40,871,223	Large	207	3h 27m

Sources: Federal Aviation Administration, Google Maps, and Unison Consulting, Inc.

## 2.3 | Demographic Attributes

Population size, growth trends, age distribution, and educational attainment determine the labor force’s size, quality, and productivity. Along with income characteristics, demographic attributes also determine consumption patterns and demand levels for goods and services produced within the economy—including air transportation. Positive trends in these attributes help increase local economic activity and demand for air service at the Airport.

### 2.3.1 | Population

A large population provides a sizeable market for passenger air service. The population of the eight-county Service Area was approximately 1.5 million in 2021, and the Grand Rapids MSA accounted for about 73 percent of that total (Table 2). By population, the Grand Rapids MSA is the 51<sup>st</sup> largest (out of 384) in the United States and is similar in size to cities such as Rochester, NY, and Tucson, AZ. Within Michigan, by population, the Grand Rapids MSA is the second largest MSA, and the city of Grand Rapids is the second largest city—after the city of Detroit. The combined population of the eight-county Service Area, including the Grand Rapids MSA, is larger than that of the 41<sup>st</sup> largest MSA (Raleigh-Cary, NC).

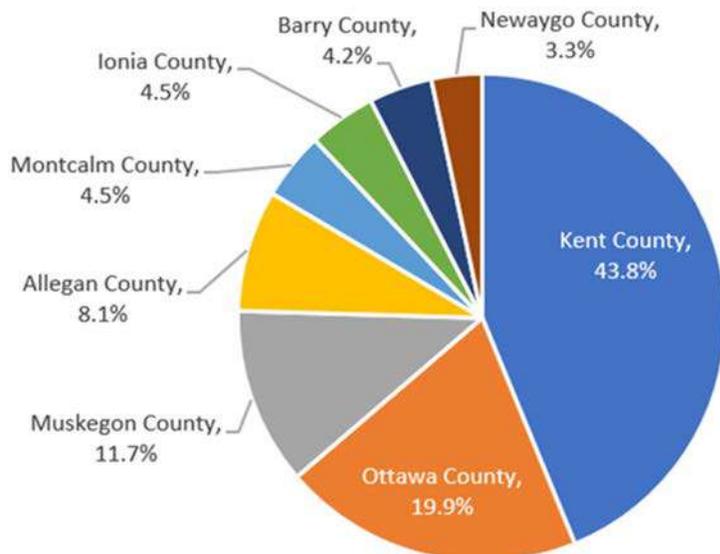
In 2021, approximately 44 percent of the population of the Service Area resided in Kent County, and another 20 percent lived in Ottawa County (Figure 9). Between 2000 and 2021, the population of the Service Area grew from 1.3 million to more than 1.5 million at a compound annual growth rate (CAGR) of 0.62 percent (Table 2). The four counties within the Grand Rapids MSA grew slightly faster, at a CAGR of 0.72 percent; Ottawa County grew the fastest (1.06 percent CAGR), followed by Kent County (0.63 percent CAGR). In the larger Service Area, Allegan County also grew fast (0.63 percent CAGR).

Table 2 | Air Service Area—Population by County

Region		Total Population					Growth
Area	Nation / State / Counties	2000	2010	2015	2020	2021	2000-2021 CAGR
Comparison	United States	282,162,411	308,758,105	320,738,994	331,449,281	331,893,745	0.78%
	Michigan	9,952,450	9,884,112	9,934,483	10,077,331	10,050,811	0.05%
Metro Counties	Ionia County	61,712	63,901	64,073	66,804	67,197	0.41%
	Kent County	576,178	602,625	637,333	657,974	658,046	0.63%
	Montcalm County	61,484	63,342	62,778	66,614	67,220	0.43%
	Ottawa County	239,559	263,787	280,907	296,200	299,157	1.06%
Adjacent Counties	Allegan County	105,904	111,398	114,122	120,502	120,950	0.63%
	Barry County	56,931	59,177	59,434	62,423	62,992	0.48%
	Muskegon County	170,396	172,202	172,506	175,824	176,511	0.17%
	Newaygo County	47,972	48,459	47,900	49,978	50,296	0.23%
Service Area	MSA Counties	938,933	993,655	1,045,091	1,087,592	1,091,620	0.72%
	Adjacent Counties	381,203	391,236	393,962	408,727	410,749	0.36%
	Service Region Total	1,320,136	1,384,891	1,439,053	1,496,319	1,502,369	0.62%

Sources: U.S. Census Bureau and Unison Consulting, Inc.

Figure 9 | Air Service Area—Percentage of Population by County, 2021



Sources: U.S. Census Bureau and Unison Consulting, Inc.

The MSA’s growth rate is almost identical to that of the United States (0.78 percent CAGR) and much faster than Michigan’s (0.05 percent CAGR) where the population has remained largely unchanged over two decades (Figure 10). Faster population growth compared to the state reflects a more vibrant economy in the MSA, a positive factor for growth in air travel demand.

Population growth in the Grand Rapids MSA—and the rest of Michigan—slowed during the 2000s due to net out-migration. Weaker economic conditions at the time caused many to leave the Grand Rapids MSA. In the following decade (2010s), the Grand Rapids MSA saw a reversal of this trend. Strong economic recovery and employment growth attracted people to move to the Grand Rapids MSA, with net in-migration contributing significantly to the acceleration of population growth.<sup>6</sup>

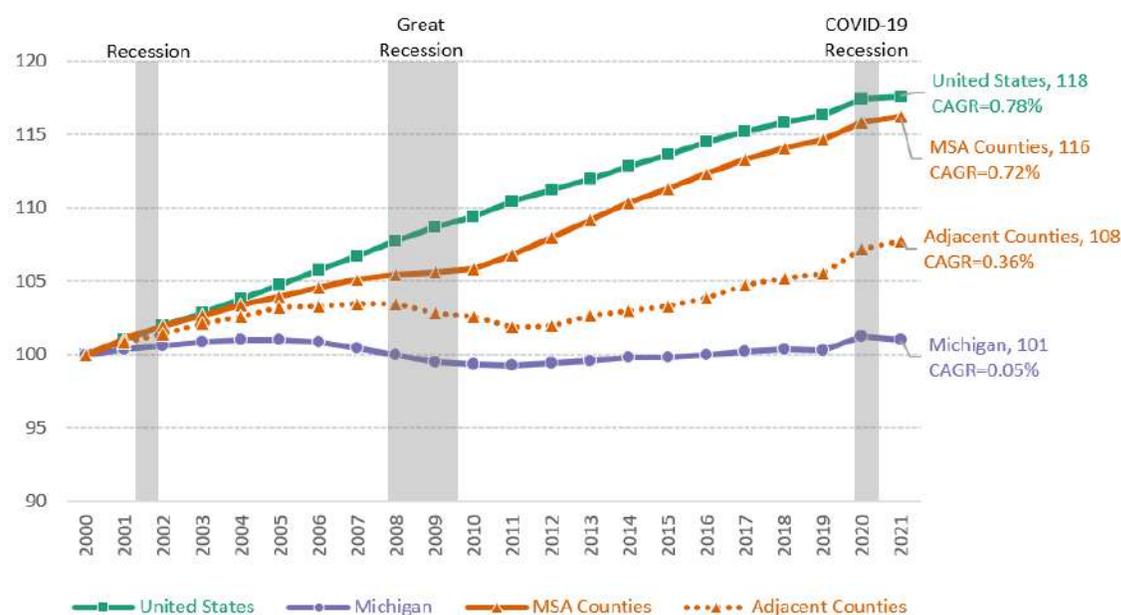
Figure 10 shows slowing population growth at all geographic levels in 2021, due in part to the COVID-19 pandemic according to a Brookings Institution report. Nationwide, population growth slowed to just 0.12 percent—the slowest annual growth since the U.S. Census Bureau began collecting population statistics in 1900. Historically, population growth trends have followed pandemics and economic trends. The U.S. population growth has been slowing over the past two decades. Contributing factors include: (1) the aging of the population resulting in more deaths than births, (2) the postponement of childbearing for young adult women following the Great Recession, (3) uneven immigration trends due to the recession and the sluggish recovery that followed, and (4) more restrictive immigration policies during the Trump administration. Over the past two

<sup>6</sup> U.S. Department of Housing and Urban Development Office of Policy Development and Research, *Grand Rapids-Wyoming, Michigan, Comprehensive Market Analysis*, July 1, 2021, <https://www.huduser.gov/portal/publications/pdf/GrandRapidsWyomingMI-CHMA-21.pdf>.

years, the COVID-19 pandemic exacerbated the death rate, especially among the older population, and caused declines in fertility and immigration.<sup>7</sup>

The U.S. population estimate for 2022 shows growth rebounding from near zero to 0.4 percent, due largely to the return of immigrants and, in a small part, to more births than death.<sup>8</sup> 2022 population estimates for MSAs and counties are not yet available.

Figure 10 | Air Service Area—Population Index (2000=100), 2000-2021



Sources: U.S. Census Bureau and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

### 2.3.2 | Population Age Distribution

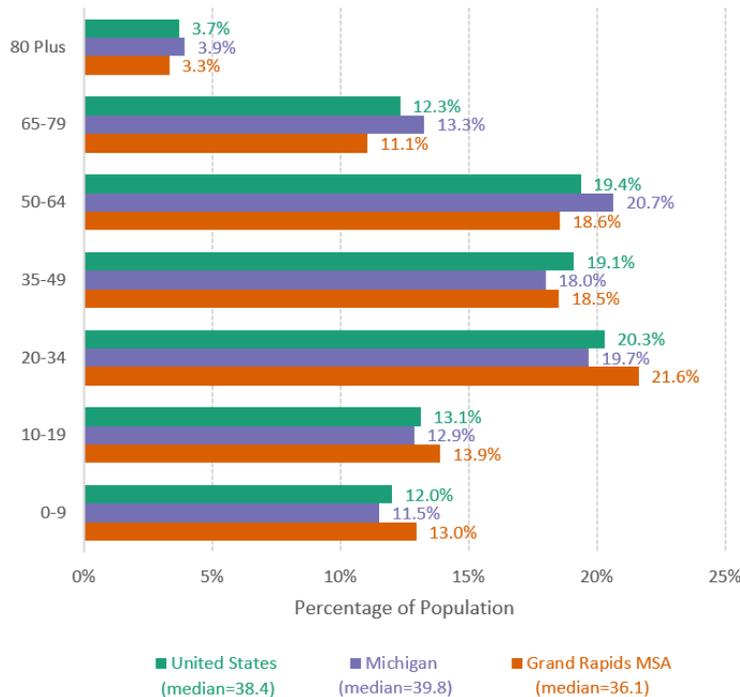
A large working-age population is important in maintaining a vibrant local economy and a high standard of living. Approximately 59 percent of the MSA’s population is between 20 and 64 years of age, nearly equal to that of the United States and Michigan. The Grand Rapids MSA has a larger proportion of younger working-age residents (20-34 years old): 21.6 percent, compared to 20.3 percent in the United States and 19.7 percent in Michigan. The MSA also has larger percentages of residents in age groups under 20, resulting in a lower median age of 36.1, compared with 38.4 for the United States and 39.8 for Michigan. Younger residents (and workers) contribute to growing

<sup>7</sup> William H. Frey, “U.S. population growth has nearly flatlined, new census data shows,” *Brookings Report*, December 23, 2021, <https://www.brookings.edu/research/u-s-population-growth-has-nearly-flatlined-new-census-data-shows/>.

<sup>8</sup> Tristan Bove, “The U.S. population is finally growing again—but not because Americans are having more kids,” *Fortune*, December 23, 2022, <https://www.yahoo.com/now/u-population-finally-growing-again-160323313.html>.

economies because they are educated with the latest skills and knowledge needed to support innovation and business growth across industry sectors.

Figure 11 | Population Age Distribution, 2021



Sources: U.S. Census Bureau 2021 American Community Survey and Unison Consulting, Inc.

### 2.3.3 | Foreign-Born Population

Immigrants expand the population and generate high demand for air service—for their travel to visit family and friends elsewhere and for their family and friends to visit the MSA.

In 2021, approximately 6.6 percent of the Grand Rapids MSA’s population was born outside of the United States, a relatively low value compared to the national average (13.6 percent) and slightly lower than Michigan (6.9 percent, Table 3). However, the number of foreign-born residents has increased by about 24,000 (51 percent) since 2010. The MSA differs in the region of origin of its foreign-born population compared to the state. While the largest share of foreign-born residents in Michigan is from Asia, in Grand Rapids they are from the Americas. Immigrants make substantial contributions to the region in terms of spending, employment, and taxes. The Gateways for Growth Committee in Grand Rapids assists new residents in making the transition to the region.<sup>9</sup>

<sup>9</sup> C. Carter, “County welcomes immigrants,” *Grand Rapids Business Journal*, October 29, 2021, <https://grbj.com/news/government/county-welcomes-immigrants/>.

Table 3 | Foreign-Born Population, 2021

Region	Foreign Born	Percentage by Region of Origin				
	Total	Europe	Asia	Africa	Oceania	Americas
United States	13.6%	10.8%	31.2%	5.5%	0.6%	51.9%
Michigan	6.9%	18.4%	52.0%	5.6%	0.4%	23.6%
Grand Rapids MSA	6.6%	13.9%	31.4%	10.2%	0.4%	44.0%

Sources: U.S. Census Bureau 2021 American Community Survey and Unison Consulting, Inc.

### 2.3.4 | Educational Attainment

Education promotes economic growth in at least three ways. First, education increases human capital and labor productivity. Second, it enables innovation and technological advancement. Third, it facilitates the diffusion of knowledge and adoption of new technologies.<sup>10, 11</sup> Educated workers are generally more productive and innovative. They also adapt more quickly to industries' changing skill requirements.

Advancements in information and communication technologies have amplified the need for highly skilled and educated workers to enable economic growth.<sup>12</sup> Cities that have been able to attract and retain educated and skilled workers have thrived, while cities failing to do so have lagged.<sup>13</sup> The value of education is evident in the disparities in average wages and unemployment rates by educational attainment. Workers who have not completed high school earn only 44 percent of the wages earned by college graduates. They also have unemployment rates that are more than 2 times higher.<sup>14</sup>

The population of the Grand Rapids area is more highly educated than that of the nation or Michigan—particularly in those who have completed at least a bachelor's degree (Figure 12). Almost 35 percent of the MSA residents have completed a bachelor's degree, compared with 34 percent nationwide or just 31 percent for the entire state. High educational attainment and continued upskilling of the local workforce will help maintain regional economic competitiveness and promote economic growth in the Grand Rapids MSA.

<sup>10</sup> E. Hanushek and L. Woessman, "Education and Economic Growth," *International Encyclopedia of Education* (Oxford: Elsevier, 2010), Vol. 2, pp. 245-252.

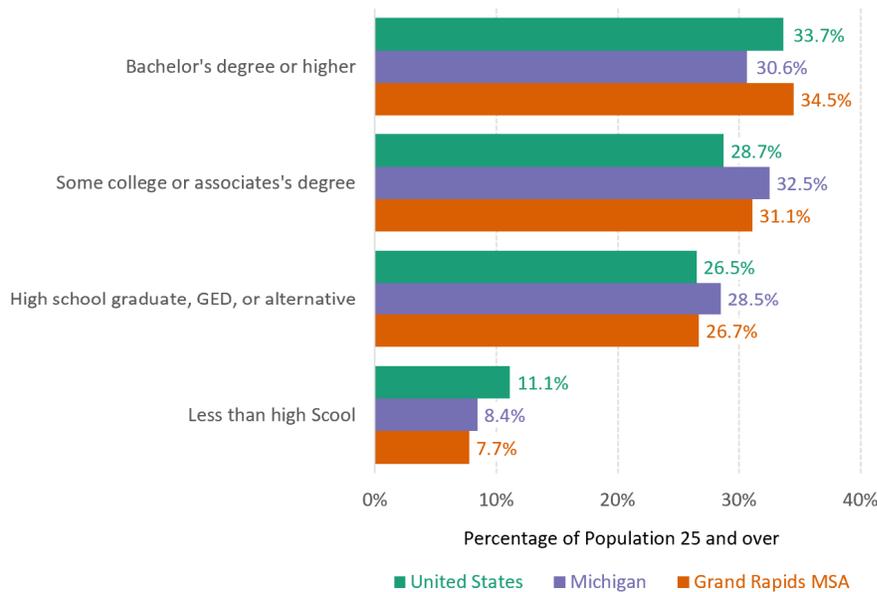
<sup>11</sup> D. Claude and L. Charlotte, "Human Capital and Economic Growth," *Encyclopedia of International Higher Education Systems and Institutions* (Dordrecht: Springer, 2019).

<sup>12</sup> Enrico Moretti, *The New Geography of Jobs* (Boston: Houghton Mifflin Harcourt, 2012).

<sup>13</sup> Edward Glaeser, *Triumph of the City* (New York: Penguin Books, 2012).

<sup>14</sup> Elka Torpey, "Measuring the Value of Education," U.S. Bureau of Labor Statistics, April 2018, <https://www.bls.gov/careeroutlook/2018/data-on-display/education-pays.htm>.

Figure 12 | Educational Attainment, 2021



Sources: U.S. Census Bureau 2021 American Community Survey and Unison Consulting, Inc.

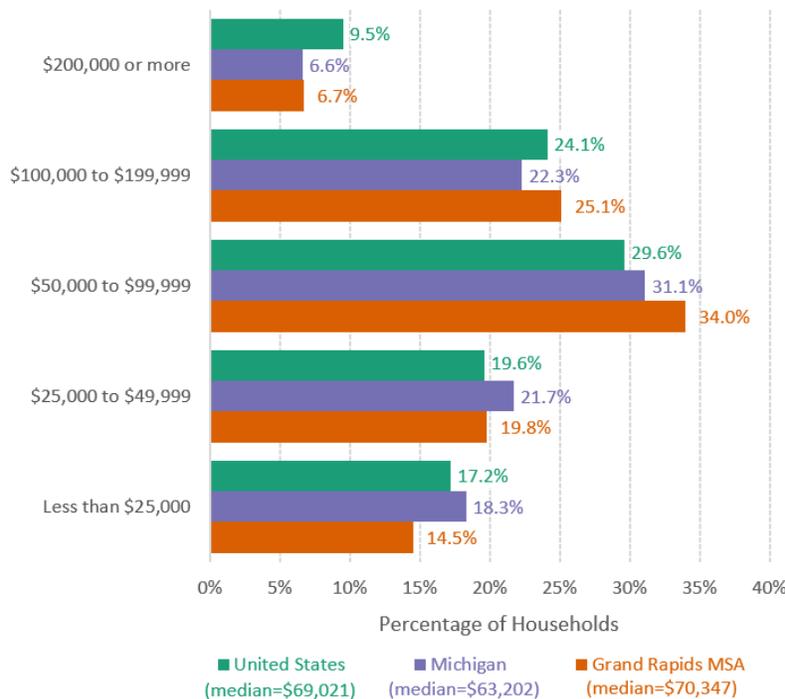
### 2.3.5 | Income

Demand for air travel increases with income. Studies suggest that air travel demand income elasticities are often greater than one. This means air travel increases by more than the corresponding increase in income, holding all other things equal.<sup>15</sup>

The Grand Rapids MSA has a higher median household income than the nation and the state of Michigan (Figure 13). Grand Rapids' median household income in 2021 is \$70,347, 11 percent higher than the state median and 2 percent higher than the U.S. median (\$69,021). Compared to the state, Grand Rapids has a higher percentage of households earning at least \$50,000 and a lower percentage of households earning less than \$50,000.

<sup>15</sup> This implies that a 10 percent increase in income will generate more than a 10 percent increase in air travel demand. See: C. A. Gallet and H. Doucouliagos, "The income elasticity of air travel: A meta-analysis," *Annals of Tourism Research*, 49 (2014), 141-155.

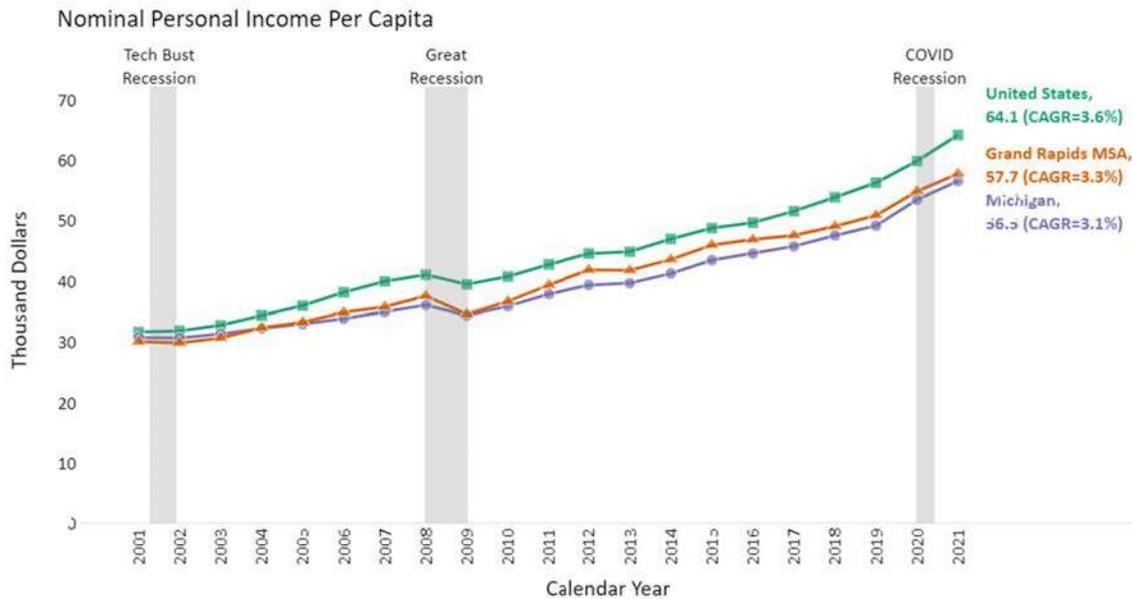
Figure 13 | Percentage of Households by Income Bracket, 2021



Sources: U.S. Census Bureau 2021 American Community Survey and Unison Consulting, Inc.

Another measure of income is per capita personal income. By this measure, the Grand Rapids MSA residents earn consistently below the U.S. average but generally above the Michigan state average. However, they have enjoyed steady growth in per capita personal income at least since 2001, with only a few dips, which occurred in 2002 following the tech bust recession, in 2009 during the Great Recession, and in 2013 (Figure 14). The growth trends in the Grand Rapids MSA mirror those observed at the national and state levels. Between 2001 and 2021, the CAGR in per capita personal income in the region was 3.3 percent, slightly lower than the growth rate at the national level (3.6 percent) but higher than the growth rate at the state level (3.1 percent). Growth in per capita personal income promotes growth in consumer spending, including spending for air travel.

Figure 14 | Per Capita Personal Income (Current Dollars), 2001-2021

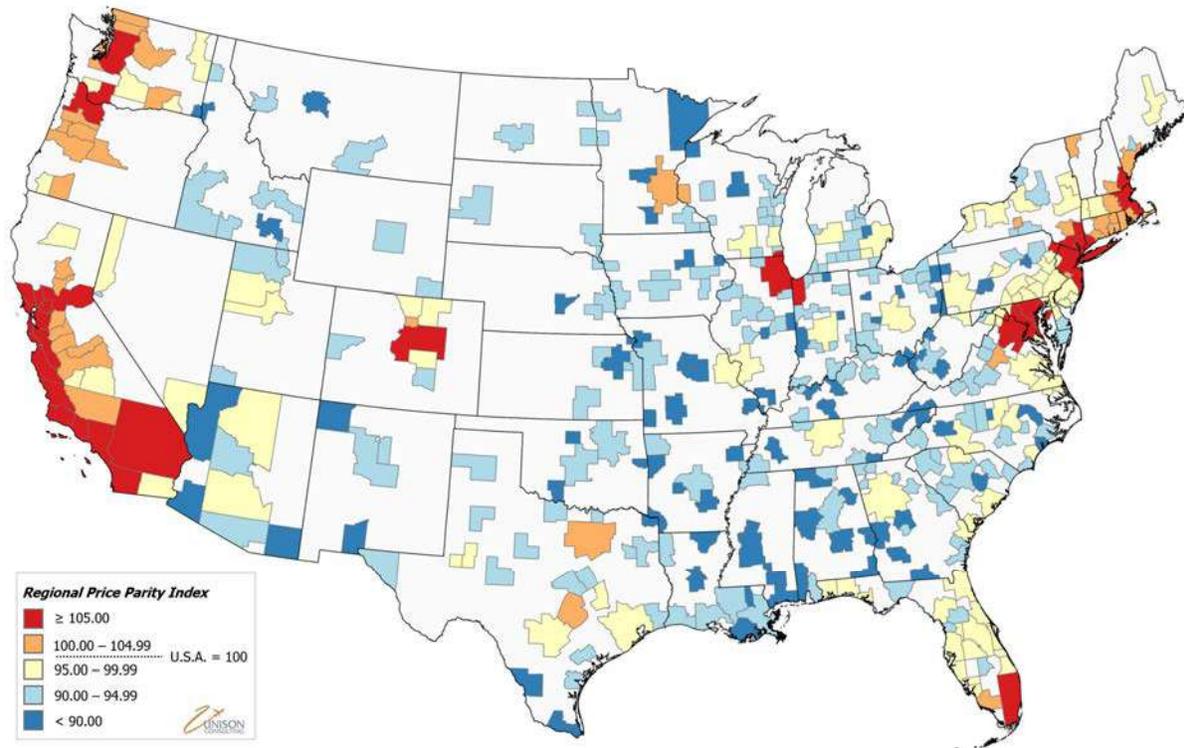


Sources: U.S. Bureau of Economic Analysis, and Unison Consulting, Inc.  
 Gray areas indicate economic recession periods.

### 2.3.6 | Cost of Living

Although per capita personal income in the Grand Rapids MSA is lower than the U.S. average, residents enjoy prices that are about 3 percent below national averages (Figure 15), which allows incomes to be stretched further (Regional Price Parity (RPP) =97). By comparison, other cities in the region are more expensive: Chicago’s regional price parity is 105, Minneapolis’ 103.2 and Ann Arbor’s 100. All other things equal, lower prices leave consumers with more discretionary income to spend on travel.

Figure 15 | Regional Price Parity Index, 2021



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

## 2.4 | Economic Attributes

Demand for air transport services is a function of the economic vitality of a region, which is derived from trends in gross domestic product (GDP), the labor market, the industries that make up the regional economy, and tourism. Regional, national, and even global economic conditions influence the demand for air transportation services at a particular airport.

### 2.4.1 | Gross Domestic Product

The most comprehensive measure of economic output is GDP—the dollar value of all goods and services produced in a geographic region.<sup>16</sup> Sustained growth in inflation-adjusted real GDP underpins economic expansions. In contrast, decreases in real GDP over two or more consecutive quarters often signal a recession.<sup>17</sup> Generally, during an economic expansion, employment grows, incomes rise, and the demand for air travel also rises. Conversely, during an economic recession, employment decreases, incomes fall, and the demand for air travel also falls.

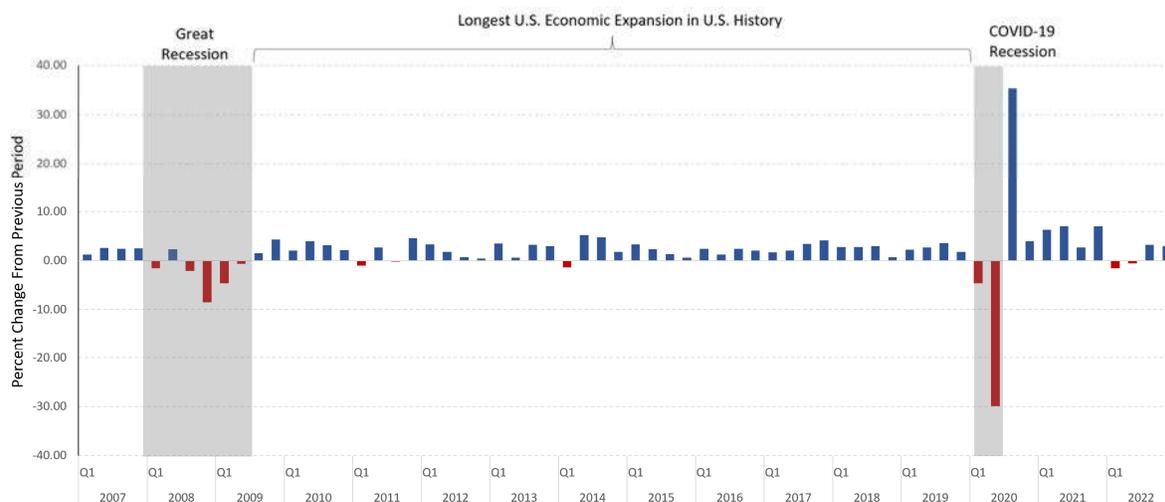
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<sup>16</sup> In this report, GDP is used to refer to economic output measured at both national and sub-national levels.

<sup>17</sup> Recessions are officially determined by the National Bureau of Economic Research (NBER) Business Cycle Dating Committee.

When the COVID-19 pandemic first struck the United States in the first quarter of 2020, widespread lockdowns, stay-at-home orders, and voluntary social distancing depressed consumer spending, causing the economy to fall into a deep recession. As a result, U.S. real GDP decreased 4.6 percent (annual rate) in the first quarter of 2020, and another 29.9 percent in the second quarter (Figure 16). The magnitude of the overall contraction in U.S. real GDP was unprecedented. The second-quarter contraction alone was at least three times the one observed during the 2008-2009 Great Recession.

Figure 16 | U.S. Real GDP, Quarterly, Annualized % Change from Previous Period, 2007-2022



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

The 2020 recession was different from previous U.S. economic recessions. The typical causes of recessions are market-related and economic—for example, asset market crashes, oversupply, loss of consumer and business confidence, or tight monetary and fiscal policy. The 2020 recession resulted from shocks to both supply and demand induced by the pandemic and deliberate measures to contain COVID-19. Stay-at-home orders, social distancing, and travel restrictions depressed consumer spending, leading to business closures. When states and counties began to reopen in the second half of 2020 and social distancing began to ease, the U.S. real GDP rebounded quickly, increasing 35.3 percent in the third quarter and 3.9 percent in the fourth quarter. Vaccination helped restore consumer and business confidence, accelerate business re-openings, and sustain the economic recovery in 2021. U.S. real GDP grew 5.9 percent for the year, the highest annual increase since 1978.

Trends changed in 2022. The U.S. real GDP declined during the first two quarters—by 1.6 percent (annualized) during the first quarter and 0.6 percent during the second quarter. The decreases in GDP during the first half of the year were attributed to supply constraints due to:

- a surge in sick calls from COVID-19 infections during the fifth wave.

- supply-chain bottlenecks and inventory pressures.
- tightness in the labor market due to demand far exceeding labor supply.

On the demand side, the output decreases have been attributed to:

- disappearing stimulus from household income transfers.
- reduced government spending.
- rising interest rates due to monetary tightening to contain inflation.
- decrease in exports due to the appreciation of the U.S. dollar.

GDP decline in two consecutive quarters typically signals a recession. However, NBER Business Cycle Dating Committee, the official arbiter of U.S. business cycles, also looks beyond GDP trends to other key economic indicators such as nonfarm employment, real consumer spending, industrial production, and real personal income. These indicators, which were generally increasing, did not signal a recession, which the NBER defines as a "significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income and other indicators." Instead, during the third quarter of 2022, real GDP grew by 3.2 percent and another 2.9 percent in the fourth.

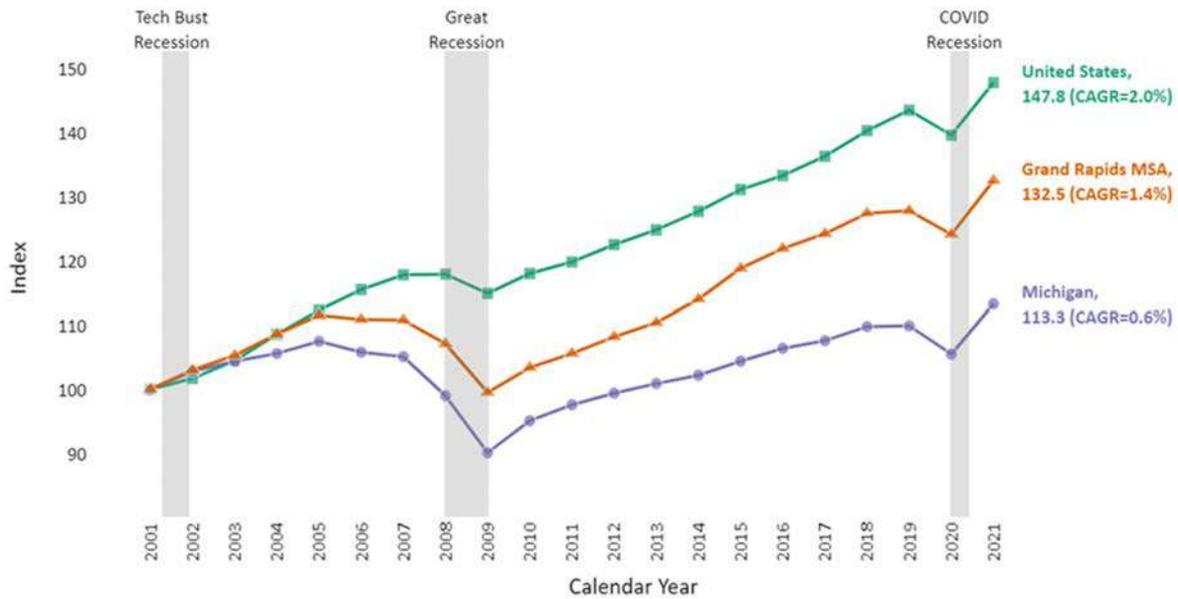
While positive, long-term real GDP trends in the Grand Rapids MSA and the state of Michigan have lagged national growth (Figure 17). Between 2001 and 2021, real GDP in the Grand Rapids MSA grew by 33 percent, a compound annual growth rate of 1.4 percent. Michigan's real GDP grew much more slowly, only 13 percent cumulatively or 0.6 percent annually. By contrast, the U.S. real GDP grew by 48 percent cumulatively, 2 percent annually, over the same period.

The Grand Rapids MSA shared in Michigan's economic woes, which predated the 2008-2009 Great Recession. Rising trade pressures from China and increased automation in manufacturing led to significant retrenchment in Michigan's motor vehicle-related manufacturing industries, which accelerated between 2000 and 2010. Over this period, employment in motor vehicle manufacturing in Michigan fell from a peak level of 90,900 in June 2000 to a trough of 17,400 in January 2009.<sup>18</sup> Michigan's economy declined steadily through a years-long "One-State Recession" that culminated during the Great Recession. The Grand Rapids MSA and Michigan suffered a deeper downturn during the Great Recession and recovered more slowly than the nation. While real GDP recovered to pre-recession levels in about three years on a national level, it took around six years in the MSA and close to nine years in Michigan. Nonetheless, the Grand Rapids MSA and Michigan enjoyed steady economic expansion along with the nation over the past decade—until the COVID-19 recession in 2020.

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<sup>18</sup> U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, All Employees: Manufacturing: Durable Goods: Motor Vehicle Manufacturing in Michigan [SMU26000003133610001SA], retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/SMU26000003133610001SA>.

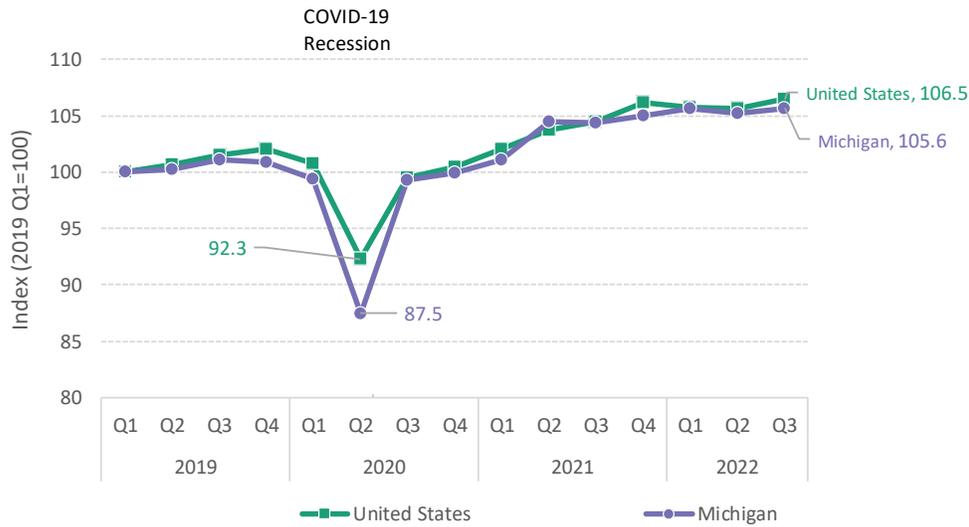
Figure 17 | Real GDP Index (2001=100), 2001-2021



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.  
 Gray areas indicate economic recession periods.

In 2020, real GDP fell by 2.9 percent in the Grand Rapids MSA, 4.0 percent in Michigan, and 2.8 percent in the United States. In 2021, real GDP rebounded strongly across the nation: by 6.8 percent in the Grand Rapids MSA, 7.4 percent in Michigan, and 5.9 percent at the national level. Figure 18 shows Michigan keeping up with U.S. GDP recovery and growth through the third quarter of 2022. As of the third quarter of 2022, Michigan’s real GDP exceeded its pre-COVID peak level in the fourth quarter of 2019 by 5.6 percent, while the U.S. real GDP exceeded pre-pandemic levels by close to 6 percent. While MSA-level data for 2022 is not yet available, the state-level data shows favorable trends.

Figure 18 | GDP Recovery from the COVID-19 Recession (Q1 2019=100), Q1 2019 – Q3 2022



Sources: U.S. Bureau of Economic Analysis, Federal Reserve Bank of St. Louis, and Unison Consulting, Inc. Gray areas indicate economic recession periods.

### 2.4.2 | Labor Market

Labor market trends evolve with business cycles and reflect the state of the economy. They are positively correlated with the demand for air travel. Strong business and employment growth and low unemployment stimulate demand for air travel for leisure and business.

#### Business Establishments

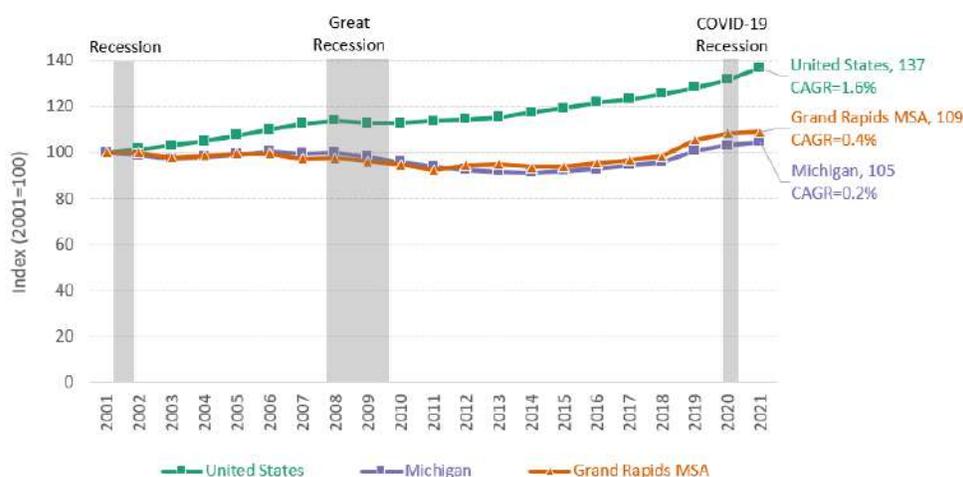
A growing number of business establishments indicate a healthy business climate, a high level of entrepreneurship, and a favorable environment for start-ups. New business formation generates jobs and promotes overall economic growth.

New business formation has been sluggish in the Grand Rapids MSA, growing by only 9 percent since 2001. Since 2001, establishments in Michigan have also been stagnant, growing by just 5 percent (0.2 percent CAGR). Nationwide the number of business establishments grew by 37 percent (1.6 percent CAGR).

Slow economic recovery from the Great Recession hampered business creation in both the Grand Rapids MSA and Michigan. Other contributing factors include the aging of the workforce, low labor

participation rate, and the outmigration of working-age residents.<sup>19, 20</sup> Trends have improved recently: the Grand Rapids MSA and Michigan have seen increases of more than 13 percent in the number of business establishments since 2016. Organizations such as The Right Place and the City of Grand Rapids Economic Development Office promote business development in the area.

Figure 19 | Business Establishments Index (2001=100), 2001-2021



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

### Nonfarm Employment

Nonfarm employment in the Grand Rapids MSA grew by 7 percent (0.3 percent CAGR) from 2001 to 2021, nearly matching national growth despite falling sharply from 2000 to 2009 through the 2001 tech-bust recession, Michigan’s One-State Recession in the mid-2000s, and the 2008-2009 Great Recession (Figure 20). Michigan, however, lost 11 percent in total employment from 2001 to 2021.

The Grand Rapids MSA and Michigan suffered sharp declines in total employment from 2000 through 2009, and Michigan continued to lose jobs through 2010. Beginning in 2010 for the Grand Rapids MSA and a year later for Michigan, employment grew steadily through 2019. The Grand Rapids MSA outperformed employment growth at the national level while Michigan kept pace. By 2015, the Grand Rapids MSA had nearly matched the U.S. cumulative employment growth from 2001. However, the gap between Michigan and the United States remained as wide as it was in 2010. Several industries contributed to significant employment growth and economic expansion in

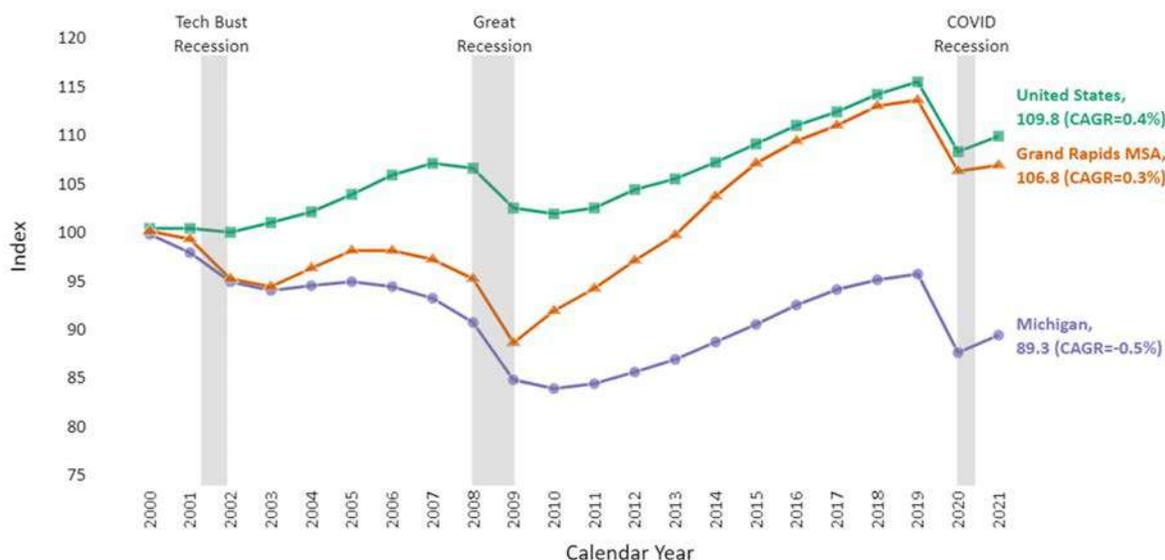
<sup>19</sup> B. Noble, “Business Leaders for Michigan says state lagging in economic growth,” *The Detroit News*, January 12, 2022, <https://www.detroitnews.com/story/business/2022/01/20/business-leaders-michigan-says-state-lagging-economic-growth/6577663001/>.

<sup>20</sup> L. Dunsford, “Opinion: Fixing Michigan’s Talent Crisis,” *The Detroit News*, July 31, 2018, <https://www.detroitnews.com/story/opinion/2018/08/01/opinion-fixing-michigans-talent-crisis/870871002/>.

the Grand Rapids MSA after the Great Recession. The Grand Rapids MSA has been historically known as a hub for furniture manufacturing. Over the past decade, the MSA’s manufacturing sector diversified to include automotive, medical devices, food processing, and aerospace defense. In food processing, the craft beer industry grew rapidly. Auto parts manufacturers also enjoyed a strong rebound from increased car sales nationally during the past decade. Apart from manufacturing, the Grand Rapids MSA also developed as a regional healthcare hub for western Michigan. The education and health services sector, which is currently the third largest nonfarm employment sector in the Grand Rapids MSA, was the fastest growing sector from 2001 through 2019.<sup>21</sup>

In 2020, the COVID-19 pandemic caused a deep recession that resulted in unprecedented job losses across the nation. Employment fell by 6.1 percent nationally and nearly the same in the Grand Rapids MSA. Michigan again suffered a larger loss with employment falling by more than 8 percent. Some of those job losses were recovered the following year. In 2021, employment increased 1.5 percent across the country, 2.1 percent in the MSA, and 0.6 percent in Michigan. The patterns so far suggest a faster recovery than in the aftermath of the Great Recession.

Figure 20 | Employment Index (2000=100), 2000-2021



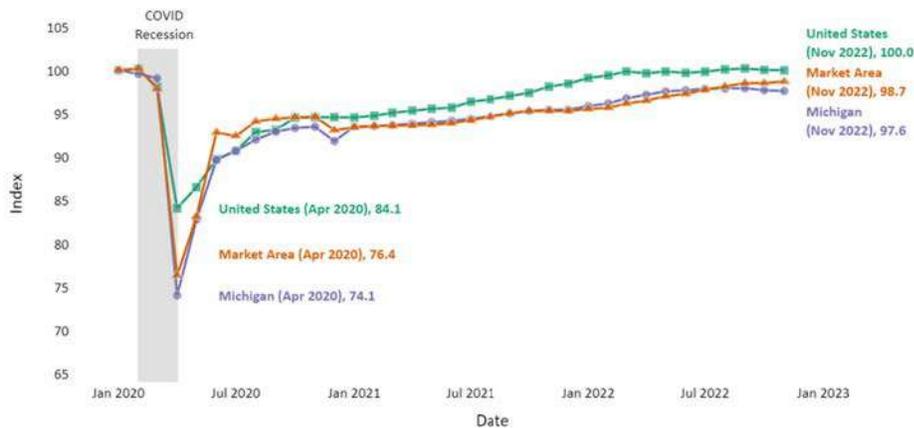
Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

Recessions typically result in decreases in employment, and the 2020 recession caused unprecedented decreases in employment in all geographic levels (Figure 21). Between January and

<sup>21</sup> U.S. Department of Housing and Urban Development Office of Policy Development and Research, *Grand Rapids-Wyoming, Michigan, Comprehensive Market Analysis*, July 1, 2021, <https://www.huduser.gov/portal/publications/pdf/GrandRapidsWyomingMI-CHMA-21.pdf>.

April 2020, employment decreased 24 percent in the Grand Rapids MSA and 26 percent in Michigan, far more than the 16 percent nationwide decrease. However, employment rebounded strongly in the Grand Rapids MSA and in Michigan that, by November 2022, employment had returned to 98 percent of January 2020 levels in Michigan and to 99 percent in the Grand Rapids MSA. Nationally, employment recovery has reached 100 percent of the pre-pandemic level.

Figure 21 | Employment Recovery from COVID-19 Recession (January 2020=100), January 2020-November 2022



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

### Nonfarm Employment by Industry

A diversified economy is important in achieving robust economic growth and withstanding economic shocks. On the other hand, heavy specialization in a few industries—especially those that are pro-cyclical, such as construction, mining, and manufacturing—increases the exposure of the local economy to business cycle fluctuations and downturns in particular industries. However, regions tend to specialize in certain economic activities owing to natural resources, geographic attributes, labor supply, business climate, and other factors.

Figure 22 compares the distribution of employment by industry sector in the Grand Rapids MSA and the United States in 2022. It also shows each industry sector’s location quotient (LQ) for the MSA. LQ indicates the extent to which a geographic region “specializes” in an industry sector. It measures the degree to which a particular industry sector has a greater share of regional employment relative to its share of total U.S. employment. An LQ greater than one indicates that an industry has a higher share of employment in the region than in the nation; therefore, it indicates the region’s specialization in that industry. An LQ less than one indicates that an industry has a smaller share of employment in the region and is, therefore, less important in the region than at the national level.

The Grand Rapids MSA shows specialization in manufacturing. Manufacturing has the highest LQ of 2.4, and it also accounts for the largest share of more than 20 percent—109,000 jobs—of total employment in the region. Manufacturing accounts for 2.4 times more jobs in the Grand Rapids MSA than would be expected if its share of regional employment were the same as its national share of only 8.4 percent. Heavy reliance on manufacturing exposes the MSA to deeper downturns during recession, when demand especially for durable goods typically decreases. For example, in the early 2000s, major furniture manufacturers in the Grand Rapids MSA laid off nearly 2,000 employees because the U.S. demand for office furniture decreased during the 2001 recession. From 2006 through 2009, manufacturing employment contracted sharply in the Grand Rapids MSA because of a broad-based decrease in demand. Local auto parts manufacturers in the Grand Rapids MSA were adversely affected by the bankruptcies of the Chrysler Corporation and General Motors, facing weak demand for vehicles. Manufacturing employment is also susceptible to supply-side shocks—such as the effect of automation to the automobile manufacturing industry in the 2000s. During the recession in 2020, at the onset of the COVID-19 pandemic, industries that could not operate with employees working remotely suffered the largest employment losses. Among them is manufacturing, which posted the second largest number of jobs lost in the Grand Rapids MSA—after leisure and hospitality. Supply chain disruptions resulting in the national shortage of semiconductor chips caused another round of layoffs in the automobile manufacturing industry. Temporary office closures and the transition to remote work depressed sales for the local office furniture makers. The appreciation of the U.S. dollar also weakened demand from abroad for goods manufactured in the Grand Rapids MSA.<sup>22</sup>

To a much lesser degree, the Grand Rapids MSA also specializes in professional and business services (LQ 1.1), which encompasses consulting, law, engineering, and design. The sector employs approximately 92,000 in the Grand Rapids MSA and accounts for the third largest share (close to 15 percent) of regional employment. Professional and business services led job growth in the mid-2000s, making up for some of the weaknesses in manufacturing. It also contributed to the rapid employment growth in the MSA during the 2010s.<sup>23</sup>

Trade, transport, and utilities; education and health services; and construction all have about the same regional shares of employment as their national shares. Education and health services is worth noting for leading long-term employment growth from 2001 through 2019 in the Grand Rapids MSA. The Grand Rapids MSA has developed to become a regional healthcare hub for western Michigan.<sup>24</sup> All the other sectors have significantly smaller regional employment shares relative to their national shares: government; leisure and hospitality; financial activities; other services; and information.

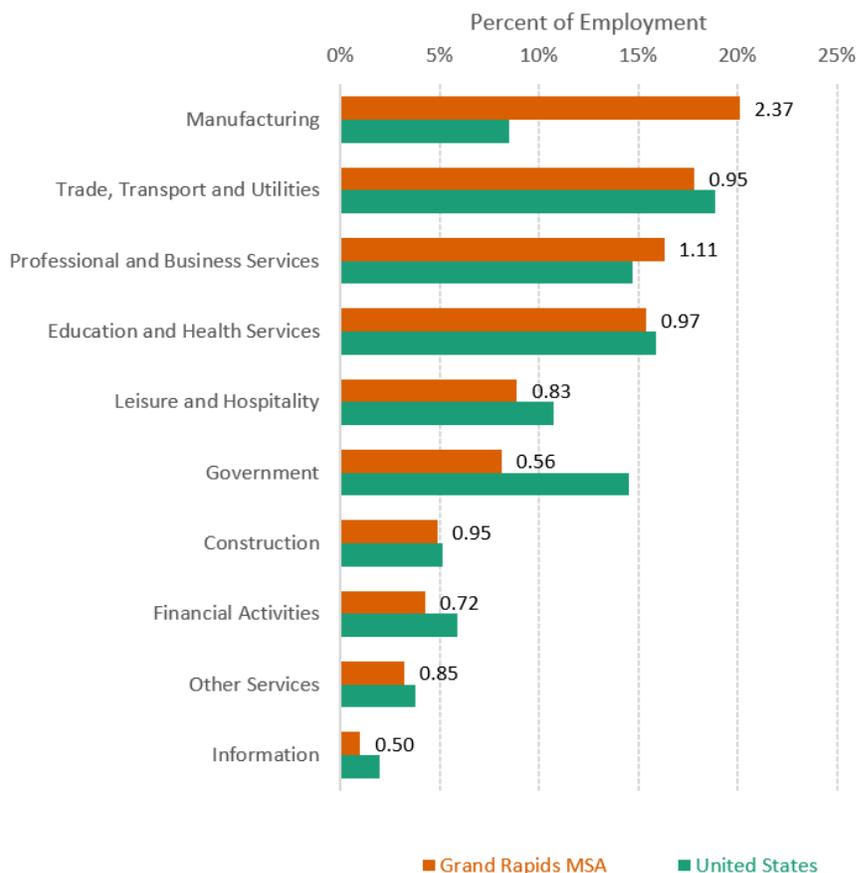
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<sup>22</sup> U.S. Department of Housing and Urban Development Office of Policy Development and Research, *Grand Rapids-Wyoming, Michigan, Comprehensive Market Analysis*, July 1, 2021, <https://www.huduser.gov/portal/publications/pdf/GrandRapidsWyomingMI-CHMA-21.pdf>.

<sup>23</sup> *Ibid.*

<sup>24</sup> *Ibid.*

Figure 22 | Percent Employment and Location Quotients—Selected Nonfarm Sectors, 2022

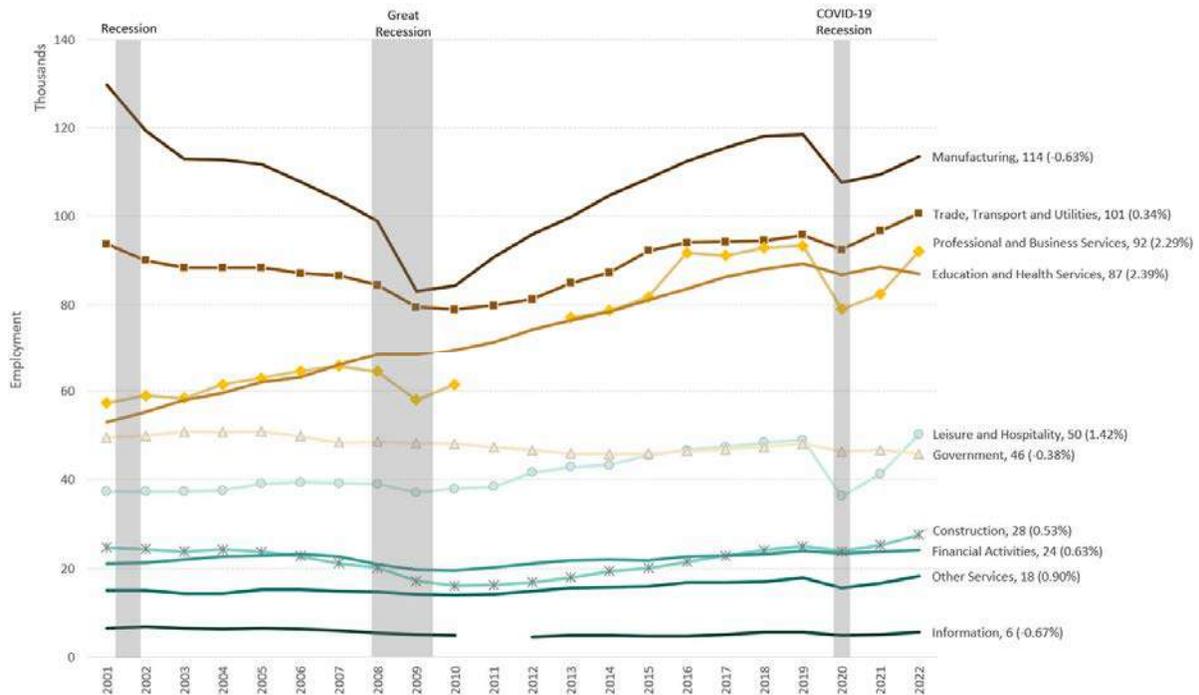


Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.  
 Data based on the sum of employment in Ionia, Kent, Montcalm and Ottawa counties in June 2022 (the latest county data available).

Figure 23 shows the trends in employment from 2001 through 2022 by industry sector in the Grand Rapids MSA. Over the period, education and health services, professional and business services, and leisure and hospitality led in employment growth with CAGRs of 2.39 percent, 2.29 percent, and 1.42 percent, respectively. Other services, financial activities construction, and trade transport and utilities all had positive growth, but at slower rates, while information, manufacturing, and government suffered declines.

Certain sectors are more susceptible than others to layoffs during recessions, particularly manufacturing and leisure and hospitality. During the COVID-19 recession, all industries in the Grand Rapids MSA suffered employment losses, but to different degrees. In order, leisure and hospitality, professional and business services, and manufacturing employment suffered the largest losses. Table 4 shows that, as of June 2022, six of 10 industry sectors have fully recovered to pre-pandemic employment levels. The following four sectors have not yet recovered fully as of mid-2022: government; manufacturing; education and health services; and professional and business services.

Figure 23 | Employment by Selected Nonfarm Industry Sector in Grand Rapids MSA, 2001-2022



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.  
Data for 2022 are as of June (the latest county data available). CAGRs are shown in parentheses. Totals are the sum of current MSA counties (except for government, which is based on the MSA total). Incomplete data series for the Professional and Business Services sector and the Information sector are due to government disclosure laws. Gray areas indicate economic recession periods.

Table 4 | Ratio of 2022 Employment to 2019 Employment by Sector in the Grand Rapids MSA

Sector	Ratio
Construction	1.105
Trade, Transport and Utilities	1.051
Leisure and Hospitality	1.027
Other Services	1.023
Information	1.018
Financial Activities	1.008
Professional and Business Services	0.986
Education and Health Services	0.974
Manufacturing	0.958
Government	0.952

Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.  
Data for 2022 are as of June, the latest county data available.

### Leading Employers

The Grand Rapids MSA is home to numerous large organizations. Table 5 lists the top 25 by the approximate number of local employees, which shows a preponderance of manufacturing firms and

education and health services organizations. The three largest employers are Spectrum Health, Meijer, and Mercy Health Saint Mary’s.

Table 5 | Leading Employers in the Grand Rapids MSA

Rank	Company	Approximate Employees	County	Sector
1	Spectrum Health	25,000	Kent	Healthcare
2	Meijer, Inc.	10,340	Kent	Retail
3	Mercy Health Saint Mary's	8,500	Kent	Healthcare
4	Gentex Corporation	5,800	Ottawa	Manufacturing
5	Gordon Food Service, Inc.	5,000	Kent	Wholesale/Distribution
6	Amway	3,791	Kent	Manufacturing
7	Herman Miller, Inc.	3,621	Ottawa	Manufacturing
8	Steelcase, Inc.	3,500	Kent	Manufacturing
9	Farmers Insurance Group	3,500	Kent	Insurance
10	Steelcase, Inc.	3,500	Kent	Manufacturing
11	Farmers Insurance Group	3,500	Kent	Insurance
12	Grand Valley State University	3,306	Ottawa	Education
13	Lacks Enterprises, Inc.	3,000	Kent	Manufacturing
14	Grand Rapids Public Schools	2,800	Kent	Education
15	Hope Network	2,162	Kent	Not For Profit
16	Metro Health Hospital	2,100	Kent	Healthcare
17	Roskam Baking Co.	2,090	Kent	Manufacturing
18	Fifth Third Bank, West MI	2,062	Kent	Finance
19	Haworth Inc.	2,000	Ottawa	Manufacturing
20	SpartanNash	2,000	Kent	Wholesale/Distribution
21	Shape Corporation	1,700	Ottawa	Manufacturing
22	Challenge Manufacturing Co.	1,700	Kent	Manufacturing
23	Wolverine Worldwide, Inc.	1,500	Kent	Manufacturing
24	Ventra Ionia Main, LLC	1,468	Ionia	Manufacturing
25	City of Grand Rapids	1,335	Kent	Government

Sources: The Right Place, Fortune, Forbes, and Unison Consulting, Inc..

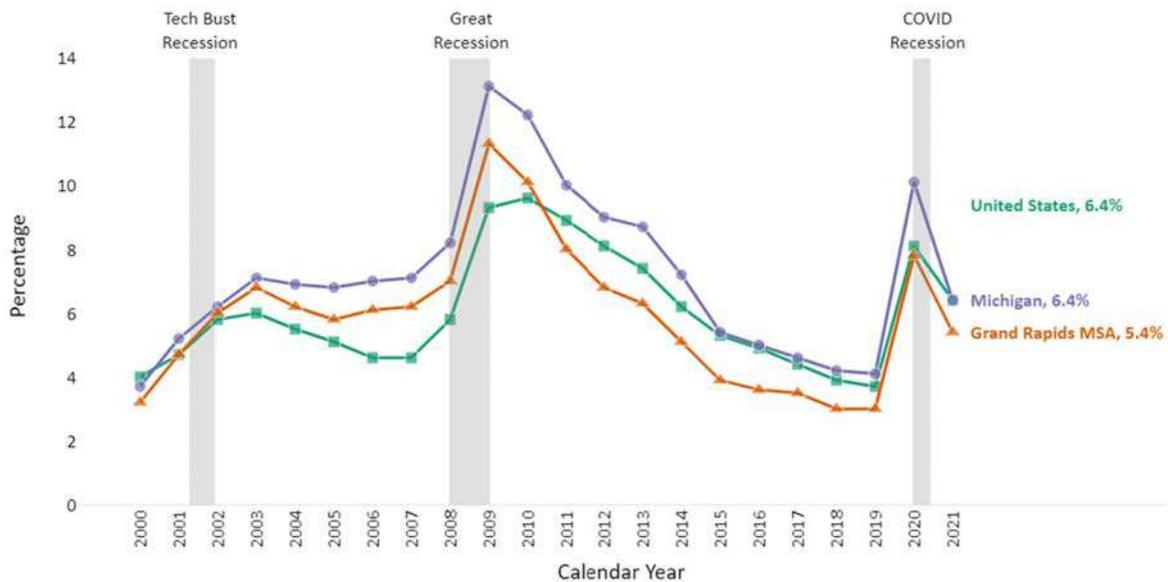
## Unemployment

The unemployment rate represents the share of unemployed members of the labor force (those 16 years and older who are either employed, or, unemployed and actively looking for work). It provides a measure of unmet demand for jobs. High levels of unemployment imply lower incomes and less discretionary income for travel. As with employment, the unemployment rate follows business cycles (Figure 24).

During the Great Recession, the annual average unemployment rate spiked to 11.5 percent in the MSA and more than 13.1 percent in Michigan, compared to just under 10 percent nationwide. Unemployment rates declined steadily through 2019 to historically low levels—under 3 percent in the Grand Rapids MSA and about 4 percent in both Michigan and the United States. Since 2011, the Grand Rapids MSA has enjoyed lower unemployment rates than the United States—even through the rise in unemployment rates during the pandemic years. Annual average unemployment rates

reached lower peaks, compared with the peaks during the Great Recession. Unemployment rates averaged 8.1 percent in the Grand Rapids MSA and the United States and about 10 percent in Michigan in 2020, and quickly decreased to 5.4 percent in the MSA and 6.4 percent in both the nation and Michigan in 2021.

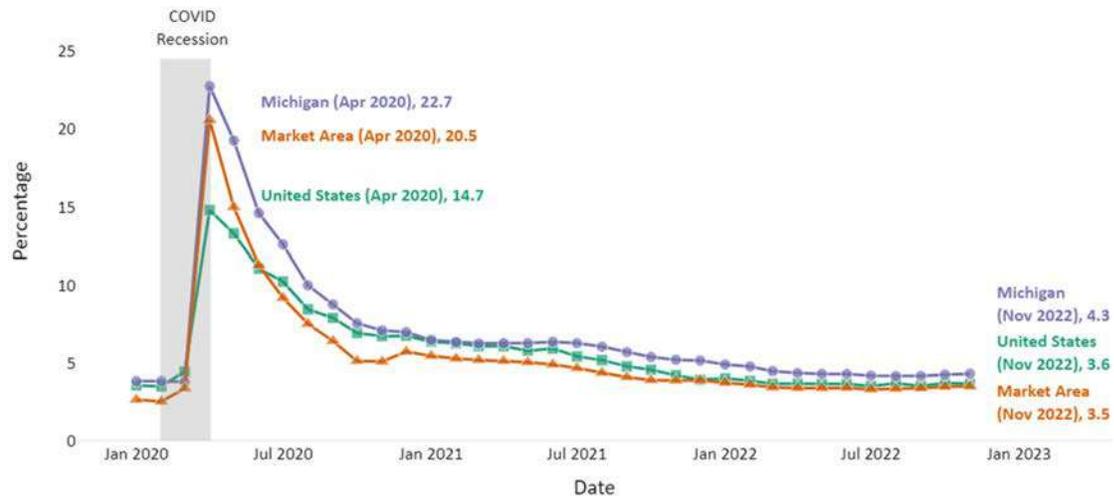
Figure 24 | Annual Unemployment Rate, 2000-2021



Sources: Bureau of Labor Statistics and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

Monthly data show much higher peaks reached in April 2020, with the peaks in the Grand Rapids MSA (20.5 percent) and Michigan (almost 23 percent) surpassing the U.S. level (14.7 percent) (Figure 25). They also show how fast unemployment rates have fallen since. As of November 2022, unemployment rates had fallen to 3.5 percent in the Grand Rapids MSA, 3.6 percent in the United States, and 4.3 percent in Michigan—additional evidence of a strong recovery from the COVID-19 pandemic.

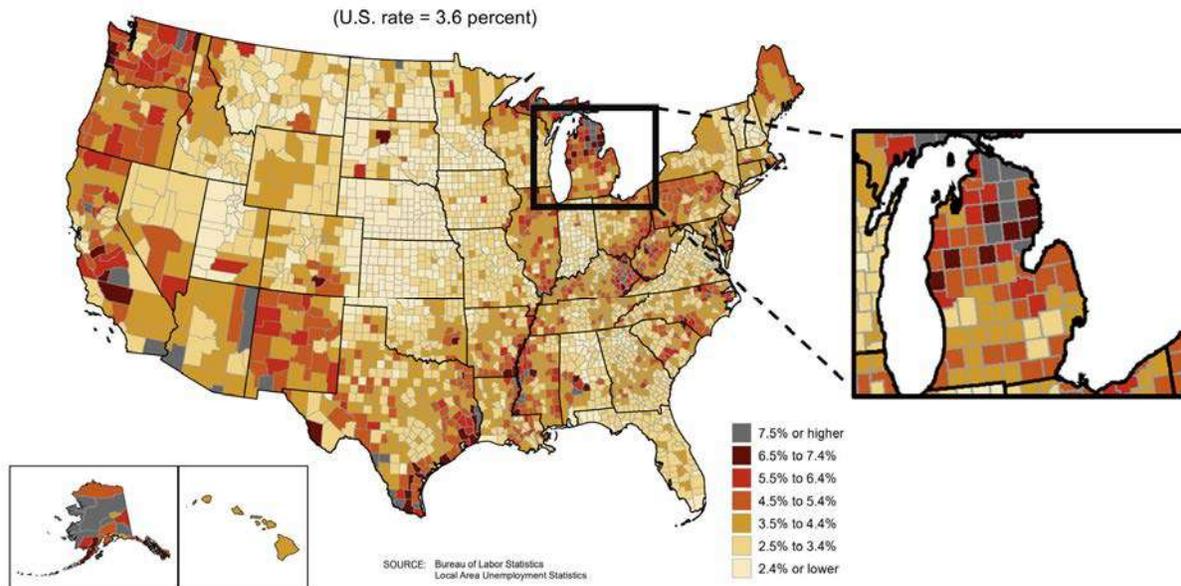
Figure 25 | Monthly Unemployment Rate (Seasonally Adjusted), January 2020-November 2022—  
Recovery from the COVID-19 Recession



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

Figure 26 provides additional regional context for these unemployment figures. The map shows average county-level unemployment from November 2021-October 2022, as well as a more detailed view of Michigan (inset map). The Grand Rapids MSA and the entire Service Area have lower unemployment rates than surrounding areas in Michigan, northern Illinois, and northern Ohio.

Figure 26 | Average Unemployment Rate by County, 2022



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

Rapid economic recovery has created a labor shortage—in December 2022, there were approximately 2 job openings per unemployed person.<sup>25</sup> Airlines and airports are facing the impact of this shortage—for flight crew, airport facility staff, and other workers. The labor shortage prompted industry-wide cuts in airline schedules, raising airfares, and slowing passenger traffic recovery.<sup>26</sup>

### 2.4.3 | Commuting and Traffic

Grand Rapids has an in-area commuting efficiency of approximately 67 percent. This means that 67 percent of all employees in the four-county MSA also live in the MSA. The remaining 33 percent commute to the MSA from outside the area. Overall, the MSA is a net provider of jobs. Although some residents of the MSA also commute elsewhere for work, there is a net inflow of almost 79,000 commuters into the MSA.<sup>27</sup>

<sup>25</sup> U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey.

<sup>26</sup> J. Puckett, “U.S. Airlines Are Cutting Thousands of Fall Flights—Here’s What to Know,” *Conde Nast Traveler*, August 19, 2022.

<sup>27</sup> U.S. Census Bureau.

Relatively speaking, traffic is not a serious problem in Grand Rapids. Intercity travel times only increase by about 7 percent in peak periods compared with nonpeak times.<sup>28</sup> This compares favorably to the U.S. medium city average of an approximately 8 percent difference. Relatively benign traffic conditions promote reliable access to GRR.

#### 2.4.4 | Tourism

Although the leisure and hospitality sector is relatively small in the Grand Rapids MSA, tourism is an important driver of air transportation demand and regional economic growth. Tourism is considered a “basic” economic activity and a key driver of economic growth. It brings “new” money to a region from visitor spending on food, lodging, recreation, and other services provided by local businesses.<sup>29</sup>

In 2021, approximately 19 million people visited Grand Rapids—59 percent on day trips and 41 percent on overnight trips. Of those who came to Grand Rapids for an overnight stay, approximately 22 percent arrived by plane. About 44 percent of all visitor trips to Grand Rapids were to visit friends and relatives; 36 percent were for other leisure and personal purposes; and approximately 10 percent were for business, conventions, or a combination of business and leisure. Sixty percent of visitors originated elsewhere in Michigan, and 40 percent came from out of state—mostly from California, Illinois, New York, and Texas. Visitors generated total spending of \$1.4 billion in the regional economy, contributing to business sales and supported jobs for local residents.<sup>30</sup>

### 2.5 | Other Macroeconomic Indicators

Conditions in the broader U.S. economy affect regional economic conditions and overall demand for air transportation. The current trends in key macroeconomic indicators give mixed signals for the future.

#### 2.5.1 | Consumer Spending

Consumer spending, a bellwether measure of the economy, continues to signal a growing economy. Personal consumption expenditures (PCE) account for about 66 percent of the U.S. GDP. Figure 27 shows that, apart from a few dips during the Great Recession and again during the COVID-19 pandemic, consumer spending has continuously increased. During the Great Recession, consumer spending decreased by 4 percent over eight months in late 2008 and early 2009. It subsequently rose to 51 percent above the pre-recession peak by February 2020. During the COVID-19 pandemic, consumer spending decreased 18 percent between February and April 2020 but rebounded

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<sup>28</sup> This implies that a 30-minute drive in a non-peak time would take approximately 32 minutes during peak times. Source: Texas A&M Transportation Institute, “2021 Urban Mobility Report,” September 8, 2021, <http://mobility.tamu.edu>.

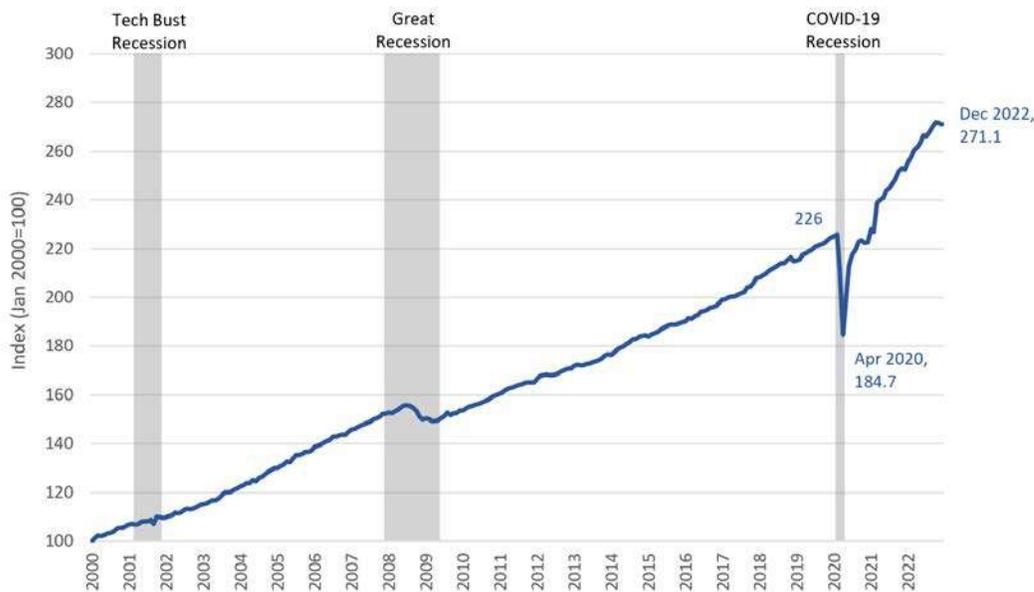
<sup>29</sup> In regional economic development theory, “basic” industries are those that generate revenue from customers from outside the region, thus bringing “new money” into the region.

<sup>30</sup> *Experience Grand Rapids*, “Travel USA Visitor Profile,” 2021.

quickly. It increased 47 percent through December 2022 to a level 20 percent above the pre-pandemic peak.

Consumer spending has been buoyed by high levels of excess savings and increases in household wealth from earlier gains in stock and housing prices during the pandemic.<sup>31</sup> The effect of high inflation, however, is starting to show as spending begins to outstrip incomes and consumers begin to draw down savings.<sup>32</sup>

Figure 27 | Personal Consumption Expenditures Index (January 2000=100), January 2000-December 2022



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

Data from the Federal Reserve Bank of New York’s recurring household spending survey provide evidence of changing trends in consumer spending.<sup>33</sup> From late 2014 through 2019, consumers’ expected change in spending over the upcoming 12 months closely tracked the actual change in spending over the previous 12 months. Expected household spending averaged about 0.33 percent higher than past spending. During most of 2020 and 2021, both past and expected spending rose

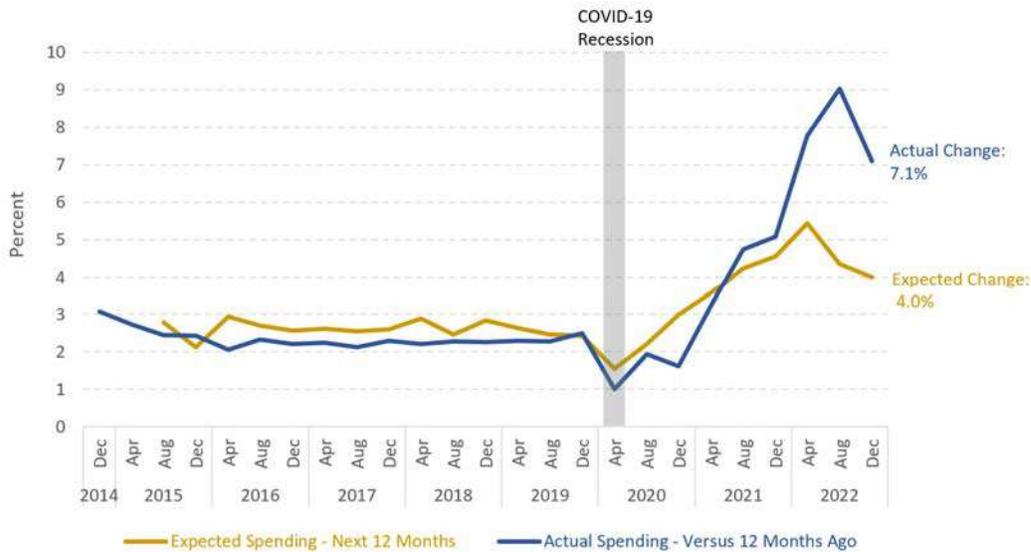
<sup>31</sup> A. Aladangady, D. Cho, L. Feiveson, and E. Pinto, “Excess Savings during the COVID-19 Pandemic,” *FEDS Notes*, Board of Governors of the Federal Reserve System, October 21, 2022.

<sup>32</sup> T. Quinlan and S. Seery, “Spending Outstrips Income for the 8<sup>th</sup> Time in 9 Months,” *Wells Fargo Economics*, October 28, 2022.

<sup>33</sup> The survey measures the median percentage change in monthly household spending compared with a year ago, and the median expected change in household spending over the next 12 months.

dramatically. By August 2022, changes in actual household spending over the previous year reached 9 percent (bolstered by income gains during the pandemic). During the fourth quarter of 2022, actual changes in spending over the previous 12 months and expected spending over the next 12 months fell. This signals a possible slowing of growth in consumer spending.

Figure 28 | Percentage Change in Household Spending: Actual vs. Previous 12 Months, and Expected for the Next 12 Months, 2014-2022



Sources: Federal Reserve Bank of New York and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

### 2.5.2 | Personal Saving

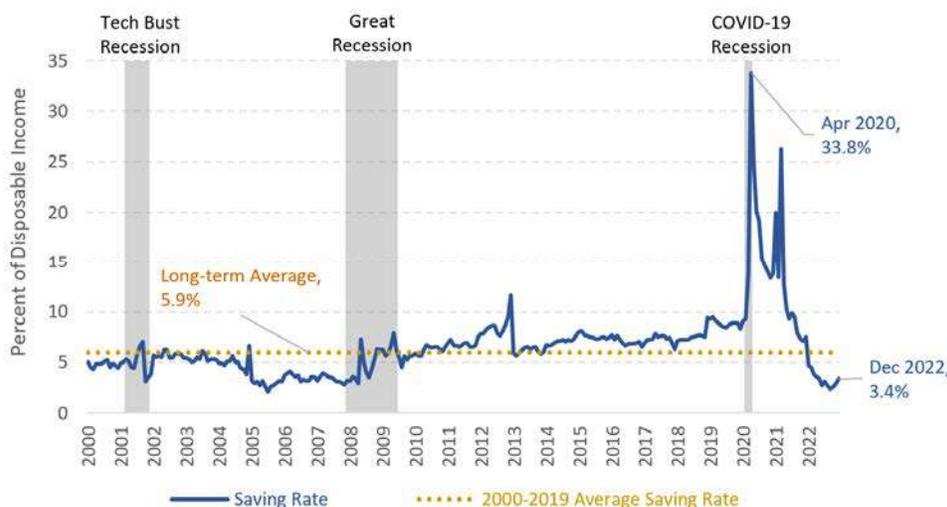
The personal saving rate soared during the pandemic. Social distancing curtailed household spending, and income transfers from COVID-19 relief packages<sup>34</sup> boosted household incomes. This resulted in trillions of dollars of accumulated savings.

Figure 29 shows monthly personal savings as a percentage of disposable income from January 2000 to September 2022. The long-term average prior to the pandemic (2000-2019) was 5.9 percent. In 2020 and 2021, the personal saving rate reached levels above 30 percent. The accumulated savings has enabled consumers to sustain spending, including travel, amid price increases in 2021 and 2022. In 2022, however, the personal saving rate has fallen below its long-term average to 3.4 percent in December.

<sup>34</sup> CARES Act in March 2020, the Consolidated Appropriations Act in December 2020, and the American Rescue Plan in March 2021.

Consumers have begun to draw down accumulated savings. Accumulated “excess” savings during the pandemic are estimated to have fallen to just over \$1 trillion as of October 2022, down from a peak of more than \$2 trillion at the end of 2021.<sup>35</sup>

Figure 29 | Personal Saving Rate, Monthly, 2000-2022



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

### 2.5.3 | Inflation

Strong consumer demand and supply constraints have created an inflationary environment. Inflation, mostly at or below 2 percent between 2010 and 2020, has risen to levels not seen since the early 1980s (Figure 28). The headline inflation rate, measured by the All-Items Consumer Price Index (CPI), reached 9.1 percent in June 2022. Core inflation, which excludes highly price-volatile items like food and energy, has also been high, reaching 6.6 percent in September 2022. Inflation eased slightly in late 2022 but is still well above the Federal Open Market Committee’s (FOMC) long-term goal of 2 percent.

### 2.5.4 | Consumer Sentiment

Based on a recurring survey conducted by the University of Michigan, consumer sentiment reached its lowest level in years during 2022—another indicator of caution regarding near-term economic conditions (Figure 31). The index measures consumer confidence in the economy and suggests future demand behavior and business activity.<sup>36</sup> After a decade-long recovery from low levels reached during the Great Recession, consumer sentiment fell steeply since February 2022. While

<sup>35</sup> T. Quinlan, S. Seery, and J. Kohl, “Spending Surges as Inflation Cools, but Savings Rate Dips to 17-Year Low,” *Wells Fargo Economics*, December 1, 2022.

<sup>36</sup> W. Huth et al., “The indexes of consumer sentiment and confidence: Leading or misleading guides to future buyer behavior,” *Journal of Business Research*, March 1994.

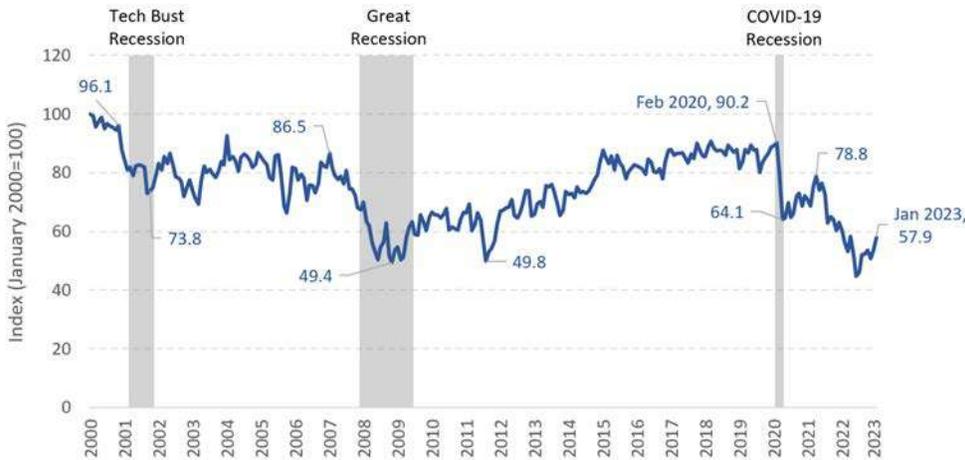
the index recovered slightly in late 2022 and January 2023, consumers appear concerned about high inflation and increasingly uncertain about the near-term economic outlook.

Figure 30 | Consumer Price Index, Monthly, January 2000-January 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

Figure 31 | University of Michigan Consumer Sentiment Index (January 2000=100), January 2000-January 2023



Sources: University of Michigan Consumer Sentiment Index, retrieved from FRED, Federal Reserve Bank of St. Louis; and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

### 2.5.5 | Industrial Production

Industrial production is a primary index of economic activity, tracing the output of manufacturing, mining, and utilities (for example, power generation). Industrial production tends to move in

concert with business cycles (Figure 32). During each of the last three recessions, industrial production dropped significantly. Most recently, industrial production fell by about 19 percent between the fourth quarter of 2018 and the second quarter of 2020. By the third quarter of 2022, production had returned to pre-pandemic levels and a generally upward trajectory. The recovery period this time was much shorter than the seven years it took to recover from the Great Recession. Going forward, however, industrial production is set to slow if consumers reduce spending amid high prices and high interest rates.

Figure 32 | Industrial Production Index (Q1 2000=100), 2000-2022



Sources: Board of Governors of the Federal Reserve and Unison Consulting, Inc. Gray areas indicate economic recession periods.

### 2.5.6 | Global Supply Chain Pressures

During the pandemic, the fragility of the global supply chain was exposed as COVID-19 led to the shutdown of factories across the globe, bottlenecks in transportation, and a shortage of workers.<sup>37</sup> Nearly all industries were impacted—manufacturing, construction, retail, and wholesale were among the hardest hit.<sup>38</sup> Supply chain bottlenecks restricted the availability of raw materials, manufacturing capabilities, and product accessibility, leading to price increases.

On a broad level, supply chain problems have started to recede. Figure 33 shows the Global Supply Chain Pressure Index (GSCCI), which is calculated by the Federal Reserve Bank of New York to

<sup>37</sup> P. Goodman, “How the Supply Chain Broke, and Why It Won’t Be Fixed Anytime Soon,” *The New York Times*, October 31, 2021.

<sup>38</sup> S. Helper and E. Soltas, “Why the Pandemic Has Disrupted Supply Chains,” The White House Council of Economic Advisers Written Materials Blog, June 17, 2021, <https://www.whitehouse.gov/cea/written-materials/2021/06/17/why-the-pandemic-has-disrupted-supply-chains/>.

measure strain in the supply chain by combining a variety of transport cost measures with the Purchasing Manager Index. Higher values indicate more stress while lower values indicate a system running smoothly. The index had been hovering near zero for most of the past two decades. However, in 2020, the index rose to about 3.0, and after a brief fall, climbed even higher to 4.3 in December 2021. Since then, the index has again fallen (to 1.0 in January 2023)—a positive indication that the global logistics system is adapting to the demands of the post-pandemic era.

Supply-chain issues have not disappeared.<sup>39</sup> Aircraft manufacturing continues to be plagued with supply bottlenecks that impact both production and delivery.<sup>40</sup> There are also continuing concerns about the shortage of computer chips. Production of chips has yet to return to levels that can meet demand for processor-intensive products such as automobiles.<sup>41</sup> China's 'dynamic zero COVID-19' strategy has also had an impact on the production of some products.<sup>42</sup> China relaxed this policy in December 2022, but the outcome remains uncertain, particularly in the near term.<sup>43</sup>

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<sup>39</sup> KPMG and Association for Supply Chain Management, "Seeking Supply Chain Stability in an Era of Volatility," September 2022, [https://www.ascm.org/globalassets/ascm\\_website\\_assets/docs/stability-index-report.pdf](https://www.ascm.org/globalassets/ascm_website_assets/docs/stability-index-report.pdf).

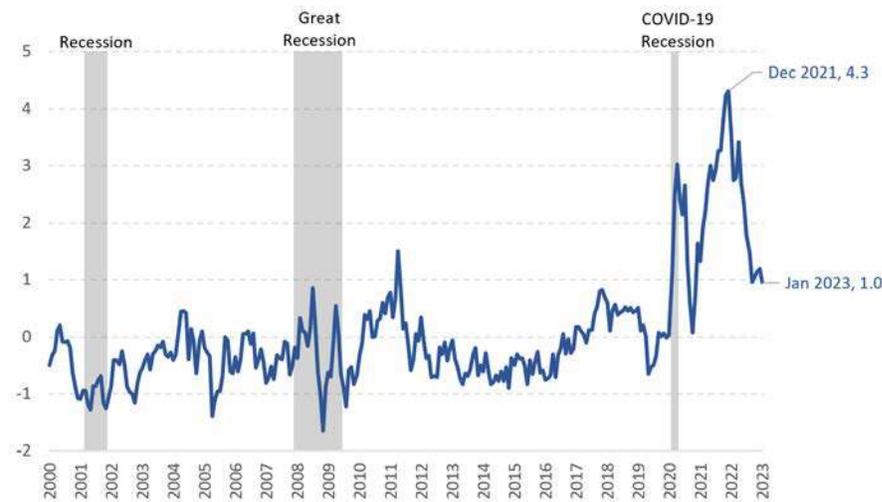
<sup>40</sup> A. Tangel and B. Katz, "Airlines Face a Shortage of New Boeing, Airbus Jet," *The Wall Street Journal*, October 3, 2022.

<sup>41</sup> S. Shankland, "Global Chip Shortage and \$53B Subsidy Boosts US Manufacturing," *CNET*, August 11, 2022.

<sup>42</sup> T. Higgins, "Apple Warns iPhone Production Disrupted by China Covid-19 Restrictions," *The Wall Street Journal*, November 6, 2022.

<sup>43</sup> W. Shih, "China's Zero-Covid Exit and the Potential for 2023 Supply Chain Disruptions," *Forbes*, December 13, 2022.

Figure 33 | Global Supply Chain Pressure Index, January 2000-January 2023



Sources: Federal Reserve Bank of New York and Unison Consulting, Inc.  
Gray areas indicate economic recession periods.

## 2.6 | Economic Outlook

The COVID-19 pandemic has ebbed, but the U.S. economy is showing signs of slowing amid inflationary pressures, weakening consumer confidence, and tightening monetary policy. The Federal Open Market Committee (FOMC) has been actively raising interest rates in 2022 and 2023 to slow inflation. Between March 2022 and February 2023, the FOMC increased the Fed Funds rate eight times—by a total of 450 basis points, increasing the cost of capital for individuals and corporations. A strong dollar, which fundamentally signifies a strong economy, is dampening demand for U.S. exports. The global economy is also slowing—the International Monetary Fund (IMF) cut 2023 global growth forecasts, citing the effects of inflation, Russia’s invasion of Ukraine, and China’s economic slowdown.<sup>44</sup>

Many aspects of the U.S. economy continue to show strength: the labor market, consumer spending, industrial production, and corporate profits, among others. The pressures on the global supply chain have also eased, reducing supply constraints. Over the long-term, history has proven the resilience of the U.S. economy—its ability to bounce from shocks and return to a growth trajectory.

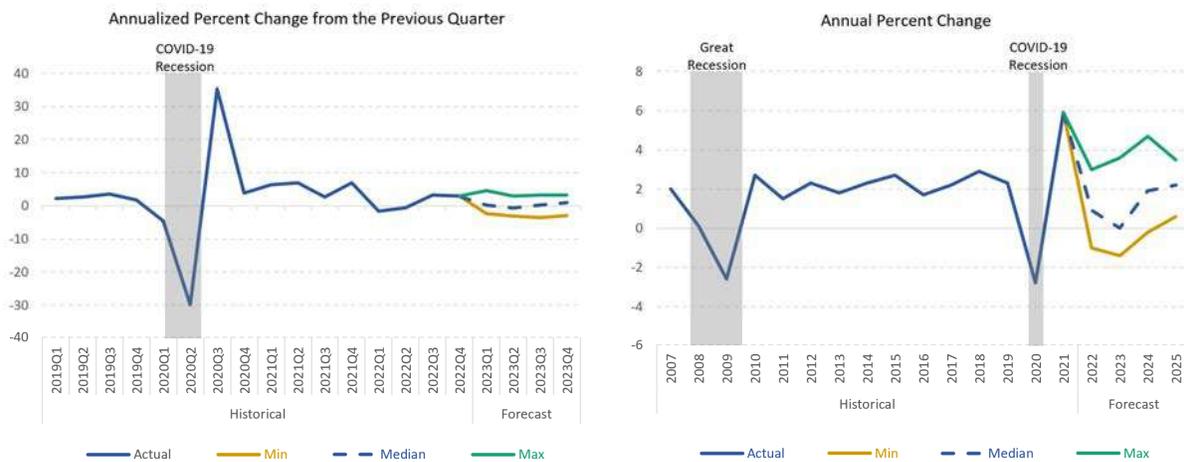
### 2.6.1 | Short-Term Outlook

Predictions are cautious about the short-term economic outlook. According to the median estimates from *The Wall Street Journal* (WSJ) January 2023 Economic Forecasting Survey, U.S. real GDP is forecast to grow 0.28 percent in the first quarter of 2023, -0.65 percent in the second quarter of 2023, 0.2 percent in the second quarter of 2023, and 1 percent in the fourth quarter of 2023 (Figure

<sup>44</sup> Yuka Hayashi, “IMF Cuts 2023 Global Growth Forecast, Citing Inflation, War and China Slowdown,” *The Wall Street Journal*, October 11, 2022.

34). On an annual basis, the median estimate for GDP growth is 0.01 percent in 2023, 1.9 percent in 2024, and 2.2 percent in 2025. The range of predictions varies widely, including predictions of negative growth. The January 2023 WSJ median estimate for the probability that the U.S. economy will slide into another recession within 12 months was 61 percent.<sup>45</sup>

Figure 34 | US Real GDP, Quarterly and Annual Change



Sources: U.S. Bureau of Economic Analysis, *The Wall Street Journal* January 2023 Economic Forecasting Survey, and Unison Consulting.

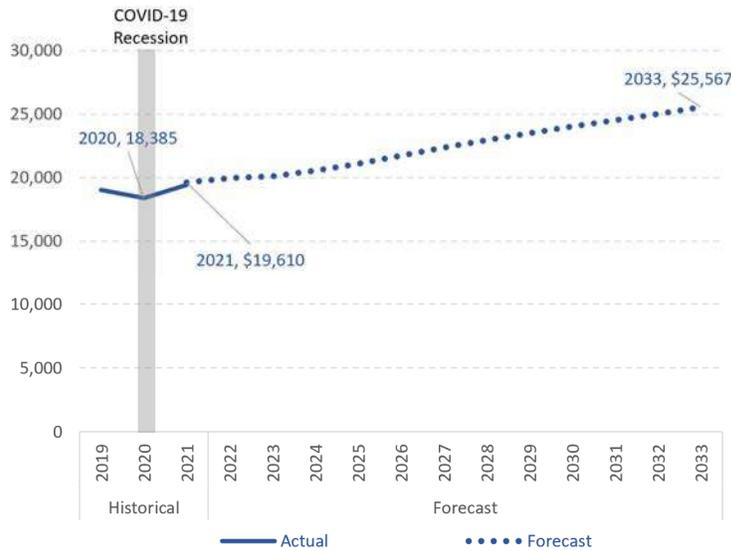
Gray areas indicate economic recession periods

### 2.6.2 | Long-Term Outlook

In the long run, the U.S. economy is projected to return to a steady growth path (Figure 35). Moody’s Analytics forecasts the U.S. real GDP to grow at a compound annual rate of 2.3 percent from 2022 to 2033.

<sup>45</sup> Based upon the predictions of surveyed economists.

Figure 35 | Long Term Projected U.S. Real Gross Domestic Product (\$ Billions), 2019-2032

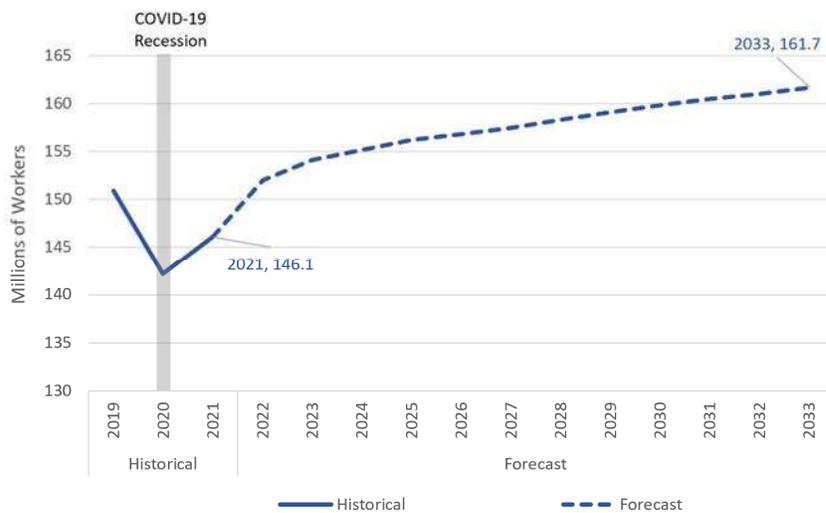


Sources: U.S. Bureau of Economic Analysis, Moody’s Analytics November 2022 Baseline Forecast, and Unison Consulting, Inc.

Gray areas indicate economic recession periods.

Following the trend in economic output, U.S. employment is also expected to demonstrate robust growth throughout the next decade (Figure 36). After falling by almost 6 percent between 2019 and 2020, non-farm employment is forecast to reach pre-pandemic levels by the end of 2022. According to Moody’s Analytics, U.S. employment is projected to gain over 9.6 million jobs between 2022 and 2033, increasing at a compound annual rate of about 0.6 percent.

Figure 36 | Historical and Forecast Nonfarm Employment, 2019-2033

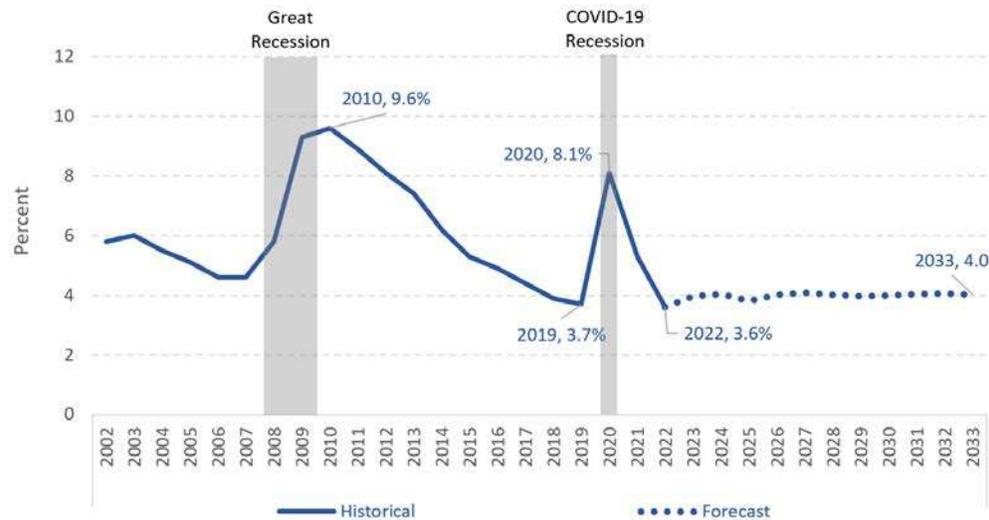


Sources: U.S. Bureau of Economic Analysis, Moody’s Analytics November 2022 Baseline Forecast, and Unison Consulting, Inc.

Gray areas indicate economic recession periods.

Moody’s Analytics projects the U.S. unemployment rate to rise slightly above current low levels to 4.0 percent in 2033—staying at levels deemed consistent with a full-employment economy. Figure 37 shows forecast annual unemployment rates with historical data from 2002 to provide a long-term perspective.

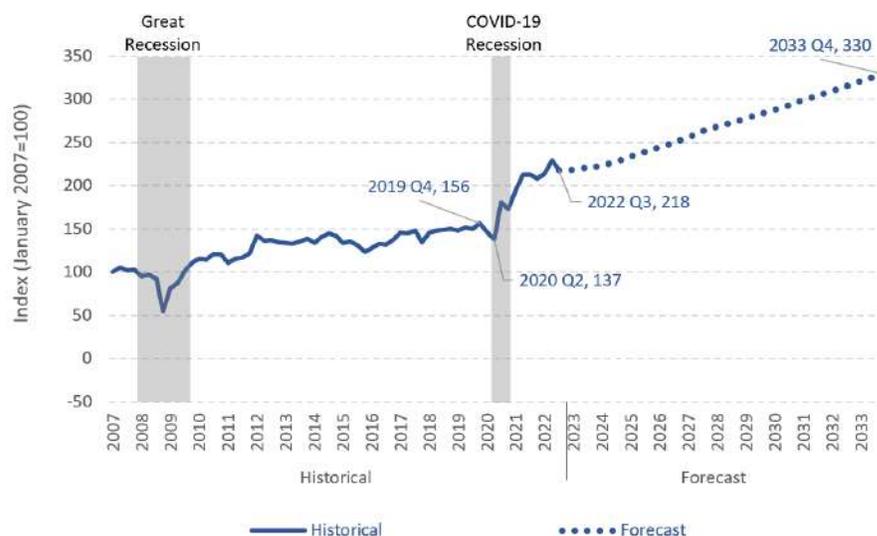
Figure 37 | Historical and Forecast Unemployment Rate, 2002-2033



Sources: U.S. Bureau of Labor Statistics, Moody’s Analytics November 2022 Baseline Forecast, and Unison Consulting, Inc. Gray areas indicate economic recession periods.

Corporate profits, which have increased sharply since the downturn in the second quarter of 2020, are projected to stay flat through 2023 and then accelerate in growth through 2033, also according to Moody’s Analytics’ forecast (Figure 38). Between 2022 and 2033, corporate profits are forecast to increase 59 percent (CAGR, 4.3 percent)—faster than pre-pandemic growth.

Figure 38 | Historical and Forecast Corporate Profits (After Tax) Index (January 2007=100), 2007-2033



Sources: U.S. Bureau of Economic Analysis, Moodys Analytics October 2022 Baseline Forecast, and Unison Consulting, Inc. Gray areas indicate economic recession periods.

### 2.6.3 | Summary

Macroeconomic trends show mixed signals, particularly in the short run, and GDP growth is forecast to slow. Consumer spending remains strong, although consumer confidence has begun to wane over inflation and recession worries. Rising interest rates—a consequence of Fed funds rate hikes to slow inflation—dampen housing demand and threaten to slow capital investment. Labor demand, industrial production, and corporate profits remain strong, and supply-chain bottlenecks have eased. Beyond 2023, the outlook remains positive, with GDP, employment, and corporate profits returning to their long-term growth trajectories. However, potential new variants of COVID-19 continue to present risks.

At the regional level, the economic outlook is optimistic. On the surface, GDP, employment, business creation, and income in the Grand Rapids MSA lagged national growth over the past two decades, largely due to the contraction in the manufacturing sector during the 2000s. The regional economy has since diversified, and trends since 2010 show a broad-based acceleration of growth. The MSA had strong employment recovery following the Great Recession, and again following the COVID-19 recession. Since 2011, the MSA has enjoyed lower unemployment rates than the United States. In addition, the region has favorable demographic attributes: an acceleration of population growth due to net in-migration, a growing foreign-born population, a younger population, high educational attainment, above-U.S. median household income, and relatively low cost of living. The regional economy, however, remains heavily specialized in the pro-cyclical manufacturing sector, exposing the regional economy to the risk of deeper downturns during U.S. economic recessions.

## SECTION 3 | COMMERCIAL AVIATION ACTIVITY

This section reviews the historical trends in commercial aviation activity at the Airport, explains the development of forecasts, and present the results. The analysis of historical aviation, within the context of the demographic and economic trends discussed in the previous section, informs the development of forecasts of commercial aviation activity. Lastly, the section reviews broader factors that bring uncertainty to future traffic.

Throughout the section, the effect of the COVID-19 pandemic is noted. Commercial aviation is one of the industry sectors that has suffered the most severe disruption due to the pandemic. Global passenger traffic fell to unprecedented low levels. At U.S. airports, including GRR, passenger traffic decreased to as little as 3 to 5 percent of normal levels in April 2020.

At GRR, monthly enplanements recovered well, with total enplanements in 2023 of 1.746 million, which is almost at the pre-pandemic (2019) level of 1.804 million.

### 3.1 | Air Carriers

Commercial air service consists of scheduled passenger service, non-scheduled passenger service (charters) and all-cargo service. Table 6 lists the air carriers serving the Airport in 2022.

Table 6 | Air Carriers with Scheduled Service at GRR, 2022

Passenger Carriers	All-Cargo Carriers
Allegiant Air	CSA Air <sup>4</sup>
American Airlines <sup>1</sup>	FedEx
Delta Air Lines <sup>2</sup>	
Frontier Airlines	
Southwest Airlines	
United Airlines <sup>3</sup>	

<sup>1</sup> Operated by American Airlines and regional affiliates, PSA Airlines, Envoy Air, SkyWest Airlines, and Piedmont Airlines.

<sup>2</sup> Operated by Delta Air Lines and regional affiliates, Endeavor Air and SkyWest Airlines.

<sup>3</sup> Operated by United Airlines and regional affiliates, GoJet Airlines, SkyWest Airlines, Mesa Airlines, Republic Airways, and Air Wisconsin.

<sup>4</sup> Operates for Fedex Corporation.

Source: OAG Schedules Analyzer.

Currently there are six passenger carriers at the Airport: Allegiant Air, American Airlines, Delta Air Lines, Southwest Airlines, United Airlines, and Frontier Airlines. Allegiant, Frontier, and Southwest use only their mainline fleet for all their flights. American, Delta, and United use both their mainline fleet and regional affiliates. A total of nine regional carriers operated at the Airport in September 2022.

Altogether, the six passenger carriers and nine regional affiliates provided scheduled nonstop passenger service, consisting of an average of 47 flights and 5,092 seats a day, from GRR to 25 other

U.S. airports in 20 metro markets. They carried mainly domestic O&D traffic—passengers whose trip origin or final destination is the local area.

FedEx and CSA Air, also operating for FedEx, provided all-cargo service.

### 3.2 | Major Developments Affecting U.S. Airport Traffic

Fundamentally, passenger traffic is driven by changes in economic conditions—the demand for air travel grows during periods of economic expansion and declines during periods of economic recession. Since 1980, the U.S. economy has gone through six recessions, from peak to trough: January to July 1980, July 1981 to November 1982, July 1990 to March 1991, March 2001 to November 2001, December 2007 to June 2009, and, most recently, February to April 2020.<sup>46</sup> Passenger traffic is also affected by significant changes in airline network strategies and rare events such as the 9/11 terrorist attacks that took place during the 2001 economic recession, and the ongoing COVID-19 pandemic that caused the 2020 economic recession.

The U.S. aviation industry enjoyed several periods of rapid expansion, including the 1980s following the federal deregulation of the industry and the 1990s during a decade-long economic boom. The long-running U.S. economic expansion came to an abrupt end with the bursting of the dot-com bubble in 2001. Since then, additional adverse events have prompted significant structural changes in the industry that continue to shape the industry today.

On September 11, 2001, terrorists attacked two American Airlines' flights and one United Airlines' flight, resulting a significant drop in air travel demand in the ensuing months. U.S. airlines, especially American Airlines and United Airlines, suffered huge financial losses. After the terrorist attacks, airport security tightened. Longer passenger screening times discouraged air travel particularly to short-haul destinations that could be reached by ground transportation. Airlines competed for passengers by lowering airfares. Both leisure and business travelers became increasingly price sensitive, as the internet made it easy to search for and compare airfares.

Weak economic growth after the 2001 recession slowed air traffic recovery. Meanwhile, airlines faced rising fuel costs. Fuel prices more than quadrupled from 2002 to 2008 remaining at record high levels through 2014. Amid record fuel prices, the U.S. economy entered the Great Recession from December 2007 to June 2009—by far the longest U.S. economic recession since the Great Depression. The recession spread globally and weakened worldwide demand for passenger and air cargo services. Because of the significant job losses and large declines in household income and asset values, the economy—and passenger and cargo demand for air transport—took a long time to recover.

The series of major shocks to the U.S. aviation industry set in motion significant structural changes. Mounting financial difficulties led to airline bankruptcies and mergers that left the U.S. airline industry with four major airlines—American, Delta, Southwest, and United—controlling 80 percent

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<sup>46</sup> National Bureau of Economic Research Business Cycle Dating Committee, *Chronology of U.S. Business Cycles*, July 19, 2021.

of the U.S. domestic passenger traffic. Surviving airlines responded with various cost-cutting measures. They retired old aircraft, acquired larger and more fuel-efficient aircraft, and added seats to existing aircraft. They transferred routes between mainline and regional service to better match the supply of seats with demand. They implemented changes to their route networks to maximize profits—moving flights from less to more profitable markets. They implemented pricing changes to increase revenue. They made deliberate cuts to flight schedules to increase load factors and improve aircraft utilization—a business strategy that has become known as the U.S. airline industry capacity rationalization. U.S. airlines cut domestic seat capacity approximately 20 percent between 2005 and 2014—the cuts fell disproportionately on small and medium hub airports.

Bad weather, natural disasters, disease outbreaks, and geopolitical conflicts presented additional challenges, disrupting airline operations, decreasing demand for air travel, and hampering economic recovery.

The U.S. economic recovery from the Great Recession was slow, but it proceeded to become the longest U.S. economic expansion on record, lasting through February 2020. As air travel demand returned, the U.S. airline industry began earning profits in 2010 and sustained those profits for more than 10 years straight. In late 2014, jet fuel prices began falling, allowing airlines to boost profits, renew fleets, and increase flight schedules while maintaining capacity discipline. The benefits to STL came later in 2015 when the Airport began to see growth in airline seats and passenger traffic. As the economy continued to expand, nationwide air traffic growth accelerated in the last quarter of the decade—despite other shocks including the grounding of the Boeing 737 MAX in 2019, a recent addition to the commercial passenger aircraft fleet.

In 2020, COVID-19 infections broke out, and the spread of the virus was declared a global pandemic on March 11, 2020. Air travel came to a near halt and U.S. airport passenger traffic plummeted nearly 97 percent in mid-April 2020. Passenger traffic has since risen, but the aviation industry has yet to return to pre-pandemic levels.

The COVID-19 pandemic has had a significant impact on air travel, starting with the unprecedented drop in passenger traffic levels in April 2020. Even though recovery has ensued, the pandemic has set in motion structural changes in both the demand for air travel and the supply of airline passenger service that may have long-lasting effects on the airline industry.

Unlike the experience following previous shocks, business travel has been slower to recover from the pandemic than personal travel for leisure or visiting friends and relatives (VFR). Factors delaying business travel recovery include the widespread adoption of virtual conferencing, the delay in the full return of workers to offices, and the possible permanent transition to remote work and hybrid work practices. International travel was suspended for an extended period; it continues to be depressed by international travel bans and quarantine requirements that remain in place in many countries. The slow recovery in business and international travel continues to slow passenger traffic recovery at most airports.

In response to the pandemic-induced decrease in air travel demand, airlines reduced capacity by retiring older aircraft models and postponing the delivery of new ones. Airlines also shrank their workforce by creating incentives for voluntary retirement and extended leave. These measures

helped airlines reduce cash burn and financial losses during the depths of the depression in traffic. In 2022, demand recovery accelerated. Airlines have restored flights, but their ability to meet demand has been constrained by fleet and labor shortages, hiring difficulties, resurgences in COVID-19 infections, and employee sick calls.

Unlike the aftermath of the Great Recession, consumers recovered strongly from the deep but brief recession caused by the COVID-induced economic lockdowns and stay-at-home orders. This time households emerged, on average, with relatively healthy finances and the ability to spend on pent-up demand for travel.

### 3.3 | GRR Long-Term Enplanement History

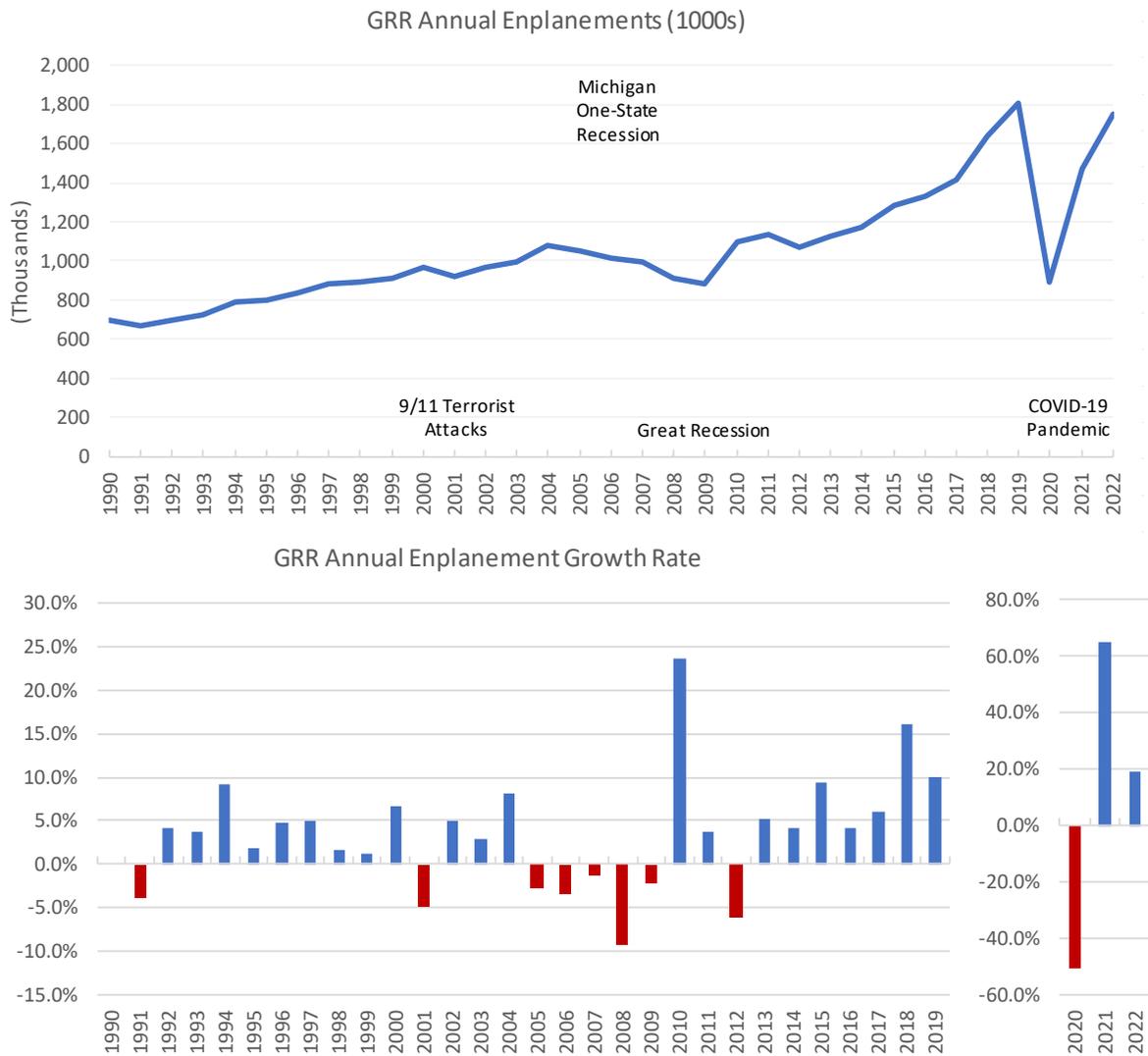
Michigan airports, including GRR, faced an even more challenging business environment within the state. Michigan's economy did not recover between the 2001 recession and the 2008-2009 Great Recession. Michigan stayed in recession through most of the 2000s—referred to as Michigan's One-State Recession. Michigan lost many jobs from the downturn in the U.S. auto industry that has a large presence and broad industry linkages in the state and the Grand Rapids MSA. GRR's service area fared better than the rest of Michigan, but it also suffered significant decreases in employment and population.

Since 1990, GRR's annual enplanements have declined on nine occasions—one in 1991 and eight since 2000 (Figure 39). On the first seven occasions, all prior to 2010, traffic declined due to economic recessions. During Michigan's One-State Recession, which continued into the Great Recession, GRR's passenger traffic declined in five consecutive years from 2005 to 2009. Airport enplanements decreased from their previous peak level of 1.07 million in 2004 to 888,000 in 2009, their lowest level since 1997. As the economy recovered nationwide, airline service expanded at GRR and passenger traffic rebounded strongly. AirTran Airways began service at GRR in 2010 and prompted other airlines like Delta Air Lines and Allegiant Air to increase service as well. In that year alone, the Airport's total enplanements increased nearly 24 percent to 1.1 million, surpassing the 2004 peak when annual enplanements first exceeded 1 million.

In 2012, traffic declined because airlines cut overall seat capacity to reduce costs, increase aircraft utilization, and improve financial results—an industry measure that became known as airline capacity rationalization. Following each decline, traffic recovered and continued to grow, especially from 2012 onward, reaching an all-time peak of approximately 1.8 million enplanements in 2019.

In March 2020, the COVID-19 outbreak was declared a global pandemic. In the following month, efforts to contain the spread of infections caused a sharp drop in enplanements at airports across the country and the globe, and air traffic nationwide plummeted nearly 97 percent on April 14, 2020. GRR's enplanements in particular experienced an overall decline of 51 percent between 2019 and 2020. However, monthly enplanement levels started to improve again over 2021. By the end of 2021, GRR achieved a 65 percent increase from its 2020 decline, with a total of about 1.5 million enplanements. Recovery continued through 2022, reaching a total 1.7 million enplanements by the end of the year—about 97 percent of GRR's former 2019 peak.

Figure 39 | GRR Historical Enplanement Trends, 1990-2022



Source: Airport records.

### 3.3.1 | GRR Comparison with National Trends

The strong rebound in enplanements since 2010—which coincides with the strong economic rebound in the Grand Rapids MSA—has put GRR ahead of national trends in overall traffic growth from 1990. Table 7 and Figure 40 compare the trends in GRR enplanements and U.S. system enplanements from 1990 to 2022.

Traffic declined both at GRR and nationwide in 1991 during the U.S. economic recession, and again in 2001, when the U.S. economy went into another recession and terrorists attacked the U.S. aviation system. GRR traffic decreased slightly less than U.S. system traffic in 2001 and recovered immediately in the following year along with U.S. system traffic. However, GRR traffic again

declined each year from 2005 to 2009, while U.S. system traffic did not decline until the next national recession in 2008 and 2009.

GRR traffic fell deeper than U.S. system traffic but had a stronger recovery after the Great Recession. GRR enplanements exceeded their pre-recession peak each year from 2010 through 2019, except in 2012, while U.S. system enplanements exceeded their pre-recession peak starting only in 2014 through 2019. The strong recovery in GRR's passenger traffic increased the Airport's annual share of U.S. system enplanements from 0.14 percent in 2010 to 0.17 percent in 2019.

From 2010 onward, GRR outpaced the U.S. system in enplanement growth, remaining above even through 2020 when both GRR and the U.S. system faced a harsh decline due to the COVID-19 pandemic. GRR's enplanements fell to a level that about matches its previous trough in 2009. Proportionally, however, GRR's 51 percent decline was not as big of a decrease as that of the U.S. system, which fell 62 percent from 2019 to 2020. As a result, GRR's 2020 annual share of enplanements grew to 0.22 percent—the highest it has ever been over the last three decades.

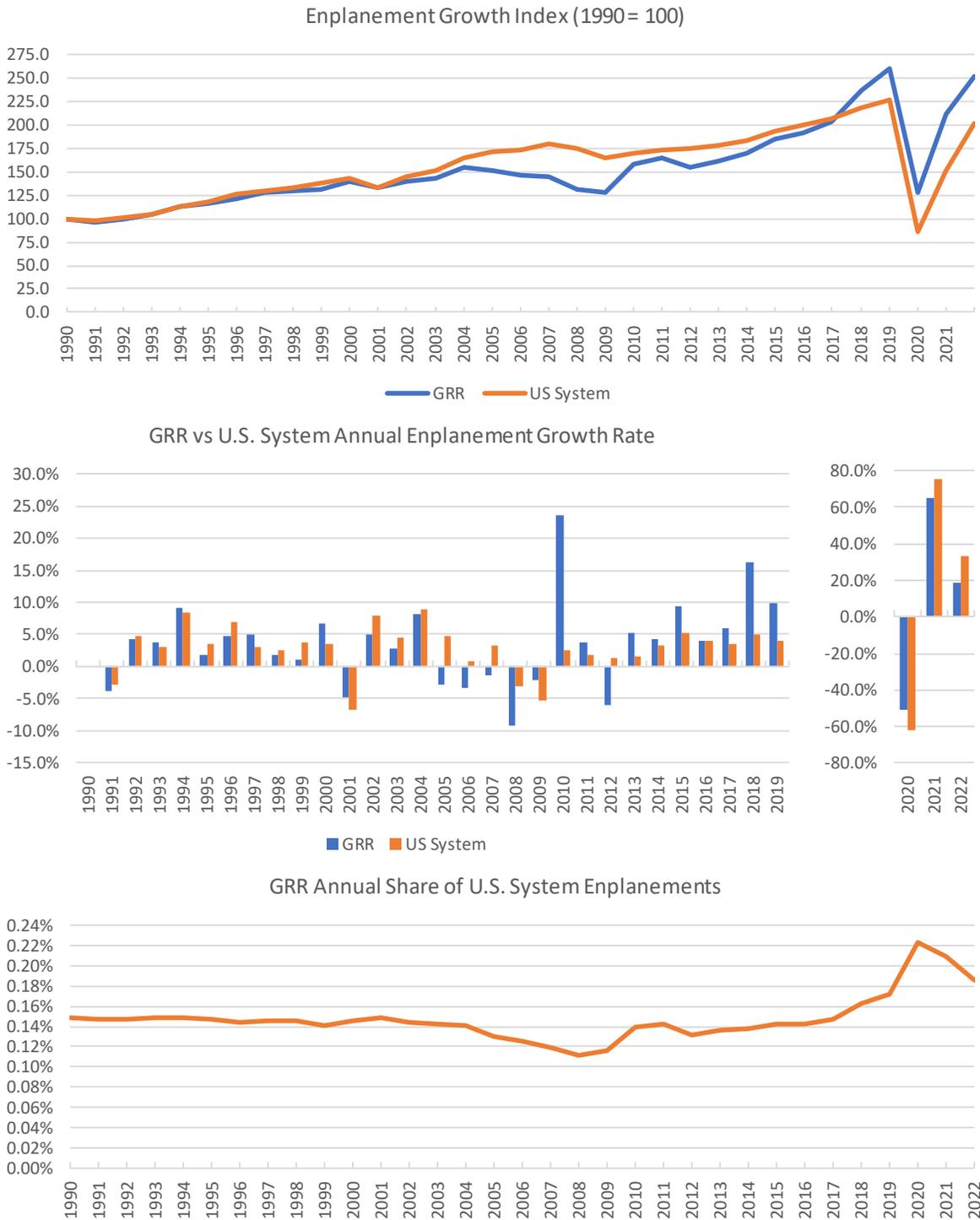
GRR approached its pre-pandemic traffic levels faster than the U.S. system. However, GRR posted a smaller rebound (65 percent) in enplanements compared with the U.S. system (76 percent) from 2020 to 2021. GRR continued to lag behind the U.S. system's recovery through 2022, with an annual enplanement growth of 19 percent (compared to the national growth of 34 percent). As a result, GRR's share of U.S. system enplanements shrank over the course of the COVID-19 pandemic, from 0.22 percent in 2020 to 0.19 percent in 2022.

Table 7 | GRR and U.S. System Annual Enplanements, 1990-2022

Year	GRR		US System		GRR Share of U.S
	EP (1000s)	AGR	EP (1000s)	AGR	
1990	694		465,557		0.15%
1991	667	-3.9%	452,210	-2.9%	0.15%
1992	695	4.2%	473,305	4.7%	0.15%
1993	721	3.8%	487,249	2.9%	0.15%
1994	787	9.1%	528,376	8.4%	0.15%
1995	802	1.9%	547,384	3.6%	0.15%
1996	840	4.8%	584,951	6.9%	0.14%
1997	882	4.9%	603,067	3.1%	0.15%
1998	897	1.7%	618,508	2.6%	0.14%
1999	907	1.2%	642,412	3.9%	0.14%
2000	968	6.7%	665,487	3.6%	0.15%
2001	922	-4.8%	621,369	-6.6%	0.15%
2002	969	5.1%	670,604	7.9%	0.14%
2003	996	2.8%	700,864	4.5%	0.14%
2004	1,078	8.2%	763,710	9.0%	0.14%
2005	1,047	-2.8%	800,850	4.9%	0.13%
2006	1,012	-3.3%	808,103	0.9%	0.13%
2007	999	-1.3%	835,510	3.4%	0.12%
2008	907	-9.2%	809,822	-3.1%	0.11%
2009	888	-2.1%	767,817	-5.2%	0.12%
2010	1,098	23.6%	787,478	2.6%	0.14%
2011	1,138	3.7%	802,135	1.9%	0.14%
2012	1,070	-6.0%	813,123	1.4%	0.13%
2013	1,125	5.2%	825,322	1.5%	0.14%
2014	1,172	4.2%	851,850	3.2%	0.14%
2015	1,281	9.3%	896,632	5.3%	0.14%
2016	1,334	4.1%	931,989	3.9%	0.14%
2017	1,413	5.9%	964,765	3.5%	0.15%
2018	1,641	16.1%	1,013,213	5.0%	0.16%
2019	1,804	10.0%	1,052,981	3.9%	0.17%
2020	889	-50.7%	398,655	-62.1%	0.22%
2021	1,468	65.2%	700,559	75.7%	0.21%
2022	1,746	18.9%	936,923	33.7%	0.19%
Compound Annual Growth Rate					
1990-2019	3.4%		2.9%		
2001-2019	3.8%		3.0%		
2001-2022	3.1%		2.0%		
2010-2019	5.7%		3.3%		
2012-2019	7.8%		3.8%		
2010-2022	3.9%		1.5%		
2019-2022	-1.1%		-3.8%		

Sources: Airport records and U.S. Bureau of Transportation Statistics.

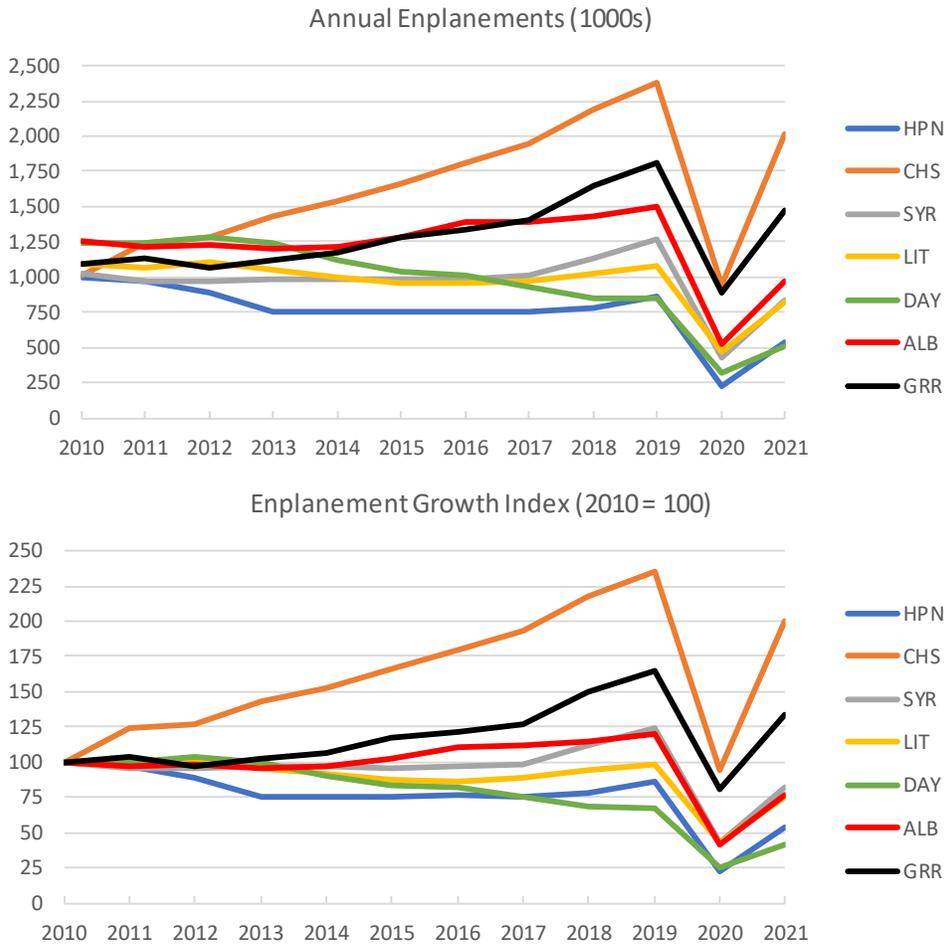
Figure 40 | GRR and U.S. System Enplanement Trends, 1990-2022



Sources: Airport records and U.S. Bureau of Transportation Statistics.

Figure 41 compares GRR with six airports that were closest to GRR in enplanement levels in 2010. GRR fared better than five of its peer airports in cumulative enplanement growth from 2010 to 2021. GRR’s enplanements were the third highest in 2010; GRR moved up to having the second highest enplanements beginning in 2017.

Figure 41 | Enplanement Growth Trends at GRR vs. Peer Airports, 2010-2021



ALB – Albany International Airport  
 CHS – Charleston International Airport  
 DAY – Dayton International Airport  
 GRR – Gerald R. Ford International Airport  
 HPN – Westchester County Airport  
 LIT – Bill and Hilary Clinton National Airport  
 SYR – Syracuse Hancock International Airport

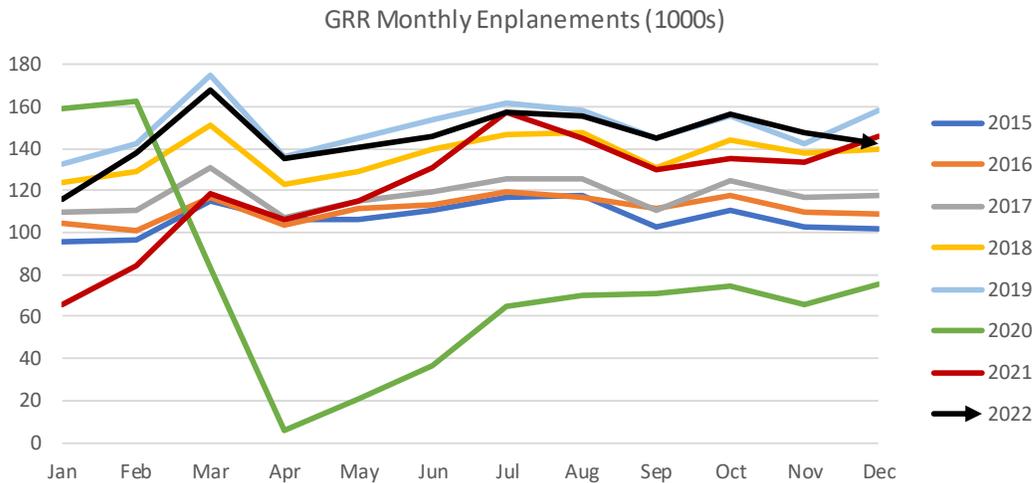
Sources: Airport records for GRR data and U.S. Bureau of Transportation Statistics for other airports. Annual data for the comparison airports are available through 2021 as the date of this report.

### 3.3.2 | Monthly Enplanements

Figure 42 shows the monthly enplanement levels from 2015 through 2022, and Table 8 shows each month’s percent share of enplanements for their respective years. Monthly enplanements show a seasonal pattern. During the year, GRR enplanements typically reach their highest level in March or

the summer months of July and August. Inversely, the Airport’s lowest levels of activity often take place in January, February, or April. This seasonal pattern was disrupted in 2020, when enplanements experienced a sharp decline due to the COVID-19 pandemic; however, GRR began returning to its usual seasonal patterns through 2021, and activity in 2022 appears to have returned to pre-pandemic trends.

Figure 42 | GRR Monthly Enplanement Trends, 2015-2022



Source: Airport records.

Table 8 | GRR Monthly Enplanement Shares, 2015-2022

GRR Monthly Enplanement Shares								
Year	2015	2016	2017	2018	2019	2020	2021	2022
Jan	7.4%	7.8%	7.8%	7.5%	7.4%	17.8%	4.5%	6.6%
Feb	7.5%	7.5%	7.8%	7.8%	7.9%	18.3%	5.7%	7.9%
Mar	9.0%	8.7%	9.2%	9.2%	9.7%	9.4%	8.1%	9.6%
Apr	8.3%	7.8%	7.6%	7.5%	7.5%	0.6%	7.2%	7.7%
May	8.3%	8.4%	8.2%	7.9%	8.0%	2.3%	7.8%	8.0%
Jun	8.6%	8.5%	8.4%	8.5%	8.5%	4.2%	8.9%	8.4%
Jul	9.1%	8.9%	8.9%	8.9%	9.0%	7.3%	10.7%	9.0%
Aug	9.1%	8.7%	8.9%	9.0%	8.8%	7.9%	9.9%	8.9%
Sep	8.0%	8.3%	7.8%	8.0%	8.0%	8.0%	8.9%	8.3%
Oct	8.7%	8.8%	8.8%	8.8%	8.6%	8.4%	9.2%	9.0%
Nov	8.0%	8.2%	8.3%	8.4%	7.9%	7.4%	9.1%	8.4%
Dec	7.9%	8.2%	8.3%	8.5%	8.7%	8.5%	9.9%	8.1%
<b>Total</b>	<b>100.0%</b>							

Third largest share percentage of FY total.

  Second largest share percentage of FY total.

  Largest share percentage of FY total.

Third smallest share percentage of FY total.

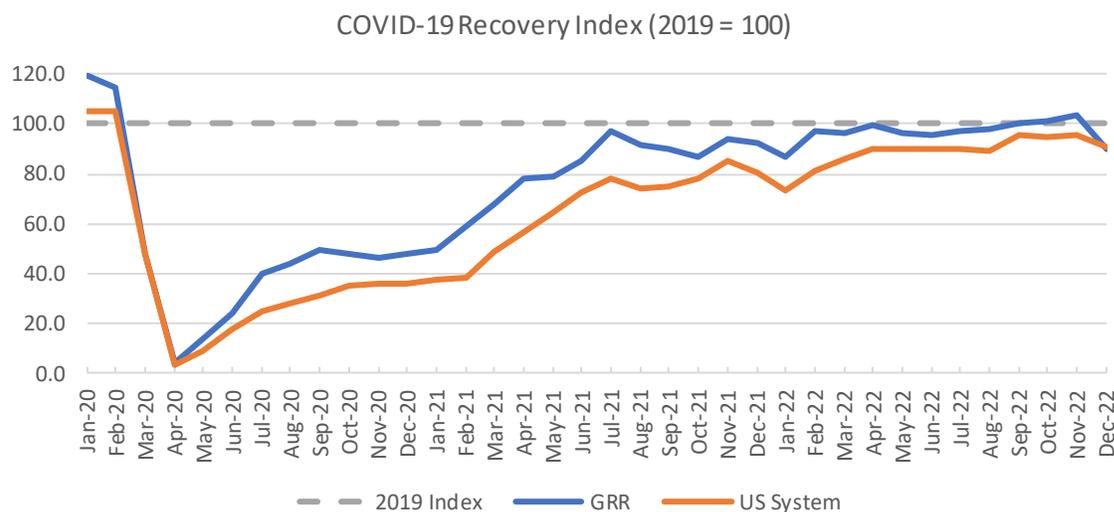
  Second smallest share percentage of FY total.

  Smallest share percentage of FY total.

Source: Airport records.

Monthly enplanement trends since March 2020 reveal the extent of depression from the COVID-19 pandemic, especially in April 2020 when GRR’s enplanements slumped to only 5 percent of their pre-pandemic level in the same month (Figure 43). GRR performed consistently better than national trends in recovery. By July 2021, GRR’s enplanements had recovered to 97 percent of pre-COVID level, compared with a recovery to 78 percent of 2019 levels for U.S. system enplanements. However, recovery was hampered by surges in COVID-19 infections due to the Delta variant during the fourth wave and the Omicron variant during the fifth wave. Monthly enplanement levels lost their upward momentum—it took another 12 months before monthly enplanements began to steadily approach 100 percent recovery. GRR’s enplanements passed pre-pandemic levels in October 2022, and continued to rise to 104 percent of its 2019 level in November 2022, compared to the U.S. system reaching 96 percent of its 2019 level in the same month. However, December 2022 introduced a downturn, which was noticeably sharper for GRR than the national trend, leaving both at 90 percent of their 2019 levels.

Figure 43 | GRR and U.S. System Monthly COVID-19 Recovery Index, January 2020-December 2022



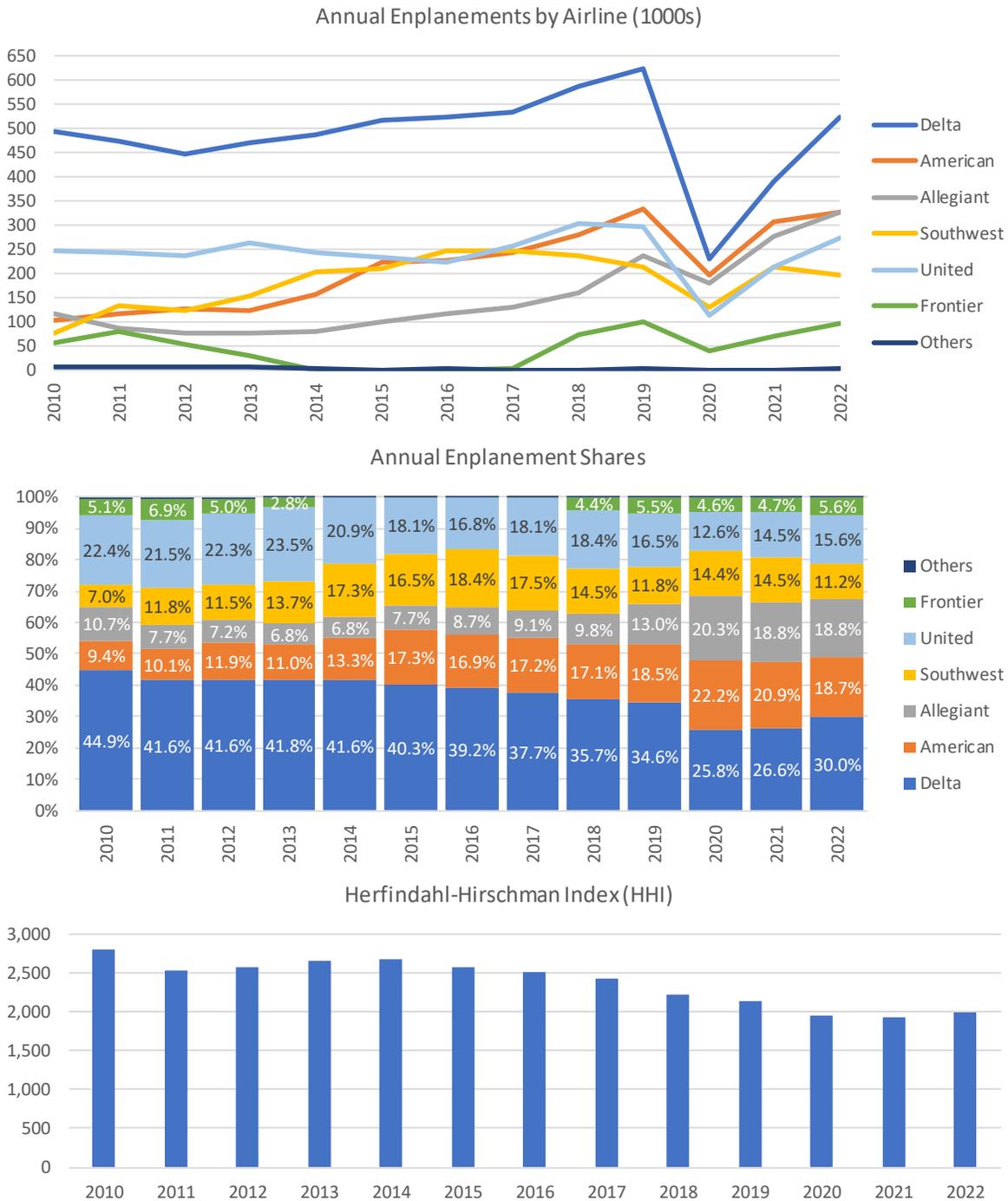
Sources: Airport records for GRR enplanements and U.S. Bureau of Transportation Statistics T-100 Market data for U.S. system enplanements.

### 3.3.3 | Enplanements by Airline

The composition of GRR’s passenger traffic by airline is changing over time, becoming less concentrated and more diversified (Figure 44).

GRR’s Herfindahl–Hirschman Index (HHI), a commonly accepted measure of market concentration, had already fallen from a value close to 4,000 in the mid-2000s to 2,600 in 2010. It continued to fall in the 2010s and fell below 2,000 for the first time in 2020—far below the 2,500-point threshold above which a market would be considered highly concentrated. 2022 introduced slightly more market concentration back into GRR with Delta’s rising share, bringing the Airport’s HHI to 2,004.

Figure 44 | GRR Enplanements by Airline, 2010-2022



Source: Airport records.

United includes Continental’s enplanements prior to their complete integration in November 2011. Southwest includes AirTran’s enplanements prior to their complete integration into Southwest in August 2013. American includes US Airways’ enplanements prior to their complete integration in 2015. “Others” includes charters, Chautauqua (until 2012), and Air Canada (until 2013).

The HHI is the sum of the squares of each airline's enplanement share (multiplied by 100). It would approach zero when a large number of airlines serve an airport with relatively equal enplanement shares and reach a maximum of 10,000 points when an airport is served by a single airline. The HHI decreases both as the number of airlines in the airport market increases and as the disparity in each airline's enplanement share decreases.

While the number of airlines providing scheduled passenger service at GRR has decreased slightly since 2010 largely due to airline mergers and integration,<sup>47</sup> the distribution of enplanements among the remaining airlines has become less concentrated. In 2010, Delta, the largest passenger carrier at GRR at the time, accounted for 45 percent of GRR's enplanements. In 2022, Delta continued to account for the largest share of GRR's enplanements, but its share decreased to 30 percent, followed by American and Allegiant, both with close to 19 percent shares. United is behind them with a 16 percent share, and Southwest with 11 percent—the smallest Southwest has held since 2010.

Another positive development at GRR since 2010 has been the increasing market share of low-cost carriers (LCCs) such as Southwest, Allegiant, and Frontier. The combined LCC share of GRR enplanements increased from 23 percent in 2010 to 37 percent in 2022. These LCCs provide not only low-fare competition to the incumbent legacy airlines, but also point-to-point flight options to GRR passengers.

From 2010 through 2019, American and Southwest led in airline enplanement growth at GRR (Figure 45 and Table 9). American increased its enplanements by 223 percent over this period, counting US Airways' enplanements with American in 2010. Southwest increased its enplanements by 178 percent, counting AirTran's enplanements with Southwest in 2010. This indicates that the American-US Airways merger and the AirTran-Southwest merger did not hurt their operations at GRR. Even after the declines in 2020 from the COVID-19 pandemic, enplanements by American still show the largest overall growth from 2010 through 2022; Southwest, however, faced a decline in 2022, allowing Allegiant to overtake its growth rate.

The strong rebound in Allegiant's enplanements after a 35 percent decline from 2010 through 2013 also contributed to the rapid growth in GRR's enplanements since 2010. Allegiant had doubled its enplanements at GRR by 2019. After enplanement declines during the pandemic, Allegiant still ended 2020 with 53 percent more enplanements at GRR than in 2010. Though 2020 hampered its upward momentum, Allegiant recovered and surpassed its pre-pandemic level the next year, and continued to grow through 2022 with 39 percent more enplanements than its 2019 total.

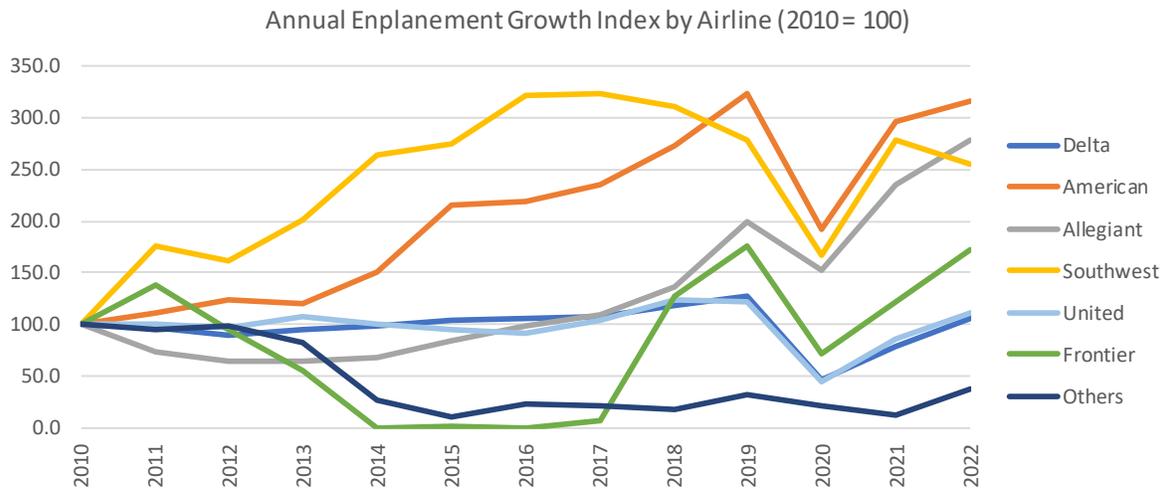
From 2011 to 2014, Frontier declined to a state of little to no service at GRR, which lasted through 2017. However, Frontier made a strong return in 2018, rising to 28 percent above its 2010 level

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<sup>47</sup> Since 2010, the following airlines serving GRR have merged: United and Continental, which completed integration into United in November 2011; AirTran and Southwest, which completed integration into Southwest in August 2013; American and US Airways, which completed integration into American in 2015.

within the year. Like other airlines, Frontier faced a sharp decline over 2020, and still has yet to return to 2019 level as of the end of 2022.

Figure 45 | GRR Enplanement Growth Index by Airline (2010 = 100)



Source: Airport records.

United includes Continental's enplanements prior to their complete integration in November 2011. Southwest includes AirTran's enplanements prior to their complete integration into Southwest in August 2013. American includes US Airways' enplanements prior to their complete integration in 2015. Others includes charters, Chautauqua (until 2012), and Air Canada (until 2013).

Table 9 | GRR Airline Enplanements and Market Shares

<b>GRR Annual Enplanements by Airline (1000s)</b>													
<b>Airline</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Delta	493	473	446	471	488	517	522	533	586	624	229	391	524
American	103	115	127	123	156	222	226	243	281	333	198	306	326
Allegiant	118	87	77	76	80	98	115	128	161	235	180	277	328
Southwest	77	135	123	154	202	211	246	247	238	213	128	213	195
United	245	245	238	265	245	232	224	256	302	298	112	212	273
Frontier	56	78	53	31	0	1	0	4	72	99	41	69	97
Others	6	5	6	5	2	1	1	1	1	2	1	1	2
<b>Airport Total</b>	<b>1,098</b>	<b>1,138</b>	<b>1,070</b>	<b>1,125</b>	<b>1,172</b>	<b>1,281</b>	<b>1,334</b>	<b>1,413</b>	<b>1,641</b>	<b>1,804</b>	<b>889</b>	<b>1,468</b>	<b>1,746</b>
<b>GRR Annual Airline Enplanement Shares</b>													
<b>Airline</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Delta	44.9%	41.6%	41.6%	41.8%	41.6%	40.3%	39.2%	37.7%	35.7%	34.6%	25.8%	26.6%	30.0%
American	9.4%	10.1%	11.9%	11.0%	13.3%	17.3%	16.9%	17.2%	17.1%	18.5%	22.2%	20.9%	18.7%
Allegiant	10.7%	7.7%	7.2%	6.8%	6.8%	7.7%	8.7%	9.1%	9.8%	13.0%	20.3%	18.8%	18.8%
Southwest	7.0%	11.8%	11.5%	13.7%	17.3%	16.5%	18.4%	17.5%	14.5%	11.8%	14.4%	14.5%	11.2%
United	22.4%	21.5%	22.3%	23.5%	20.9%	18.1%	16.8%	18.1%	18.4%	16.5%	12.6%	14.5%	15.6%
Frontier	5.1%	6.9%	5.0%	2.8%	0.0%	0.0%	0.0%	0.3%	4.4%	5.5%	4.6%	4.7%	5.6%
Others	0.5%	0.5%	0.5%	0.4%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
<b>Airport Total</b>	<b>100.0%</b>												
HHI	2,794	2,539	2,581	2,666	2,689	2,586	2,514	2,437	2,233	2,149	1,957	1,939	2,004

Source: Airport records.

United includes Continental's enplanements prior to their complete integration in November 2011. Southwest includes AirTran's enplanements prior to their complete integration into Southwest in August 2013. American includes US Airways' enplanements prior to their complete integration in 2015. Others includes charters, Chautauqua (until 2012), and Air Canada (until 2013).

### 3.4 | Top O&D Markets

Table 10 and Figure 46 show the Airport's top 25 O&D markets in CY2021, ranked by share of GRR's total enplanements. They include the nation's top leisure destinations such as Las Vegas, Miami, and New York. All 25 markets accounted for 70 percent of GRR's 2021 enplanements. The top five, by share of GRR enplanements in 2021, were: Orlando, St. Petersburg, Denver, Phoenix, and Las Vegas. The top destination, Orlando with a share of 9.8 percent, holds a lead of 4.1 percentage points over the next highest destination, St. Petersburg.

Twenty-two of the top 25 O&D markets in 2021 had scheduled nonstop service from GRR, receiving 31.8 of the 48 annual average daily departures from GRR in the same year. Minneapolis/St. Paul, ranked 14th in market share, holds the highest annual average in scheduled daily departures with an average of 4.0.

Table 10 | Top 25 GRR O&D Markets for CY2021, Ranked by Market Share

Rank	Destination <sup>1</sup>	Airports	O&D Market Share <sup>2</sup>	Daily Nonstop Departures <sup>3</sup>	Airlines Serving Market from GRR <sup>4</sup>
1	Orlando, FL	SFB, MCO	9.8%	2.5	F9, WN
2	St. Petersburg, FL	TPA, PIE	5.7%	1.3	G4, F9, WN
3	Denver, CO	DEN	5.5%	3.4	F9, UA, WN
4	Phoenix, AZ	PHX, AZA	4.4%	0.8	AA, G4
5	Las Vegas, NV	LAS	3.8%	0.6	G4
6	Ft. Myers, FL	RSW	3.4%	0.6	F9, WN
7	Atlanta, GA	ATL	3.4%	3.5	DL
8	Ft. Lauderdale, FL	FLL, MIA, PBI	3.2%	0.5	AA, G4
9	Los Angeles, CA	LAX, SNA, BUR, LGB, ONT	3.2%	0.2	G4
10	Dallas/Ft. Worth, TX	DFW, DAL	2.7%	2.6	AA
11	Baltimore, MD	BWI, DCA, IAD	2.7%	3.1	WN, UA, AA
12	New York, NY	LGA, EWR, JFK	2.7%	1.5	G4, UA, DL
13	Punta Gorda, FL	PGD	2.2%	0.6	G4
14	Minneapolis/St. Paul, MN	MSP	2.1%	4.0	DL
15	Sarasota, FL	SRQ	1.9%	0.4	G4, WN
16	Boston, MA	BOS, PVD, MHT	1.8%	0.2	G4
17	Austin, TX	AUS	1.6%	0.3	G4
18	Nashville, TN	BNA	1.5%	0.2	G4
19	Seattle, WA	SEA	1.4%	-	-
20	Charlotte, NC	CLT	1.4%	2.9	AA
21	Houston, TX	IAH, HOU	1.4%	0.5	UA
22	Philadelphia, PA	PHL	1.1%	2.0	AA
23	San Diego, CA	SAN	1.1%	-	-
24	Salt Lake City, UT	SLC	1.0%	-	-
25	Portland, OR	PDX	1.0%	0.1	G4
...	Other		30.3%	16.2	
	Top 25 Subtotal		69.7%	31.8	
	<b>Total GRR</b>		<b>100.0%</b>	<b>48.0</b>	

Sources: DIIO DB1B YE4Q21 and DIIO Schedule Monthly Summary YE-Dec 2021.

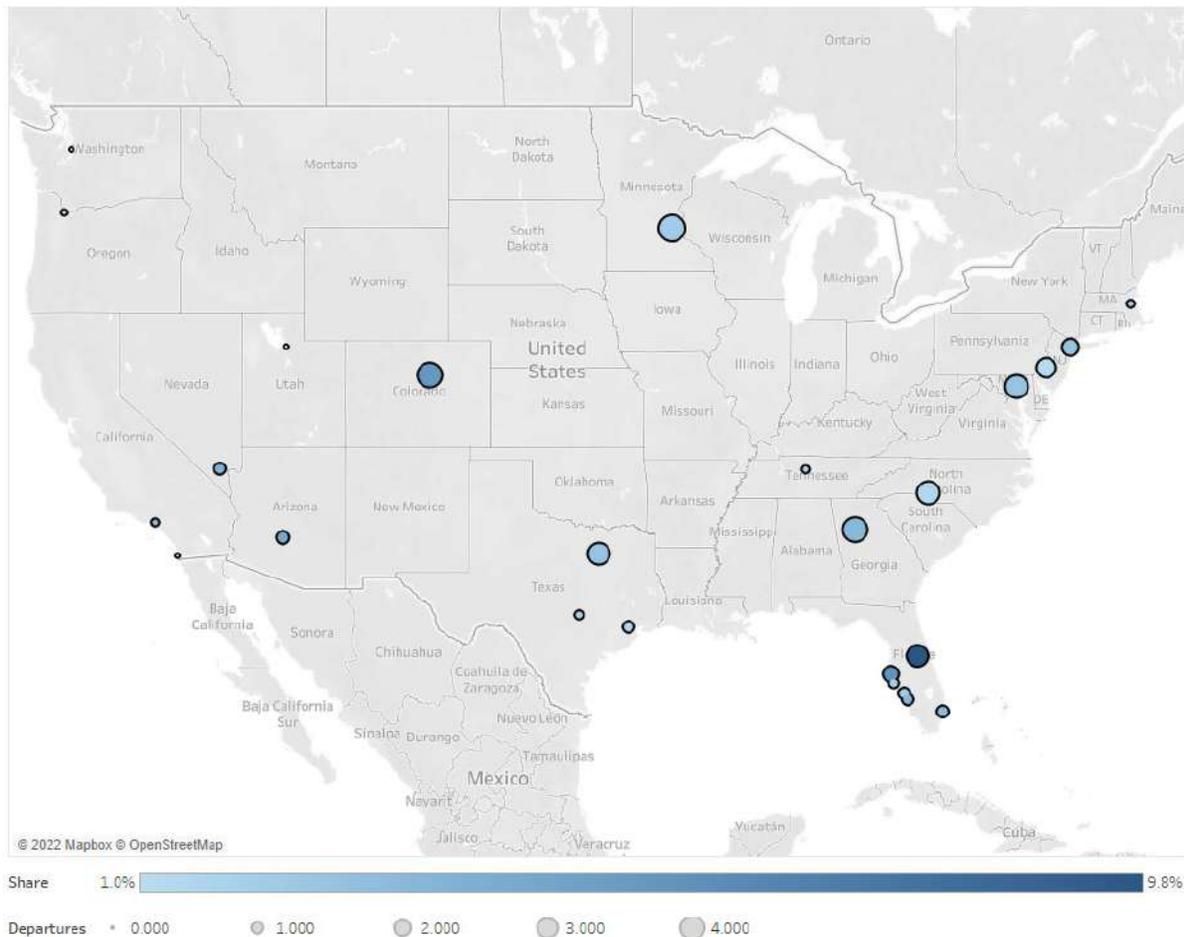
<sup>1</sup> Metro markets.

<sup>2</sup> O&D passenger traffic share.

<sup>3</sup> Annual average.

<sup>4</sup> Airline codes: AA=American, DL=Delta, F9=Frontier, G4=Allegiant, UA=United, and WN=Southwest.

Figure 46 | GRR's Top 25 O&D Markets, CY2021



Source: U.S. Bureau of Transportation Statistics DB1B.

### 3.5 | Scheduled Nonstop Service

Table 11 shows the trends in scheduled nonstop passenger service at GRR since 2016, measured by number of nonstop airport destinations, flight departures, and seats. Passenger airline service at GRR has been expanding by all three measures. When the COVID-19 pandemic caused a large depression in nationwide air traffic, most airlines at GRR also experienced a sharp decline in average daily departures and seats—the two exceptions are Allegiant and Southwest. Allegiant’s average daily departures and seats continued growing through the COVID-19 pandemic. Southwest’s average daily seats had already been decreasing since 2018, but began to increase in 2020. In 2022, however, Southwest reduced its departures and seats from GRR, as the other airlines continued restoring service.

Airport destinations with nonstop service from GRR increased from 30 in 2019 to 33 in 2020, and further up to 34 through 2021 and 2022. Average daily flight departures fell from 60 in 2019 down to 39 in 2020. Over the next two years, this average has partially recovered to 47, but that is still

below 2016 levels. Average daily seats also fell from 6,130 in 2019 to 4,206 in 2020, and has since partially recovered to 5,740 through 2022.

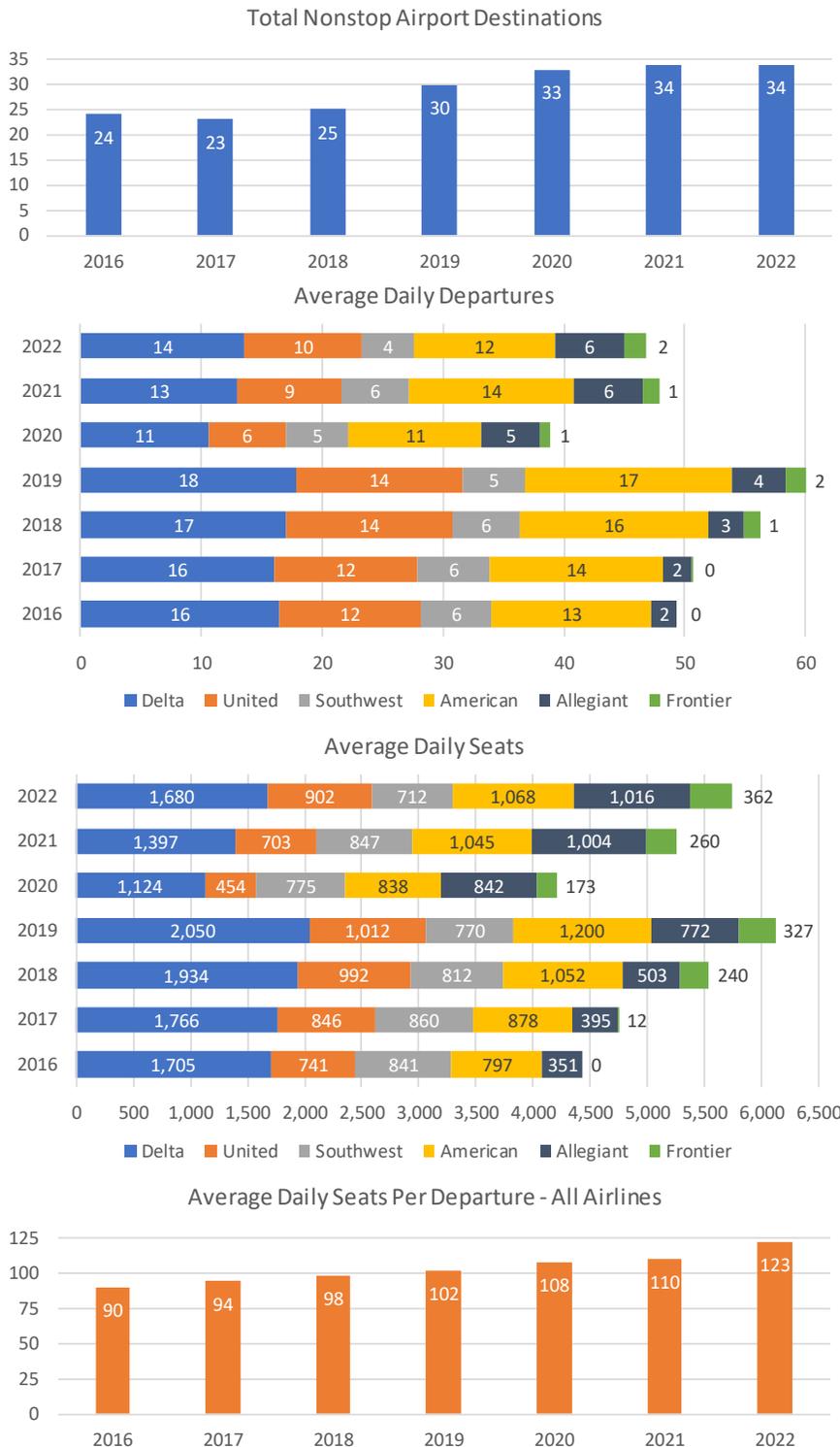
Figure 47 visualizes these scheduled nonstop service trends, and calculates the Airport's overall average daily seats per departure. The constant annual increase in the average number of seats per departure reflects the increase in mainline operations, largely due to the expansion of LCCs (Allegiant, Southwest, and Frontier) at GRR. 2022 shows the largest increase of average daily seats per departure to date, up 13 daily seats per departure from 2021.

Table 11 | Scheduled Nonstop Passenger Air Service Trends at GRR, 2016-2022

<b>Trends in Scheduled Service at GRR</b>							
<b>Airline</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Delta</b>							
Number of Nonstop Destinations	5	5	5	5	4	4	4
Average Daily Departures	16	16	17	18	11	13	14
Average Daily Seats	1,705	1,766	1,934	2,050	1,124	1,397	1,680
<b>United</b>							
Number of Nonstop Destinations	5	5	5	5	5	5	5
Average Daily Departures	12	12	14	14	6	9	10
Average Daily Seats	741	846	992	1,012	454	703	902
<b>Southwest</b>							
Number of Nonstop Destinations	7	6	6	6	8	7	6
Average Daily Departures	6	6	6	5	5	6	4
Average Daily Seats	841	860	812	770	775	847	712
<b>American</b>							
Number of Nonstop Destinations	4	5	7	7	7	7	7
Average Daily Departures	13	14	16	17	11	14	12
Average Daily Seats	797	878	1,052	1,200	838	1,045	1,068
<b>Allegiant</b>							
Number of Nonstop Destinations	6	6	6	11	13	17	18
Average Daily Departures	2	2	3	4	5	6	6
Average Daily Seats	351	395	503	772	842	1,004	1,016
<b>Frontier</b>							
Number of Nonstop Destinations	0	2	6	5	5	4	4
Average Daily Departures	0	0	1	2	1	1	2
Average Daily Seats	0	12	240	327	173	260	362
<b>All Airlines</b>							
Number of Nonstop Destinations	24	23	25	30	33	34	34
Average Daily Departures	49	51	56	60	39	48	47
Average Daily Seats	4,435	4,756	5,534	6,130	4,206	5,257	5,740

Source: OAG Schedules Analyzer.

Figure 47 | Scheduled Non-Stop Passenger Air Service Trends at GRR, 2016-2022



Source: OAG Schedules Analyzer.

### 3.6 | Comparison with Peer Airports: Average Fare and Passenger Yield

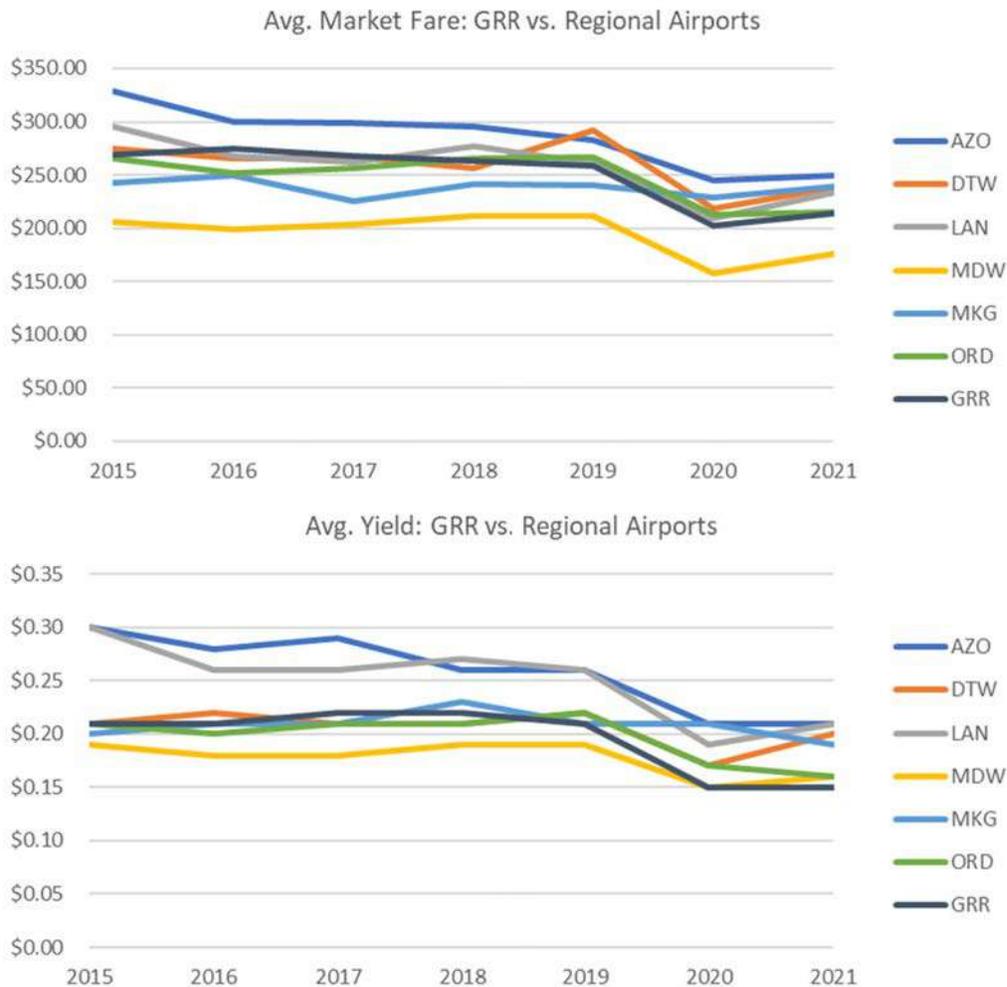
Lower airfares attract passengers. A common measure of airfares that controls for trip length is passenger yield—the average airline revenue per revenue passenger mile. For this report, GRR’s average market fare and average yield are compared to two different sets of airports. The first set is made up of six other airports located in the same region as GRR. The second set is made up of the six airports that were closest to GRR in 2019 enplanement counts (the pre-COVID reference year).

#### 3.6.1 | Regional Airports

After hitting a peak of \$275 in 2016, GRR’s average market fare had been falling gradually over the years, with a faster drop in 2020 and slight recovery to an average market fare of \$214 by 2021 (Figure 48). Relative to nearby regional airports, GRR’s average market fare started in the middle in 2015, with Kalamazoo/Battle Creek International Airport (AZO), Capital Region International Airport (LAN), and Detroit Metropolitan Wayne County Airport (DTW) having higher average fares, and O’Hare International Airport (ORD), Muskegon County Airport (MKG), and Chicago Midway International Airport (MDW) having lower average fares. As of 2021, only MDW had a significantly lower average market fare than GRR, and the fare differences between GRR and the other sampled airports had narrowed.

In terms of average yield, GRR stayed close to \$0.21 to \$0.22 range until the COVID-19 pandemic, when it fell to \$0.15 and stayed there through 2021. GRR was also the median among the sampled regional airports in 2015, but after 2020, it’s average yield became the lowest among the seven airports, the highest being that of AZO and LAN at \$0.21.

Figure 48 | Fare and Yield Comparison, GRR vs. Regional Airports, 2015-2021



Source: US. Bureau of Transportation Statistics DB1B.

### 3.6.2 | Peer Airports (Nearest in 2019 Enplanement Levels)

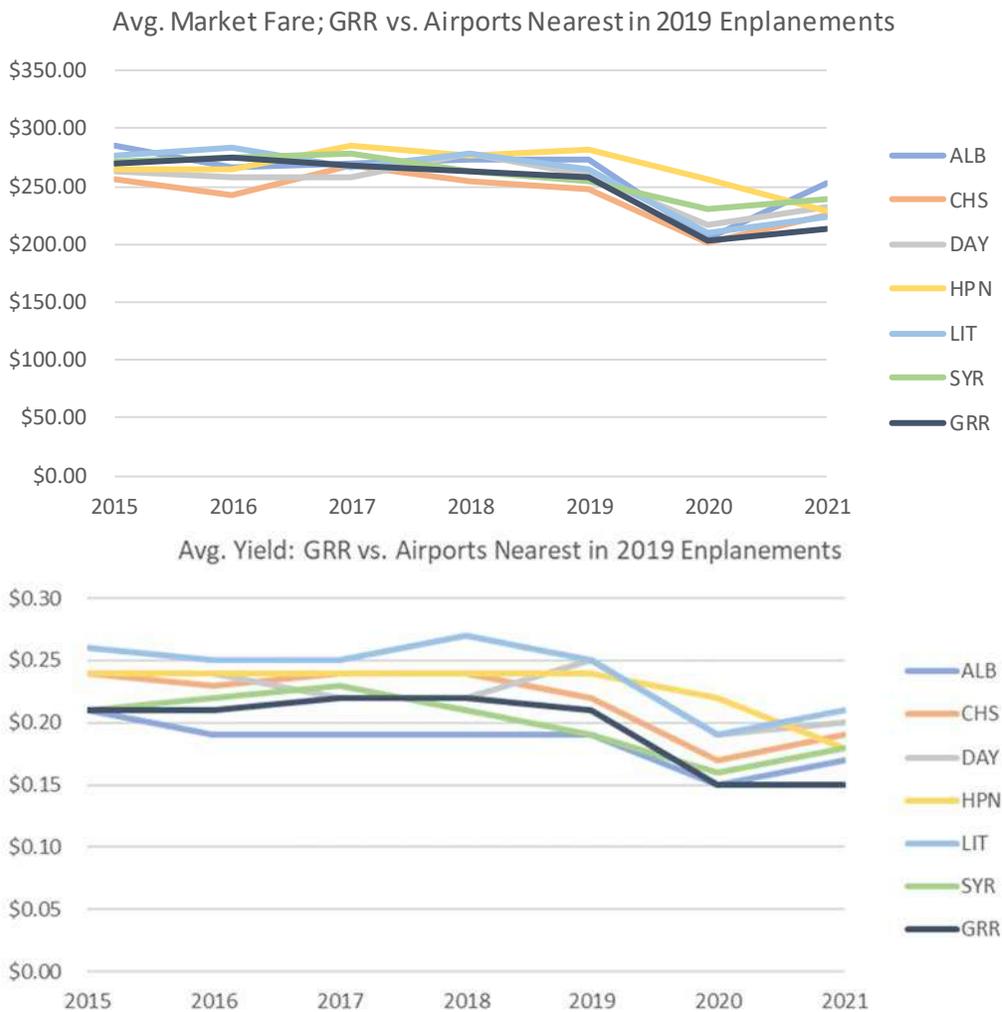
Figure 49 compares GRR’s average market fare and yield with that of six airports chosen based on having the closest 2019 pre-pandemic enplanement counts to GRR (three just above and three just below GRR’s level). These airports include Albany International Airport (ALB), Charleston International Airport (CHS), Dayton International Airport (DAY), Westchester County Airport (HPN), Bill and Hillary Clinton National Airport (LIT), and Syracuse Hancock International Airport (SYR).

The average market fare spread is much tighter among GRR and its peer airports than it is among regional airports, likely due to similar market size as measured by enplanement levels. Even with a tighter distribution, GRR sat at the median in 2015 with an average market fare of \$269. However, through the COVID-19 pandemic, GRR’s average market fare decreased to become the lowest in

2021. The highest average market fare among these airports is from ALB at \$253, about \$39 higher than GRR's \$214.

GRR held among the lowest average yield alongside ALB and SYR in 2015; all three of them had an average yield of \$0.21. However, after all seven airports' average yield declined in 2020, GRR's yield stayed the same while the others recovered to varying degrees, putting it at the bottom among this set of airports for 2021.

Figure 49 | Fare and Yield Comparison, GRR vs. Peer Airports, 2015-2021

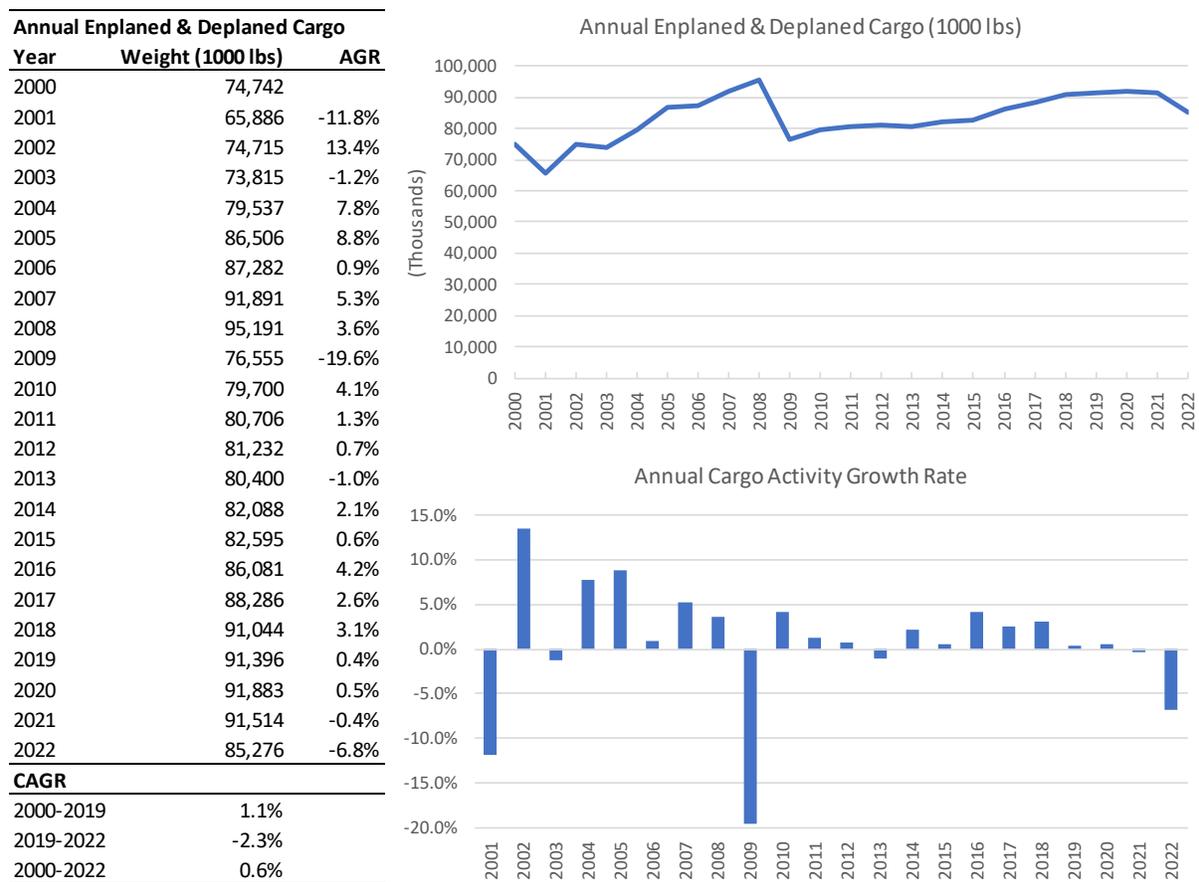


Source: U.S. Bureau of Transportation Statistics DB1B.

### 3.7 | Air Cargo

Figure 50 shows the trends in air cargo at GRR from 2000 to 2022. The trends in air cargo, like passenger traffic, are driven by economic trends. Air cargo decreased sharply during the recession years, 2001 and 2009, though the decline in air cargo traffic in 2009 was mainly due to the exit of Airborne Express from the GRR market. Since this drop, air cargo traffic has been slowly recovering, though has yet to reach its previous peak of 95.2 million pounds in 2008. Unlike passenger traffic, air cargo traffic did not suffer a decline in 2020 during the COVID-19 pandemic, and maintained a slow but steady growth with 91.9 million pounds enplaned and deplaned that year. This trend saw a minor decrease in 2021, which decreased further to 85.3 million pounds in 2022.

Figure 50 | GRR Air Cargo Trends



Counts enplanements and deplanements.  
Source: Airport records.

### 3.8 | Commercial Aircraft Landings and Landed Weight

Table 12 show the Airport’s annual aircraft landings and market shares by airline from 2012 to 2022. In 2019 prior to the beginning of the COVID-19 pandemic, passenger airlines accounted for a total of 92 percent of all landings at GRR. Charter and all-cargo carriers accounted for the remaining

8 percent. In 2020, the total passenger airline share of landings reduced to 88 percent, likely due to the overall decreased passenger air travel through the COVID-19 pandemic. This share has since partially recovered to 90 percent in 2022. Delta originally held the most landings pre-pandemic in 2019 with 6,492 landings, but American surpassed Delta in 2020 through 2021. Delta reclaimed its lead as of 2022, due to both its increase up to 4,822 landings and American's recent decrease to 4,159 landings.

Table 13 show the Airport's annual aircraft landed weight and market shares by airline from 2012 to 2022. Delta holds the most landed weight each year at GRR, and unlike its landings, Delta has kept the lead in landed weight even through the pandemic, finishing 2022 with a total landed weight of 574 million pounds, or 27 percent of all landed weight at the Airport. Cargo's share of landed weight had been gradually decreasing over the years, but experienced a spike from 11 percent to 16 percent in 2020 due to the pandemic reducing passenger activity. This spike has since decreased back down to a share of 12 percent in 2022.

Table 12 | GRR Annual Landing Trends by Airline

Landings by Airline												CAGR		
Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2019	2019-2022	2012-2022
American	3,342	3,332	3,775	4,758	4,720	5,138	5,482	5,974	3,804	4,902	4,159	8.7%	-11.4%	2.2%
Delta	7,100	6,912	6,232	6,148	5,924	5,807	6,188	6,492	3,717	4,764	4,822	-1.3%	-9.4%	-3.8%
Allegiant	543	508	518	649	780	871	1,093	1,674	1,519	2,063	2,045	17.4%	6.9%	14.2%
Southwest	1,411	1,658	1,998	1,982	2,134	2,187	2,035	1,851	1,765	2,007	1,549	4.0%	-5.8%	0.9%
United	4,953	5,659	4,737	3,896	4,272	4,337	4,991	4,983	2,292	3,073	3,425	0.1%	-11.7%	-3.6%
Others/Frontier*	1,199	627	0	14	0	21	504	620	318	505	630	-9.0%	0.5%	-6.2%
<b>Subtotal</b>	<b>18,548</b>	<b>18,696</b>	<b>17,260</b>	<b>17,447</b>	<b>17,830</b>	<b>18,361</b>	<b>20,293</b>	<b>21,594</b>	<b>13,415</b>	<b>17,314</b>	<b>16,630</b>	<b>2.2%</b>	<b>-8.3%</b>	<b>-1.1%</b>
Charter	27	35	32	15	26	26	26	33	22	16	30	2.9%	-3.1%	1.1%
Cargo	2,123	2,112	2,058	2,000	1,998	1,906	1,966	1,892	1,879	1,891	1,961	-1.6%	1.2%	-0.8%
<b>Airport Total</b>	<b>20,698</b>	<b>20,843</b>	<b>19,350</b>	<b>19,462</b>	<b>19,854</b>	<b>20,293</b>	<b>22,285</b>	<b>23,519</b>	<b>15,316</b>	<b>19,221</b>	<b>18,621</b>	<b>1.8%</b>	<b>-7.5%</b>	<b>-1.1%</b>

Airline Landing Shares											
Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
American	16.1%	16.0%	19.5%	24.4%	23.8%	25.3%	24.6%	25.4%	24.8%	25.5%	22.3%
Delta	34.3%	33.2%	32.2%	31.6%	29.8%	28.6%	27.8%	27.6%	24.3%	24.8%	25.9%
Allegiant	2.6%	2.4%	2.7%	3.3%	3.9%	4.3%	4.9%	7.1%	9.9%	10.7%	11.0%
Southwest	6.8%	8.0%	10.3%	10.2%	10.7%	10.8%	9.1%	7.9%	11.5%	10.4%	8.3%
United	23.9%	27.2%	24.5%	20.0%	21.5%	21.4%	22.4%	21.2%	15.0%	16.0%	18.4%
Others/Frontier*	5.8%	3.0%	0.0%	0.1%	0.0%	0.1%	2.3%	2.6%	2.1%	2.6%	3.4%
<b>Subtotal</b>	<b>89.6%</b>	<b>89.7%</b>	<b>89.2%</b>	<b>89.6%</b>	<b>89.8%</b>	<b>90.5%</b>	<b>91.1%</b>	<b>91.8%</b>	<b>87.6%</b>	<b>90.1%</b>	<b>89.3%</b>
Charter	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Cargo	10.3%	10.1%	10.6%	10.3%	10.1%	9.4%	8.8%	8.0%	12.3%	9.8%	10.5%
<b>Airport Total</b>	<b>100.0%</b>										

Source: Airport records.

\*Included Chautauqua through 2012, and Air Canada through 2013. 2014 onward is entirely Frontier.

Table 13 | GRR Annual Landed Weight Trends by Airline

<b>Landed Weight by Airline (1,000,000 lbs)</b>												<b>CAGR</b>		
<b>Airline</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2012-2019</b>	<b>2019-2022</b>	<b>2012-2022</b>
American	141.7	140.9	168.4	253.7	269.7	301.1	350.4	409.2	291.7	371.2	374.4	16.4%	-2.9%	10.2%
Delta	547.4	546.1	556.4	586.9	596.6	614.7	668.6	707.8	384.4	604.7	574.3	3.7%	-6.7%	0.5%
Allegiant	75.0	70.2	72.1	90.5	109.3	122.0	153.4	238.5	218.8	298.3	296.0	18.0%	7.5%	14.7%
Southwest	146.9	190.1	246.5	244.6	268.9	280.4	262.1	242.3	231.3	265.9	215.2	7.4%	-3.9%	3.9%
United	280.1	308.9	281.9	263.3	252.3	293.1	345.8	358.7	168.2	256.0	311.1	3.6%	-4.6%	1.1%
Others/Frontier*	78.2	39.8	0.0	0.2	0.2	3.5	72.8	91.9	46.4	74.4	95.2	2.3%	1.2%	2.0%
<b>Subtotal</b>	<b>1,269.3</b>	<b>1,295.8</b>	<b>1,325.2</b>	<b>1,439.2</b>	<b>1,497.1</b>	<b>1,614.8</b>	<b>1,853.2</b>	<b>2,048.4</b>	<b>1,340.8</b>	<b>1,870.6</b>	<b>1,866.3</b>	<b>7.1%</b>	<b>-3.1%</b>	<b>3.9%</b>
Charter	3.2	4.0	3.6	3.1	3.2	3.5	3.5	4.7	3.2	2.3	4.4	5.6%	-2.4%	3.1%
Cargo	225.2	243.1	238.1	232.2	230.6	227.2	229.6	244.2	255.5	243.1	250.9	1.2%	0.9%	1.1%
<b>Airport Total</b>	<b>1,497.7</b>	<b>1,543.0</b>	<b>1,567.0</b>	<b>1,674.5</b>	<b>1,730.8</b>	<b>1,845.5</b>	<b>2,086.3</b>	<b>2,297.3</b>	<b>1,599.6</b>	<b>2,116.1</b>	<b>2,121.5</b>	<b>6.3%</b>	<b>-2.6%</b>	<b>3.5%</b>

<b>Airline Landed Weight Shares</b>											
<b>Airline</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
American	9.5%	9.1%	10.7%	15.1%	15.6%	16.3%	16.8%	17.8%	18.2%	17.5%	17.6%
Delta	36.5%	35.4%	35.5%	35.0%	34.5%	33.3%	32.0%	30.8%	24.0%	28.6%	27.1%
Allegiant	5.0%	4.5%	4.6%	5.4%	6.3%	6.6%	7.4%	10.4%	13.7%	14.1%	14.0%
Southwest	9.8%	12.3%	15.7%	14.6%	15.5%	15.2%	12.6%	10.5%	14.5%	12.6%	10.1%
United	18.7%	20.0%	18.0%	15.7%	14.6%	15.9%	16.6%	15.6%	10.5%	12.1%	14.7%
Others/Frontier*	5.2%	2.6%	0.0%	0.0%	0.0%	0.2%	3.5%	4.0%	2.9%	3.5%	4.5%
<b>Subtotal</b>	<b>84.7%</b>	<b>84.0%</b>	<b>84.6%</b>	<b>85.9%</b>	<b>86.5%</b>	<b>87.5%</b>	<b>88.8%</b>	<b>89.2%</b>	<b>83.8%</b>	<b>88.4%</b>	<b>88.0%</b>
Charter	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%
Cargo	15.0%	15.8%	15.2%	13.9%	13.3%	12.3%	11.0%	10.6%	16.0%	11.5%	11.8%
<b>Airport Total</b>	<b>100.0%</b>										

Source: Airport records.

\*Included Chautauqua through 2012, and Air Canada through 2013. 2014 onward is entirely Frontier.

### 3.9 | Forecast Commercial Aviation Activity

Forecast development considers the pandemic impacts, demand and supply changes in the aviation industry, and changes in the business environment. Multiple forecasting methods and data sources are combined in a hybrid modeling framework to project air traffic during different phases of recovery and growth.

Forecast development acknowledges high uncertainty in the development of the pandemic and the implications for the outlook for the aviation industry and the overall economy. We present two forecast scenarios—labeled “High” and “Low”—differentiated by the speed of recovery to pre-COVID levels of traffic and ensuing growth. The High scenario provides an optimistic outlook for air traffic recovery and post-recovery growth. The Low scenario provides a conservative outlook and considers the effect of persistent inflation and the risk of another economic recession in the near future. In this scenario, the Airport is projected to experience slower near-term recovery and medium-term growth in air passenger traffic. The Low scenario is recommended for financial analysis.

The two scenarios provide a reasonable range for planning and sensitivity analysis. However, forecasts are inherently uncertain, and many factors can cause actual performance to fall outside the forecast range. At the time of forecast development, the airline industry and the broad economy are undergoing significant structural changes, elevating the various sources of risks and uncertainty, which will be discussed in detail at the end of the forecasting section.

#### 3.9.1 | Forecast Methodology

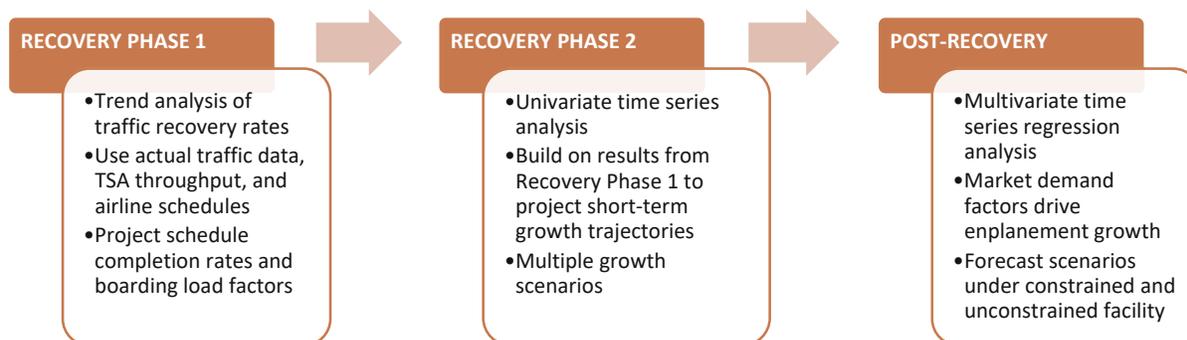
A hybrid modeling framework leverages the strengths of different forecasting methods and data sources in projecting air traffic during different phases of recovery and growth (Figure 51). The forecast period is divided into two phases: a recovery phase and a post-recovery growth phase. The recovery phase is subdivided into two phases, distinguished by the type of data sources and analysis employed to project different traffic measures.

For the recovery phase, an analysis of traffic recovery trends, published airline schedules, seat completion rates, and boarding load factors produce projections of flights, seats, and enplanements. During this phase the ramp-up of passenger traffic is projected on a monthly frequency. The recovery phase ends once projected monthly enplanements reach pre-COVID 2019 levels. For the post-recovery growth phase, multivariate regression analysis is used to quantify the relationship between passenger demand for air travel and key market drivers. The estimated regression model is used to project annual enplanement growth rates based on projected trends in key market drivers.

Forecast development by phase allows us to use different methods, data, and assumptions that best represent the different factors expected to drive traffic trends across different phases. For example, in the recovery phase, we consider the interplay between recent developments in the COVID-19 pandemic, the economy, and the capacity constraint of airlines in setting assumptions for forecast inputs, which include the projected schedule completion rates and boarding load factors. We apply these forecast inputs to advance airline schedules to project monthly enplanement levels and select a functional representation for the growth trajectory of passenger traffic in the short term.

In the post-recovery phase, public health safety, although expected to remain an important concern, will likely play less role in driving traffic growth. Instead, market demand factors such as trends in income and price will again become the primary drivers of long-term growth in passenger traffic.

Figure 51 | Forecast Development by Phase



Source: Unison Consulting, Inc.

### 3.9.2 | Recovery Phase 1

Forecast development in this phase considers recent progress in traffic recovery. At the time of forecast development, data on actual airport activity (enplanement, landings, and landed weight) was available through October 2022. Advance airline schedules (accessed in December 2022)—adjusted for expected schedule completion rates and boarding load factors (BLF) and supplemented with TSA throughput screening data—provide the starting point for projecting monthly flights, seats, and enplanements through May 2023. The number of projected flight arrivals (landings), multiplied by the average aircraft landed weight, yields the projections of total landed weight.

Airlines adjust their published schedules periodically depending on flight bookings and projected availability of aircraft and crew. Schedules for months further into the future are often subject to greater adjustments until the date of operation. Since the pandemic began, airline schedules have been subject to even greater adjustments, mostly downward. Hence, only advance schedules for the next few months (from November 2022 to May 2023) are used in forecast development. Advance schedules are further adjusted to consider less than 100 percent completion rates, applying lower completion rates to schedules for months further out into the future. Table 14 shows the schedule seat completion rate assumptions. Airlines are assumed to complete at least 93 percent of their scheduled seats.

Table 14 | Projected Schedule Completion Rates and Seats

Month	Seat Completion Rate		Projected Seats	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2
	High	Low	High	Low
Nov-22	100%	100%	181,257	181,257
Dec-22	100%	100%	188,574	188,574
Jan-23	100%	100%	174,338	174,338
Feb-23	100%	99%	166,763	164,714
Mar-23	100%	98%	195,808	191,886
Apr-23	97%	94%	186,363	180,576
May-23	96%	93%	176,537	171,020

Sources: OAG airline schedules and Unison Consulting, Inc.

Table 15 presents the BLF assumptions, which reflect seasonal patterns as well as an overall improving trend. Since January 2022, GRR’s monthly average BLF has steadily improved; it has begun exceeding the 2019 level (for the same month) since February 2022. The difference between 2022 and 2019 monthly average BLFs peaked in October, when the 2022 monthly average BLF exceeded the 2019 level by 8.7 percentage points. Year-to-date, the 2022 monthly average BLFs have exceeded 2019 levels by an average of 3.6 percentage points.

Average BLFs for the months of November 2022-May 2023 are assumed to remain higher than 2019 levels. In Scenario 1 (High), they are assumed to be 6.0 percentage points higher, on average. In Scenario 2 (Low), they are assumed to be 3.9 percentage points higher, on average.

Table 15 | Projected Boarding Load Factors (BLF)

2019 and 2022 Boarding Load Factors				2022-2023 Boarding Load Factors		
Month	2019 BLF <sup>1</sup>	2022 BLF	Difference (pp) <sup>2</sup>	Month- Year	Scenario 1 High	Scenario 2 Low
Jan	74.1%	69.1%	-5.0	Jan-23	80.2%	77.7%
Feb	83.8%	86.5%	2.7	Feb-23	89.9%	87.4%
Mar	84.4%	88.9%	4.5	Mar-23	90.5%	88.0%
Apr	70.2%	76.3%	6.1	Apr-23	76.3%	73.8%
May	80.5%	85.8%	5.3	May-23	86.6%	84.1%
Jun	83.9%	86.6%	2.7			
Jul	85.9%	87.2%	1.3			
Aug	84.5%	86.5%	2.0			
Sep	81.7%	89.8%	8.1			
Oct	80.2%	89.0%	8.7			
Nov	76.2%			Nov-22	81.6%	81.6%
Dec	82.4%			Dec-22	88.5%	86.0%

Source: Unison Consulting, Inc.

<sup>1</sup> BLF = enplanements/seats.

<sup>2</sup> Percentage-point (pp) difference between the 2021 and 2019 monthly BLF. Negative values indicate lower 2021 BLF, compared to the 2019 levels.

### 3.9.3 | Recovery Phase 2

In this recovery phase, we analyze the pace at which enplanements recover to the pre-COVID level using trend analysis. We evaluate both linear and logarithmic functional forms to fit recovery trendlines from April 2020, air passenger traffic reached a nadir during the COVID-19 pandemic, to May 2023, the end of Recovery Phase 1. The linear function projects a straight-line trajectory and a faster recovery compared with the logarithmic function. The logarithmic trendline projects an initial acceleration of recovery and eventual tapering, resulting in a longer recovery period than that projected by a linear trendline. The logarithmic function produces a trendline that reflects the shape of recovery so far.

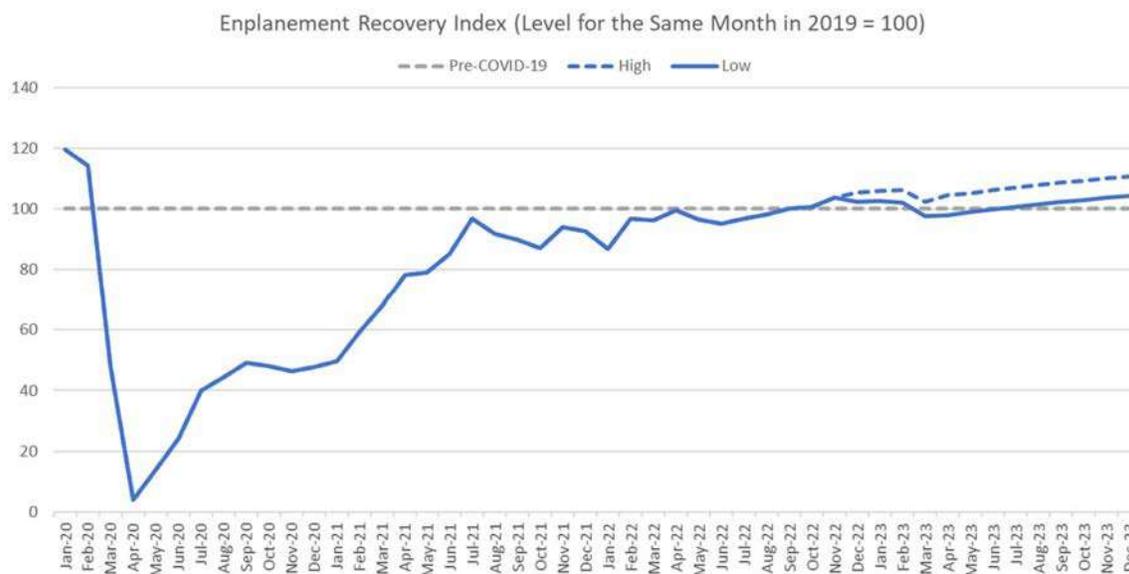
Figure 52 shows the projected recovery of monthly enplanements to pre-COVID levels under the two scenarios:

- Scenario 1 (High) – Monthly enplanements first reach pre-COVID level in September 2022 and continue growing above pre-COVID levels going forward. Annual enplanements begin to exceed the 2019 level in the following year, 2023. The projected recovery period is on pace with the optimistic scenario projected by Airlines for America (A4A) for U.S. airline industry, which estimates a full recovery by the end of 2023.<sup>48</sup>

<sup>48</sup> Airlines for America, “Emerging from the Pandemic,” *A4A COVID Impact Updates*, September 12, 2022, page 28.

- Scenario 2 (Low) – Monthly enplanements first exceed the pre-COVID level in September 2022 but only begin to sustain recovery and grow above 2019 levels beginning in June 2023. Annual enplanements begin to exceed the 2019 level in 2023. The projected recovery period is also on pace with A4A’s optimistic traffic recovery scenario.

Figure 52 | Monthly Enplanements: Forecast Recovery to Pre-COVID Level



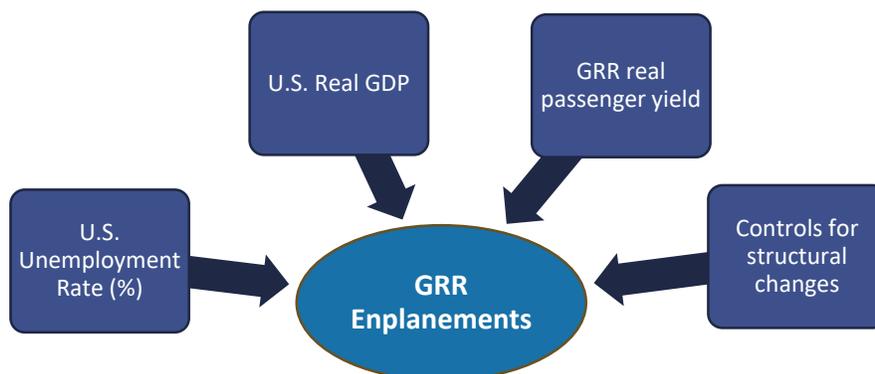
Source: Unison Consulting, Inc.

### 3.9.4 | Post-Recovery Growth Phase

Full recovery to pre-COVID levels marks the end of the recovery phase and the start of the post-recovery phase. Under the current assumptions, this phase begins after 2023 under both scenarios. During the post-recovery phase, the growth in passenger traffic is “demand-driven”—it is driven by market factors underlying the economics of air transportation. A critical assumption in this phase is the ability of airlines to adjust seat capacity to meet increasing air travel demand.

In the post-recovery phase, growth patterns are assumed to normalize and the historical relationship between air traffic and economic drivers are expected to be restored. Multivariate time series regression analysis is used to link enplanement growth to changes in key market demand drivers (Figure 53). Regression analysis provides a rigorous and quantitative framework for measuring the contributions of individual demand drivers to enplanement growth, while accounting for structural changes at GRR and the national economy, historical enplanement trends, and serial correlation often found in time series data.

Figure 53 | Key Drivers of Enplanement Growth



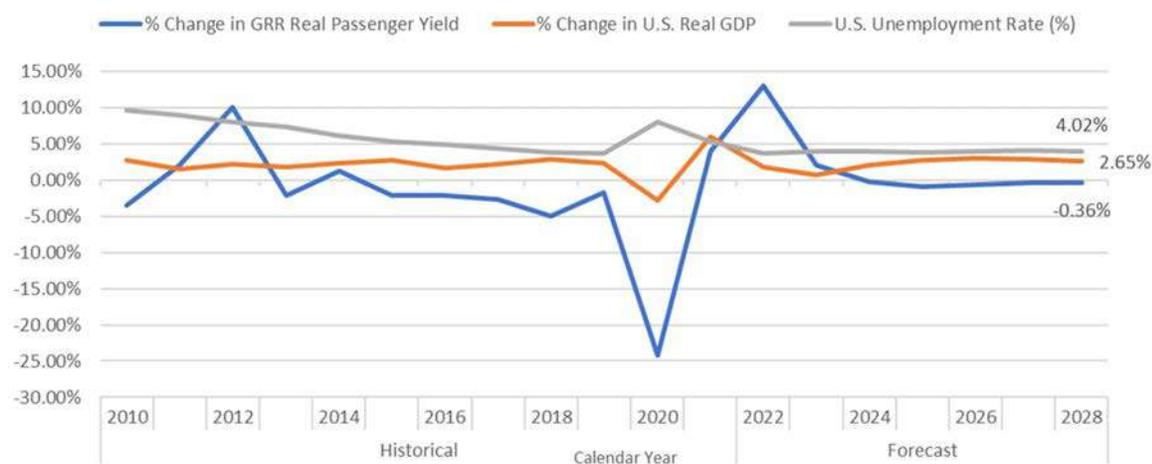
Source: Unison Consulting, Inc.

Forecasting using regression analysis is executed in two steps. In the first step, a regression equation is estimated using historical data on the model variables—in this case, from 1993 through 2019. The regression equation includes “coefficients” that measure the contributions of each driver in predicting annual enplanement at GRR. The least squares method of regression analysis estimates the model’s coefficients by minimizing forecast errors—the difference between the actual and predicted enplanement levels. In the second step, the estimated regression coefficients are combined with projections of market drivers to forecast enplanement growth.

The specification of the regression model is informed by economic theory of consumer demand and observed structural changes at GRR and the aviation industry. The regression model treats annual enplanement as the dependent variable. The key explanatory variables include two economic indicators (the U.S. real gross domestic product and the U.S. unemployment rate) and a price indicator (GRR’s real passenger yield). To capture structural changes in the aviation industry and GRR’s operations, the regression model includes two additional explanatory variables: a binary variable that captures the permanent changes in the aviation industry after the 9/11 terrorist attack in 2001 and another variable that captures changes in GRR’s operations associated with the entry of Southwest in 2013. Together, these five explanatory variables, which are discussed in detail below, prove to be strong predictors of GRR’s historical enplanement levels.

Figure 54 presents the historical and forecast trends in the economic and price variables in Scenario 1 (High). For readability, historical trends in the figure begin in 2010, even though the regression model takes into account historical data beginning in 1993. Alternative growth rates are used in Scenario 2 (Low) based on considerations of increased likelihood of near-term economic recession. The growth rates in the Low scenario, which are discussed below, are produced by adjusting the High scenario’s growth rates using the forecasts in the Wall Street Journal’s October 2022 Economic Survey.

Figure 54 | Key Regression Model Explanatory Variables: Historical and Forecast Trends



Sources: Moody’s Analytics, U.S. Department of Transportation, and Federal Aviation Administration.

### U.S. Real Gross Domestic Product

U.S. real GDP is a key indicator for national economic conditions.<sup>49</sup> In general, the growth rate of real GDP reflects the pace of economic and income growth—factors that drive air travel demand. Holding all other factors constant, faster real GDP growth corresponds to faster enplanement growth. Conversely, contractions in real GDP reduce personal income and result in lower enplanements. The positive and statistically significant regression coefficient on U.S. real GDP confirms the positive relationship between U.S. real GDP and enplanement.

According to the forecasts of Moody’s Analytics, U.S. real GDP in the High scenario is expected to grow at a compound annual growth rate of 2.35 percent from 2022 to 2028. This growth rate is slightly higher than the growth rate of the post-Great Recession expansion, during which U.S. real GDP grew at an average annual rate of 2.25 percent from 2009 to 2019. Relative to the High scenario, U.S. real GDP in the Low scenario is assumed to grow slower: around 1 percentage point slower in 2023, around 0.9 percentage points slower in 2024, and around 0.4 percentage points slower annually for the remainder of the forecast period.

### U.S. Unemployment Rate

The U.S. unemployment rate provides another key indicator for national economic conditions. Falling unemployment rates indicate an expanding national economy, while rising unemployment rates indicate a slowing and contracting national economy. Passenger traffic trends track business cycles in the U.S. economy. A negative and statistically significant negative regression coefficient confirms the negative association between the unemployment rate and GRR passenger traffic.

<sup>49</sup> U.S. real GDP is used instead of U.S. real per-capita GDP to avoid multicollinearity with other variables in the regression, such as MSA nonfarm employment, which could produce unreliable results.

Over the next decade, the U.S. unemployment rate in the High scenario is expected to rise gradually from the current historic lows. According to the forecast by Moody's Analytics, the U.S. unemployment rate is projected to rise from 3.66 percent in 2022 to 4.02 percent in 2028.

The U.S. unemployment rate is expected to rise faster in the Low scenario. Relative to the High scenario, the Low scenario projects that the unemployment rates are 0.6 percentage points higher in 2023, 0.8 percentage points higher in 2024, 0.7 percentage points higher in 2025, and 0.5 percentage points higher from 2026 onwards.

### Real Passenger Yield at GRR

According to the theory of consumer demand, the quantity of air travel demand (passenger traffic) is inversely related to the price of air travel. Specifically, holding everything else constant, an increase in price decreases passenger traffic, while a decrease in price increases passenger traffic. Here, economic theory is supported by the data: regression analysis yields a negative and statistically significant regression coefficient on the average real passenger yield at GRR. Real passenger yield is calculated as total airline passenger revenues divided by revenue passenger miles, adjusted for inflation. This measure controls trip distance and serves as a better indicator for the price of air travel than average airfare.

Between 2019 and 2021, GRR's real passenger yield decreased by an annual rate of 11.2 percent as airlines reduced air fares to raise passenger traffic. Compared to this steep decline, the real passenger yield only fell by an average annual rate of 0.3 percent between 2010 and 2019.

Over the forecast horizon, real passenger yield at GRR in the High scenario is expected to increase in the near-term, before falling and stabilizing towards \$0.21 in the latter half of the decade. GRR's average real passenger yield is projected to rise between 2022 and 2023 at annual rates of 13.1 percent and 2.1 percent, respectively, before it begins its downward trajectory. Beyond 2025, real passenger yield is projected to stabilize, falling by less than 0.5 percent annually.

In the Low scenario, passenger yield is expected to rise faster because of upward pressures on inflation: around 1 percentage points faster in 2023, around 0.7 percentage points faster in 2024, and around 0.4 percentage points faster for the remainder of the forecast period.

### Structural Changes

As aforementioned, two additional key explanatory variables are included in the regression model to capture important structural changes in the aviation industry and at the Airport between 1990 and 2019. The first key variable controls for the impact of the 2001 terrorist attack on the airline industry, including a sharp decrease in enplanements following the attack and the implementation of stringent passenger screening processes at airports that added to the overall cost of air travel by increasing travel time. The second variable controls for the expansion of LCC service at GRR. The expansion began with the entry of AirTran Airways in 2010 and the subsequent absorption of AirTran Airways by Southwest Airlines in 2012. These changes stimulated GRR's air travel demand, producing above-average enplanement growth at GRR after 2012. In 2019, ULCC service, such as Allegiant Air, also expanded, adding direct flights to several new destinations.

Even though these structural changes occurred in the past, their effects need to be accounted for to better measure the contributions of the economic and price variables to changes in enplanement levels.

### 3.9.5 | Forecast Results

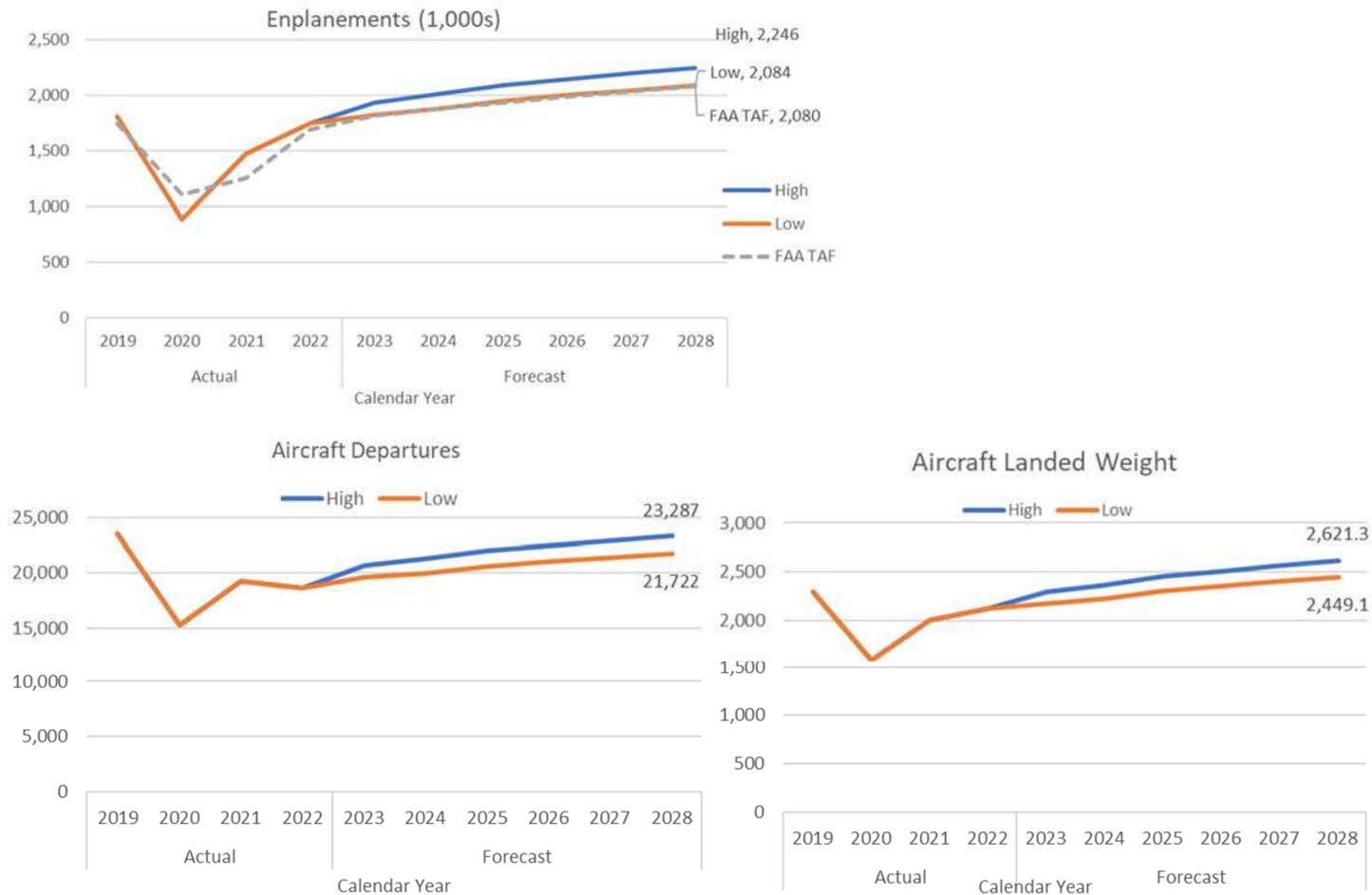
Figure 55 presents the forecast results, comparing the study's enplanement forecasts with the projections for the Airport in the 2022 FAA Terminal Area Forecasts (TAF), published in February 2023 Table 16 to Table 23 summarize the forecast results.

- Scenario 1 (High) – Annual enplanement reached 1.75 million by the end of 2022, growing by 18.9 percent from 1.47 million in 2021. In 2023, annual enplanement is projected to grow by 10.6 percent year over year, reaching around 1.93 million and exceeding the 2019 level. After 2024, enplanement growth begins to slow, dropping to an average annual growth rate of around 3.1 percent and reaching an annual enplanement of 2.25 million by 2028. Between 2022 and 2028, GRR's annual enplanement is projected to grow at a compound annual growth rate of 4.3 percent.
- Scenario 2 (Low) – Annual enplanement is projected to reach around 1.83 million in 2023, slightly exceeding the 2019 level of around 1.80 million. From 2024 through 2028, annual enplanements are projected to grow at an average annual rate of 2.7 percent. By 2028, annual enplanement is projected to be close to 2.1 million passengers. Between 2021 and 2028, GRR's annual enplanement is projected to grow at a compound annual growth rate of 3.0 percent.
- 2022 FAA TAF, February 2023 Publication – The TAF projections are on a federal fiscal year basis that ends on September 30. The TAF projects a slightly slower initial recovery, compared with actual 2022 data. Starting in 2023, the TAF's projected enplanements (1.82 million) converge to the Low scenario forecast. By 2028, the TAF enplanement forecast eventually reaches 2.1 million, similar to the Low scenario forecast or around 7 percent lower than the High scenario forecast.

The 2023 to 2028 projections of seats and aircraft departures or landings are based on annual enplanement forecasts, average seats per departure projections, and boarding load factors projections. Generally, flight departures are expected to recover slower than enplanements due to expected increases in average seats per departure and boarding load factors over time. By the end of the forecast horizon, annual aircraft departures will reach 23,287 in the High scenario and 21,722 in the Low scenario, or around 1 percent and 8 percent below the 2019 level, respectively.

The 2023 to 2028 projections of landed weight are derived from aircraft landings forecasts. Generally, landed weight increases faster than landings because of projected increases in average seats per landing, which raises the average weight per landing. Landed weight first fully recovers in 2024 under the High scenario, whereas it first fully recovers in 2025 under the Low scenario. By the end of the forecast period, annual landed weight is projected to reach 2.621 billion pounds in the High scenario and 2.449 billion pounds in the Low scenario, exceeding the 2019 level (2.297 billion pounds) under both scenarios.

Figure 55 | Forecast Commercial Aviation Activity at GRR



Source: Unison Consulting, Inc.

Table 16 | Forecast Enplanements - Scenario 1 (High)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
<b>Enplanements (1,000s)</b>												
Allegiant Air	235	180	277	328	354	369	383	392	402	412	3.9%	6.4%
American Airlines	333	198	306	326	357	371	386	395	405	415	4.1%	2.5%
Delta Air Lines	624	229	391	524	583	606	630	646	662	678	4.4%	0.9%
Frontier Airlines	99	41	69	97	112	116	121	124	127	130	5.0%	3.1%
Southwest Airlines	213	128	213	195	218	227	236	241	248	253	4.5%	1.9%
United Airlines	298	112	212	273	305	317	330	338	346	355	4.5%	2.0%
<b>Total - passenger carriers</b>	<b>1,802</b>	<b>888</b>	<b>1,468</b>	<b>1,744</b>	<b>1,929</b>	<b>2,006</b>	<b>2,086</b>	<b>2,136</b>	<b>2,191</b>	<b>2,243</b>	<b>4.3%</b>	<b>2.5%</b>
<b>Total</b>	<b>1,804</b>	<b>889</b>	<b>1,468</b>	<b>1,746</b>	<b>1,931</b>	<b>2,008</b>	<b>2,088</b>	<b>2,139</b>	<b>2,193</b>	<b>2,246</b>	<b>4.3%</b>	<b>2.5%</b>
Annual percent change		-50.7%	65.2%	18.9%	10.6%	4.0%	4.0%	2.4%	2.5%	2.4%		
<b>Enplanement Shares</b>												
Allegiant Air	13%	20%	19%	19%	18%	18%	18%	18%	18%	18%		
American Airlines	18%	22%	21%	19%	18%	18%	18%	18%	18%	18%		
Delta Air Lines	35%	26%	27%	30%	30%	30%	30%	30%	30%	30%		
Frontier Airlines	6%	5%	5%	6%	6%	6%	6%	6%	6%	6%		
Southwest Airlines	12%	14%	15%	11%	11%	11%	11%	11%	11%	11%		
United Airlines	16%	13%	14%	16%	16%	16%	16%	16%	16%	16%		
<b>Total - passenger carriers</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 17 | Forecast Seats and Aircraft Departures – Scenario 1 (High)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
<b>Seats (1,000s)</b>												
Allegiant Air	282	307	366	370	404	420	437	448	459	470	4.0%	5.8%
American Airlines	438	306	381	392	428	443	460	472	484	496	4.0%	1.4%
Delta Air Lines	748	410	510	614	670	696	724	742	760	779	4.0%	0.4%
Frontier Airlines	119	63	95	127	136	141	147	150	154	158	3.7%	3.2%
Southwest Airlines	281	283	309	260	279	289	300	307	315	323	3.7%	1.6%
United Airlines	369	166	257	328	357	372	386	396	406	416	4.0%	1.3%
<b>Total - passenger carriers</b>	<b>2,237</b>	<b>1,535</b>	<b>1,919</b>	<b>2,091</b>	<b>2,274</b>	<b>2,362</b>	<b>2,454</b>	<b>2,515</b>	<b>2,579</b>	<b>2,642</b>	<b>4.0%</b>	<b>1.9%</b>
<b>Aircraft Departures (Landings)</b>												
Allegiant Air	1,674	1,519	2,063	2,045	2,275	2,356	2,441	2,491	2,545	2,597	6.2%	5.0%
American Airlines	5,974	3,804	4,902	4,159	4,722	4,874	5,042	5,154	5,265	5,376	6.6%	-1.2%
Delta Air Lines	6,492	3,717	4,764	4,822	5,433	5,628	5,829	5,950	6,079	6,203	6.5%	-0.5%
Frontier Airlines	620	318	505	630	690	712	736	753	769	785	5.7%	2.7%
Southwest Airlines	1,851	1,765	2,007	1,549	1,722	1,777	1,838	1,879	1,920	1,961	6.1%	0.6%
United Airlines	4,983	2,292	3,073	3,425	3,894	4,035	4,179	4,265	4,358	4,447	6.7%	-1.3%
<b>Total - passenger carriers</b>	<b>21,594</b>	<b>13,415</b>	<b>17,314</b>	<b>16,630</b>	<b>18,736</b>	<b>19,383</b>	<b>20,065</b>	<b>20,491</b>	<b>20,936</b>	<b>21,370</b>	<b>6.5%</b>	<b>-0.1%</b>
<b>Total - charters</b>	<b>33</b>	<b>22</b>	<b>16</b>	<b>30</b>	<b>28</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>2.4%</b>	<b>0.0%</b>
<b>Total - cargo</b>	<b>1,892</b>	<b>1,879</b>	<b>1,891</b>	<b>1,961</b>	<b>1,887</b>	<b>1,884</b>	<b>1,885</b>	<b>1,885</b>	<b>1,885</b>	<b>1,885</b>	<b>-1.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>23,519</b>	<b>15,316</b>	<b>19,221</b>	<b>18,621</b>	<b>20,651</b>	<b>21,296</b>	<b>21,981</b>	<b>22,408</b>	<b>22,854</b>	<b>23,287</b>	<b>5.7%</b>	<b>-0.1%</b>

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 18 | Forecast Enplanement per Departure, Seats per Departure, and Boarding Load Factors - Scenario 1 (High)

Calendar Year	Actual				Forecast					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Enplanements per Departure</b>										
Allegiant Air	141	119	134	160	156	156	157	158	158	159
American Airlines	56	52	62	78	76	76	77	77	77	77
Delta Air Lines	96	62	82	109	107	108	108	109	109	109
Frontier Airlines	160	128	136	155	162	164	164	165	165	166
Southwest Airlines	115	73	106	126	127	128	128	128	129	129
United Airlines	60	49	69	80	78	79	79	79	79	80
<b>Total - passenger carriers</b>	<b>83</b>	<b>66</b>	<b>85</b>	<b>105</b>	<b>103</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>105</b>	<b>105</b>
<b>Seats per Departure</b>										
Allegiant Air	168	202	178	181	178	178	179	180	180	181
American Airlines	73	80	78	94	91	91	91	92	92	92
Delta Air Lines	115	110	107	127	123	124	124	125	125	126
Frontier Airlines	192	199	188	202	198	198	199	200	201	201
Southwest Airlines	152	160	154	168	162	162	163	164	164	165
United Airlines	74	72	84	96	92	92	92	93	93	93
<b>Total - passenger carriers</b>	<b>104</b>	<b>114</b>	<b>111</b>	<b>126</b>	<b>121</b>	<b>122</b>	<b>122</b>	<b>123</b>	<b>123</b>	<b>124</b>
<b>Boarding Load Factors</b>										
Allegiant Air	84%	59%	75%	89%	88%	88%	88%	88%	88%	88%
American Airlines	76%	65%	80%	83%	83%	84%	84%	84%	84%	84%
Delta Air Lines	83%	56%	77%	85%	87%	87%	87%	87%	87%	87%
Frontier Airlines	83%	64%	72%	77%	82%	82%	83%	82%	82%	82%
Southwest Airlines	76%	45%	69%	75%	78%	79%	79%	79%	79%	78%
United Airlines	81%	67%	83%	83%	85%	85%	85%	85%	85%	85%
<b>Total - passenger carriers</b>	<b>81%</b>	<b>58%</b>	<b>76%</b>	<b>83%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 19 | Forecast Landed Weight and Average Weight per Landing - Scenario 1 (High)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
<b>Landed Weight (1,000,000 lbs.)</b>												
Allegiant Air	238	219	298	296	323	336	349	358	367	376	4.1%	5.2%
American Airlines	409	292	371	374	410	425	441	453	464	476	4.1%	1.7%
Delta Air Lines	708	384	494	574	629	654	680	696	714	731	4.1%	0.4%
Frontier Airlines	92	46	74	95	103	107	111	114	117	120	3.9%	3.0%
Southwest Airlines	242	231	266	215	234	243	252	258	265	272	4.0%	1.3%
United Airlines	359	168	256	311	343	357	371	380	390	399	4.2%	1.2%
<b>Total - passenger carriers</b>	2,048	1,341	1,760	1,866	2,042	2,122	2,204	2,259	2,317	2,373	4.1%	1.6%
<b>Total - charters</b>	5	3	2	4	4	4	4	5	5	5	1.6%	0.2%
<b>Total - cargo</b>	244	244	244	251	244	243	244	243	244	244	-0.5%	0.0%
<b>Total</b>	2,297	1,588	2,005	2,122	2,290	2,369	2,452	2,507	2,565	2,621	3.6%	1.5%
<b>Average Weight per Landing (1,000 lbs.)</b>												
Allegiant Air	142	144	145	145	142	143	143	144	144	145	0.0%	0.2%
American Airlines	68	77	76	90	87	87	88	88	88	88	-0.3%	2.9%
Delta Air Lines	109	103	104	119	116	116	117	117	117	118	-0.2%	0.9%
Frontier Airlines	148	146	147	151	150	150	151	151	152	152	0.1%	0.3%
Southwest Airlines	131	131	133	139	136	137	137	138	138	139	-0.1%	0.6%
United Airlines	72	73	83	91	88	88	89	89	89	90	-0.2%	2.5%
<b>Total - passenger carriers</b>	95	100	102	112	109	109	110	110	111	111	-0.2%	1.8%
<b>Total - charters</b>	143	146	144	146	146	146	146	146	146	146	0.0%	0.2%
<b>Total - cargo</b>	129	130	129	128	129	129	129	129	129	129	0.2%	0.0%
<b>Total</b>	98	104	104	114	111	111	112	112	112	113	-0.2%	1.6%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 20 | Forecast Enplanements - Scenario 2 (Low)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
<b>Enplanements (1,000s)</b>												
Allegiant Air	235	180	277	328	335	344	357	367	375	382	2.6%	5.5%
American Airlines	333	198	306	326	337	347	360	369	377	385	2.8%	1.6%
Delta Air Lines	624	229	391	524	551	567	588	604	617	629	3.1%	0.1%
Frontier Airlines	99	41	69	97	106	109	113	116	118	121	3.7%	2.2%
Southwest Airlines	213	128	213	195	206	212	220	226	230	235	3.2%	1.1%
United Airlines	298	112	212	273	288	296	308	316	322	329	3.2%	1.1%
<b>Total - passenger carriers</b>	1,802	888	1,468	1,744	1,824	1,874	1,946	1,996	2,040	2,082	3.0%	1.6%
<b>Total</b>	1,804	889	1,468	1,746	1,826	1,876	1,948	1,999	2,042	2,084	3.0%	1.6%
Annual percent change		-50.7%	65.2%	18.9%	4.6%	2.7%	3.8%	2.6%	2.2%	2.0%		
<b>Enplanement Shares</b>												
Allegiant Air	13%	20%	19%	19%	18%	18%	18%	18%	18%	18%		
American Airlines	18%	22%	21%	19%	18%	18%	18%	18%	18%	18%		
Delta Air Lines	35%	26%	27%	30%	30%	30%	30%	30%	30%	30%		
Frontier Airlines	6%	5%	5%	6%	6%	6%	6%	6%	6%	6%		
Southwest Airlines	12%	14%	15%	11%	11%	11%	11%	11%	11%	11%		
United Airlines	16%	13%	14%	16%	16%	16%	16%	16%	16%	16%		
<b>Total - passenger carriers</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 21 | Forecast Seats and Aircraft Departures – Scenario 2 (Low)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
<b>Seats (1,000s)</b>												
Allegiant Air	282	307	366	370	383	394	409	419	429	437	2.8%	5.0%
American Airlines	438	306	381	392	399	409	424	435	445	454	2.5%	0.4%
Delta Air Lines	748	410	510	614	635	652	677	695	710	725	2.8%	-0.4%
Frontier Airlines	119	63	95	127	129	132	137	141	144	147	2.5%	2.4%
Southwest Airlines	281	283	309	260	264	270	280	288	294	301	2.5%	0.8%
United Airlines	369	166	257	328	339	348	361	371	379	387	2.8%	0.5%
<b>Total - passenger carriers</b>	<b>2,237</b>	<b>1,535</b>	<b>1,919</b>	<b>2,091</b>	<b>2,150</b>	<b>2,206</b>	<b>2,289</b>	<b>2,350</b>	<b>2,401</b>	<b>2,451</b>	<b>2.7%</b>	<b>1.0%</b>
<b>Aircraft Departures (Landings)</b>												
Allegiant Air	1,674	1,519	2,063	2,045	2,157	2,207	2,283	2,334	2,377	2,417	4.3%	4.2%
American Airlines	5,974	3,804	4,902	4,159	4,407	4,493	4,641	4,752	4,838	4,923	4.3%	-2.1%
Delta Air Lines	6,492	3,717	4,764	4,822	5,152	5,272	5,453	5,575	5,677	5,773	4.6%	-1.3%
Frontier Airlines	620	318	505	630	654	667	689	705	718	731	3.8%	1.8%
Southwest Airlines	1,851	1,765	2,007	1,549	1,633	1,665	1,720	1,761	1,793	1,824	4.2%	-0.2%
United Airlines	4,983	2,292	3,073	3,425	3,693	3,779	3,909	3,996	4,070	4,138	4.8%	-2.0%
<b>Total - passenger carriers</b>	<b>21,594</b>	<b>13,415</b>	<b>17,314</b>	<b>16,630</b>	<b>17,696</b>	<b>18,084</b>	<b>18,694</b>	<b>19,124</b>	<b>19,472</b>	<b>19,806</b>	<b>4.5%</b>	<b>-1.0%</b>
<b>Total - charters</b>	<b>33</b>	<b>22</b>	<b>16</b>	<b>30</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>31</b>	<b>0.6%</b>	<b>-0.8%</b>
<b>Total - cargo</b>	<b>1,892</b>	<b>1,879</b>	<b>1,891</b>	<b>1,961</b>	<b>1,887</b>	<b>1,884</b>	<b>1,885</b>	<b>1,885</b>	<b>1,885</b>	<b>1,885</b>	<b>-1.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>23,519</b>	<b>15,316</b>	<b>19,221</b>	<b>18,621</b>	<b>19,610</b>	<b>19,996</b>	<b>20,609</b>	<b>21,038</b>	<b>21,387</b>	<b>21,722</b>	<b>3.9%</b>	<b>-0.9%</b>

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 22 | Forecast Enplanement per Departure, Seats per Departure, and Boarding Load Factors - Scenario 2 (Low)

Calendar Year	Actual				Forecast					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Enplanements per Departure</b>										
Allegiant Air	141	119	134	160	155	156	157	157	158	158
American Airlines	56	52	62	78	77	77	78	78	78	78
Delta Air Lines	96	62	82	109	107	107	108	108	109	109
Frontier Airlines	160	128	136	155	162	163	164	164	165	165
Southwest Airlines	115	73	106	126	126	127	128	128	129	129
United Airlines	60	49	69	80	78	78	79	79	79	80
<b>Total - passenger carriers</b>	<b>83</b>	<b>66</b>	<b>85</b>	<b>105</b>	<b>103</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>105</b>	<b>105</b>
<b>Seats per Departure</b>										
Allegiant Air	168	202	178	181	178	178	179	180	180	181
American Airlines	73	80	78	94	91	91	91	92	92	92
Delta Air Lines	115	110	107	127	123	124	124	125	125	126
Frontier Airlines	192	199	188	202	198	198	199	200	201	201
Southwest Airlines	152	160	154	168	162	162	163	164	164	165
United Airlines	74	72	84	96	92	92	92	93	93	93
<b>Total - passenger carriers</b>	<b>104</b>	<b>114</b>	<b>111</b>	<b>126</b>	<b>121</b>	<b>122</b>	<b>122</b>	<b>123</b>	<b>123</b>	<b>124</b>
<b>Boarding Load Factors</b>										
Allegiant Air	84%	59%	75%	89%	87%	87%	87%	87%	87%	87%
American Airlines	76%	65%	80%	83%	85%	85%	85%	85%	85%	85%
Delta Air Lines	83%	56%	77%	85%	87%	87%	87%	87%	87%	87%
Frontier Airlines	83%	64%	72%	77%	82%	82%	82%	82%	82%	82%
Southwest Airlines	76%	45%	69%	75%	78%	78%	78%	78%	78%	78%
United Airlines	81%	67%	83%	83%	85%	85%	85%	85%	85%	85%
<b>Total - passenger carriers</b>	<b>81%</b>	<b>58%</b>	<b>76%</b>	<b>83%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 23 | Forecast Landed Weight and Average Weight per Landing - Scenario 2 (Low)

Calendar Year	Actual				Forecast						CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2022-2028	2019-2028
<b>Landed Weight (1,000,000 lbs.)</b>												
Allegiant Air	238	219	298	296	307	315	327	335	343	350	2.8%	4.3%
American Airlines	409	292	371	374	383	392	406	417	426	435	2.5%	0.7%
Delta Air Lines	708	384	494	574	596	613	636	653	667	680	2.9%	-0.4%
Frontier Airlines	92	46	74	95	98	100	104	107	109	111	2.6%	2.1%
Southwest Airlines	242	231	266	215	222	227	236	242	247	253	2.7%	0.5%
United Airlines	359	168	256	311	325	334	347	356	364	371	3.0%	0.4%
<b>Total - passenger carriers</b>	2,048	1,341	1,760	1,866	1,931	1,981	2,055	2,110	2,156	2,201	2.8%	0.8%
<b>Total - charters</b>	5	3	2	4	4	4	4	4	4	4	0.4%	-0.6%
<b>Total - cargo</b>	244	244	244	251	244	243	244	243	244	244	-0.5%	0.0%
<b>Total</b>	2,297	1,588	2,005	2,122	2,178	2,228	2,303	2,358	2,404	2,449	2.4%	0.7%
<b>Average Weight per Landing (1,000 lbs.)</b>												
Allegiant Air	142	144	145	145	142	143	143	144	144	145	0.0%	0.2%
American Airlines	68	77	76	90	87	87	88	88	88	88	-0.3%	2.9%
Delta Air Lines	109	103	104	119	116	116	117	117	117	118	-0.2%	0.9%
Frontier Airlines	148	146	147	151	150	150	151	151	152	152	0.1%	0.3%
Southwest Airlines	131	131	133	139	136	137	137	138	138	139	-0.1%	0.6%
United Airlines	72	73	83	91	88	88	89	89	89	90	-0.2%	2.5%
<b>Total - passenger carriers</b>	95	100	102	112	109	110	110	110	111	111	-0.2%	1.8%
<b>Total - charters</b>	143	146	144	146	146	146	146	146	146	146	0.0%	0.2%
<b>Total - cargo</b>	129	130	129	128	129	129	129	129	129	129	0.2%	0.0%
<b>Total</b>	98	104	104	114	111	111	112	112	112	113	-0.2%	1.6%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

### 3.10 | Forecast Uncertainty and Risk Factors

The forecasts are based on information available at the time of the study, measurable factors that drive air traffic, and assumptions about their future trends. Actual results could differ materially from the forecasts if any of the assumptions do not hold or if unexpected events cause traffic to decrease or increase significantly. The Airport operates in a dynamic business environment where a variety of factors are at play. Many of these factors, often intertwined, are subject to volatility and uncertainty, introducing risk—both downside and upside—to forecast activity levels.

#### 3.10.1 | Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks. Disease outbreaks pose an unpredictable danger in various ways, such as customer confidence, health and safety, international travel policies, and the well-being and availability of sufficient staffing and labor. In 2020, the COVID-19 pandemic developed to become a significant threat to the entire aviation industry and could remain a danger for some time. Widespread vaccination is key to containing the spread of the disease, restoring people's confidence in the public health and safety of air travel, and increasing people's comfort level with crowded spaces. The distribution of COVID-19 vaccines has aided the recovery of air travel and the overall U.S. economy, but new variants of the disease and new waves of infection could slow recovery and present uncertainty for the future.

#### 3.10.2 | Economic Conditions

The aviation industry is pro-cyclical: aviation traffic grows during periods of economic expansion as consumer and business incomes grow, increasing overall demand, including for air travel. Conversely, aviation traffic declines during periods of economic recession, as consumer and business incomes fall, causing overall demand and the demand for air travel to fall.

Various factors can trigger an economic recession. In 2020, the COVID-19 pandemic and the extreme mitigation measures triggered a global economic recession. The U.S. economy recovered to its pre-COVID output level in the second quarter of 2021 and has continued to grow, though at a slower pace. While the pandemic has eased, the U.S. economy faces other economic risks. In the short-term, inflationary pressures and supply constraints remain the most pressing concerns. Beyond the short-term, international trade tensions, continuing geo-political tensions, weakness in portions of the global economy, financial market volatility, and the high level of U.S. government and private debt present economic risks for the U.S. economy.

The U.S. economy also faces threats from flare-ups of COVID-19 cases and new virus variants that could prompt another wave of widespread economic lockdowns. COVID-19 policies internationally have the potential to strain global supply chains, disrupt international trade, and hinder economic growth.

Long-term growth faces several headwinds resulting from unfavorable, long-term demographic shifts, including population aging and declining population growth. An aging population will raise government expenditures on social programs. This will exert budgetary pressure on the U.S. government and raise already high U.S. government debt levels. In addition, a dwindling population base could gradually reduce the overall consumer demand, including the demand for air travel.

### 3.10.3 | U.S. Airline Industry Volatility

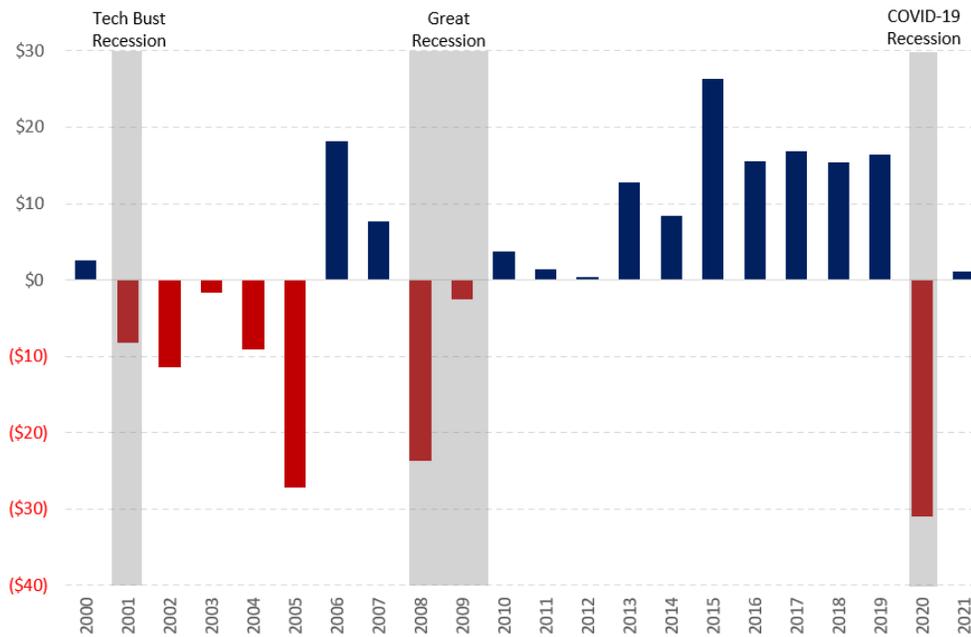
The U.S. airline industry is extremely volatile. It is vulnerable to many exogenous factors, such as economic downturns, sharp increases in oil prices, adverse weather, disease outbreaks, travel restrictions, terrorism threats, and geopolitical tensions. The volatility is reflected in the U.S. airline industry's balance sheet.

Before the pandemic, the U.S. scheduled passenger airline industry incurred annual net losses in 7 years, netting a profit of \$61.2 billion over the 20 years from 2000 through 2019 (Figure 56). After persistent losses during most of the 2000s, the U.S. scheduled passenger airline industry realized net profits almost yearly during the 2010s. The industry thrived amid the long economic expansion during the 2010s and the sharp decrease in fuel prices. The industry also reaped benefits from several business improvements made during the 2008-2009 Great Recession, including cost-cutting and productivity-enhancement measures. The improved financial performance enabled U.S. airlines to renew their fleets, increase scheduled flights and seats, and reduce capacity constraints.

In 2020, the U.S. scheduled passenger airline industry took a dramatic downturn with the spread of COVID-19 (Figure 57). As air travel slowed dramatically in the first half of 2020, U.S. scheduled passenger airlines incurred an annual net loss of more than \$35 billion, the largest annual loss since 1977. However, in 2021, as air travel resumed, the industry began to recover pandemic losses and earned a \$1.2 billion operating profit. U.S. airlines received financial relief under three COVID-19 federal aid packages: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA); and the American Rescue Plan Act of 2021 (ARPA).

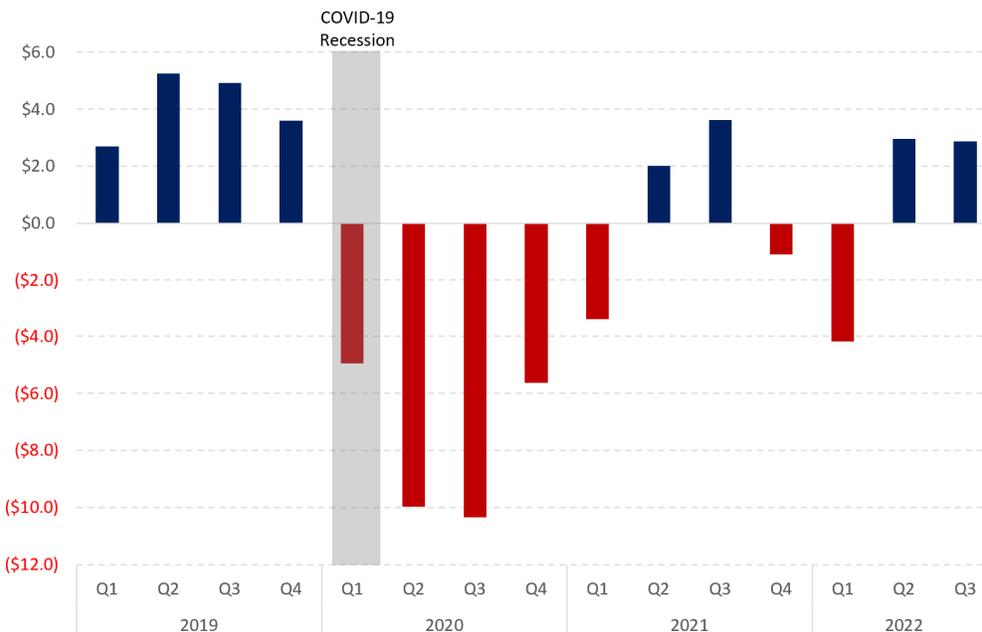
The improving trend continued in 2022, except for the first quarter during which severe winter conditions led to significant flight disruptions and cancellations. U.S. scheduled passenger carriers generated a net profit in both Q2 and Q3 2022.

Figure 56 | Net Income, U.S. Scheduled Airlines, 2000-2021



Sources: U.S. Bureau of Transportation Statistics (Form 41 Schedule P-1.2) and Unison Consulting, Inc. Gray areas indicate economic recession periods.

Figure 57 | Net Income, U.S. Scheduled Airlines, Q1 2019-Q3 2022



Sources: U.S. Bureau of Transportation Statistics (Form 41 Schedule P-1.2) and Unison Consulting, Inc. Gray areas indicate economic recession periods.

### 3.10.4 | Volatility of Oil prices and Implications for Aviation Fuel Costs

Volatility in oil prices directly affects aviation fuel costs, a significant component of airlines’ operating costs (the correlation between prices is 0.95).<sup>50</sup> Increases in the price of oil (Figure 58), therefore, translate directly into higher airline fuel costs (Figure 59). In the 2000s, record oil price increases raised fuel costs, pressured airlines’ finances, and contributed to extensive net losses industry-wide. However, oil prices fell steeply by 2015, contributing to sustained profitability in the U.S. airline industry in the 2010s.

In 2020, the global economic recession and the oil supply glut kept oil prices low. As a result, airlines enjoyed low fuel prices, providing some cost relief during the pandemic. In 2021, the global economic recovery began to push oil prices up. Oil prices rose to a high of \$115bbl in June 2022, exacerbated by the Russia-Ukraine conflict. By December, prices had fallen to \$75bbl and are currently forecast to decline to under \$70bbl through 2024. Oil prices will continue to be affected by changing global economic conditions, geopolitical factors, and the unpredictability of actions taken by the Organization of the Petroleum Exporting Countries (OPEC).

Figure 58 | Crude Oil Price, West Texas Intermediate, \$/Barrel, January 2000-December 2022 (Forecast to December 2024)



Sources: U.S. Energy Administration and Unison Consulting, Inc.

<sup>50</sup> Based on data from the U.S. Energy Administration and U.S. Bureau of Transportation Statistics and calculations by Unison Consulting, Inc.

Figure 59 | Aviation Fuel, Price per Gallon, Monthly, 2000-2022



Sources: U.S. Bureau of Transportation Statistics and Unison Consulting, Inc.

### 3.10.5 | Airline Market Concentration, Competition, and Airfares

Airline market concentration raises concern if it could lead to abuse of market power or increased prices. At GRR, however, the passenger service market has become less concentrated over the past decade, with the expansion of LCCs, such as Southwest and Allegiant, and the return of Frontier. In 2010, Delta had around 45 percent of GRR’s annual enplanements; the share fell to around 27 percent in 2021 and rose to around 30 percent in 2022. Other airlines had less than 22 percent of GRR’s annual enplanements in 2021 and have less than 19 percent in 2022. Increased parity in market shares among airlines in recent years could increase price competition in the future.

Airfares have an important effect on passenger demand, particularly for relatively short trips where the automobile (or occasional bus or train) is a viable alternative and for price-sensitive “discretionary” travel. Airfares are influenced by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence, and competition.

The aviation activity forecasts for the Airport assume that, over the long term, annual increases in airfares will not exceed annual inflation. If they do, the increases in airfares would dampen forecast traffic growth.

### 3.10.6 | Airline Mergers

The airline industry has been consolidating in response to competition, cost, and regulatory pressure. Airline mergers affect service and traffic at airports when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually happens within a few years—sometimes immediately—following a merger. The

impact can be significant or trivial, depending upon whether the merging airlines have a large market share at an airport and whether they carry significant connecting traffic through the airport.

### 3.10.7 | Structural Changes in Demand and Supply

Major crises prompt structural changes in demand and supply in the aviation industry. For example, the 2001 terrorist attacks prompted more stringent airport security measures requiring passengers to arrive at the airport much earlier for departing flights. This reduced some of the time advantages of air travel over ground transportation for short-haul flights. The COVID-19 pandemic has also spurred structural changes.

On the demand side, COVID-19 could usher in a “new normal” in consumer behavior, social interactions, and ways of conducting business that would permanently alter travel propensities and preferences. Public health and safety concerns have influenced consumers to consider ground transportation for longer distances previously traveled by air. For vacation travel, consumers have adapted to the COVID-19 environment by favoring destinations accessible by ground transportation, and destinations that are less crowded and offer more outdoor activities. The pandemic accelerated the adoption of technology for virtual meetings and conferences. It also promoted remote and hybrid work arrangements. These developments in the workplace have slowed the recovery of business travel. On the other hand, they have also given rise to a new type of travel that combines leisure and work.

On the supply side, U.S. airlines have taken steps to become smaller—accelerating the retirement of old aircraft, deferring new aircraft orders, and cutting workforces during the worst period of the COVID-19 pandemic. However, the streamlined fleet and workforce have constrained U.S. airlines in restoring adequate capacity to accommodate the strong rebound in air travel demand. It could take years for U.S. airlines to resolve these capacity constraints amid supply chain problems in aircraft manufacturing, a pilot shortage, and an overall shortage in labor supply.

One favorable trend is the accelerated adoption of no-touch technologies by airlines, airports, and the TSA. These new technologies will help allay public health and safety concerns and speed up passenger processing. By saving passengers time and reducing uncertainty, these technologies could help restore the competitiveness of air travel against ground transportation and help stimulate traffic recovery and growth.

### 3.10.8 | Labor Supply Constraints

The COVID-19 pandemic and resulting recession led to employee layoffs across many airlines, and companies went into 2021 with a significantly smaller workforce than they had before the pandemic. In addition, the demand for leisure travel accelerated beginning in the first half of 2021, requiring airlines to adjust their workforce to meet demand. As a result, insufficient numbers of qualified employees could limit the airlines’ ability to provide an adequate supply of flights and seats and, by extension, slow overall air traffic growth. Competition between companies to attract and retain skilled personnel has intensified and threatens to further impact industry growth.

Pilot shortages are a major concern for U.S. airlines. Several factors contribute to the shortage of pilots. First, approximately 5,000 experienced pilots accepted early retirement in response airlines’

desire to cut staff during the pandemic. Second, many pilots historically gained their training via military service. However, the use of drones and reductions in military staff has limited that pathway. Third, the aviation industry is heavily gender-biased (women comprise only about 5 percent of the global pilot workforce). This failure to diversify severely reduces the size of the pilot labor force. Fourth, the working conditions and initial pay for new pilots are discouraging. The substantial investments in time, money and experience required to become a pilot can be a disincentive to joining the industry.

To recruit and train new pilots, many airlines have established their own flight schools. Among major airlines, these include Alaska, American, Delta, Frontier, Hawaiian, JetBlue, Southwest, and United. Among regional airlines, these include: Cape Air, Envoy, Mesa, Republic, and SkyWest. The U.S. Bureau of Labor Statistics projects employment of airline and commercial pilots—135,300 in 2021—to grow 6 percent from 2021 to 2031.<sup>51</sup>

### 3.10.9 | Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and acts of terrorism disrupt air transportation. The terrorist attacks of September 11, 2001, serve as a constant reminder of the serious threat that such acts have on the aviation industry. Travel threats and warnings elevate airport security measures, resulting in more meticulous passenger screening, longer waits at security screening lines, and increased passenger anxiety—all discouraging air travel.

The Russian invasion of Ukraine is the latest example of a geopolitical conflict affecting air transportation. The United States, Canada, and the European Union have closed their airspace to Russian aircraft, and in retaliation, Russia has limited the use of their airspace to the airlines of many countries. These constraints have significantly impacted flight routes and flight times for global travel.

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<sup>51</sup> U.S. Bureau of Labor Statistics, “Occupational Outlook Handbook,”  
<https://www.bls.gov/ooh/transportation-and-material-moving/airline-and-commercial-pilots.htm#tab-1>.

## SECTION 4 | FINANCIAL ANALYSIS

This section reviews the framework for the financial operation of the Authority, including key provisions of the Resolution,<sup>52</sup> reviews the recent historical financial performance of the Authority, and presents projections of key financial metrics. This section also discusses the information and assumptions underlying the financial projections, which include Revenues, Operation and Maintenance Expenses (O&M Expenses), debt service requirements, and debt service coverage. The financial analysis presented in this section reflects the low air traffic forecast scenario presented in Section 3. A sensitivity analysis was also performed using the high air traffic forecast scenario, as summarized at the end of this section.

### 4.1 | Authority Financial Framework

#### 4.1.1 | Airport Accounting

The Authority was incorporated as a public body on September 2, 2015, and it commenced operations on July 1, 2016. The Authority's purpose is to operate and maintain the Airport. All operations of the Authority are accounted for in a single enterprise fund (a type of proprietary fund). Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority's financial statements are examined following the end of the fiscal year by independent certified public accountants. The purpose of this audit is to determine if the Authority's financial statements are in compliance with GAAP and the requirements of various state and federal agencies with which the County has agreements and receives grants-in-aid. The Authority's Comprehensive Annual Financial Report (CAFR) for 2021 (the most recent year available) shows that as of December 31, 2021, the Authority had total assets plus deferred outflows of resources of approximately \$584.0 million, total liabilities plus deferred inflows of resources of approximately \$270.7 million, with a net position of approximately \$313.3 million.

#### 4.1.2 | Airport Operating and Terminal Building Occupancy Permit

The scheduled passenger and cargo air carriers operate at the Airport pursuant to the Airport Operating and Terminal Building Occupancy Permit (the Permit). The Board revises and reissues the Permit annually, and it stipulates that the air carriers will pay the rates and charges established by the Board's Rates and Charges Resolution and will comply with the Board's General use Conditions for Scheduled Commercial Air Carriers and the Board's Airport Rules and Regulations. The Permit currently in effect was adopted by the Authority Board on November 16, 2022, for the Fiscal Year that began on January 1, 2023. The Permit may be terminated by either the Authority or the scheduled air carrier with 30 days written notice. Pursuant to the Board's annual Rates and

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<sup>52</sup> Capitalized terms not otherwise defined are used in this section as they are defined in the Resolution.

Charges Resolution, the Board fixes, establishes, and collects Airport rentals, fees, and charges sufficient to satisfy the Rate Covenant annually, as described below.

#### 4.1.3 | Rate Covenant

Pursuant to the Resolution, the Authority has covenanted and agreed at all times to fix and maintain rates and charges for use of the Airport as shall produce the greater of (i) amounts sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the Airport as are necessary to preserve the same in good repair and working order, to provide for the payment of the principal of and interest on all Bonds payable therefrom and for the creation and maintenance of a reserve therefor as required by the Resolution, and to provide for such other requirements, expenditures and funds for the Airport as the Resolution and Act 94 may require, or (ii) an amount so as to produce Net Revenues in each Fiscal Year equal to the sum of (a) 100% of the Debt Service Requirement for such Fiscal Year, plus (b) the amount by which the amount on deposit in the Surplus Fund on the last day of the immediately preceding Fiscal Year was less than 25% of Maximum Annual Debt Service as of such day. The rates and charges shall be revised from time to time as may be necessary to produce these amounts, provided that any rate or charge fixed and established pursuant to a lease or contract shall not be revised except in the manner provided in the lease or contract.

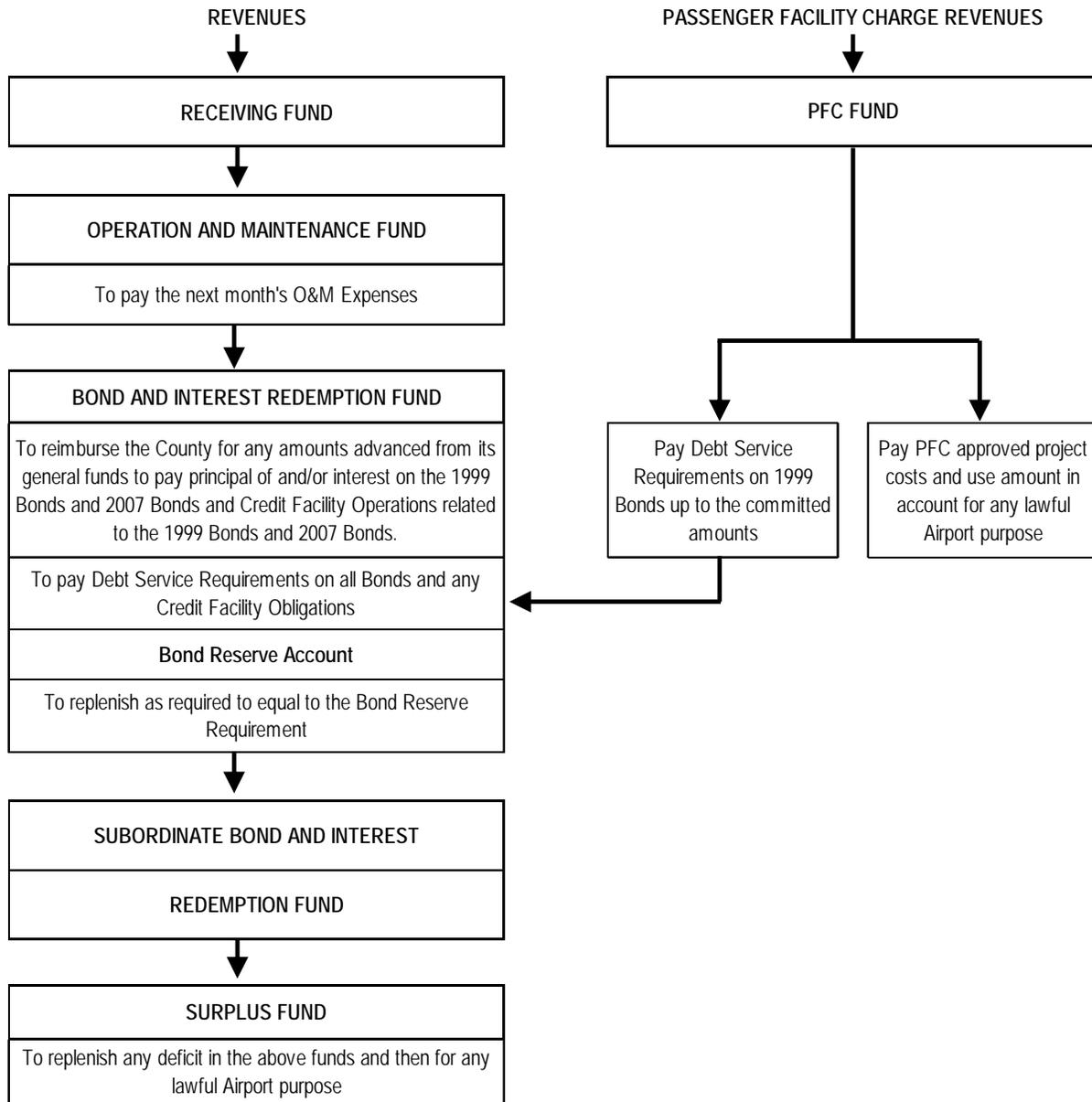
The financial projections presented later in this section include projections of the Authority's ability to satisfy the Rate Covenant.

#### 4.1.4 | Application of Revenues

Certain funds and accounts are maintained by the Authority pursuant to the Bond Resolution, which also specifies the priority for the flow of Revenues to the various funds and accounts, as presented in Figure 60. The Bond Resolution stipulates that all Revenues be deposited into the Receiving Fund, and then applied in the following order:

1. Operation and Maintenance (O&M) Fund – to pay the O&M Expenses for the next month.
2. Bond and Interest Redemption Fund – to reimburse the County for amounts (if any) advanced from the County's general funds to pay principal and/or interest on the currently outstanding bonds.
3. Bond Reserve Account – to replenish the Account, if necessary, to equal the Bond Reserve Requirement.
4. Subordinate Bond and Interest Redemption Fund – to pay debt service on Subordinate Bonds.
5. Surplus Fund – to replenish any deficits in the above funds and accounts, and any amounts left over can be used for any lawful Airport purpose.

Figure 60 | Flow of Funds



Source: Kent County Board of Commissioners, *Resolution Authorizing the Issuance of County of Kent, Michigan, Airport Revenue Bonds, Series 1995, March 23, 1995.*

## 4.2 | Debt Service

The currently outstanding bonds that have been issued to finance capital projects at the Airport are listed below.

- The Series 2021 Airport Revenue Bonds (\$93.650 million par value) were issued to fund a portion of the costs of adding new gates, concessions areas, and related improvements at the Airport.
- The Series 2021 Airport Revenue Refunding Bonds (\$19.815 million par value) were issued to refund the Series 2011 Bonds, which had refunded the bonds that originally funded a portion of the passenger terminal building remodeling project.
- The Series 2018 Airport Revenue Refunding Bonds (\$12.725 million par value) were issued to refund prior bonds, which had funded the Runway 17/35 capital project.
- The Series 2015 Airport Revenue Refunding Bonds (\$93.930 million par value) were issued to refund prior bonds, which had been issued to fund the existing parking garage at the Airport. The Authority applies PFCs to pay a portion of the debt service requirements for the Series 2015 Revenue Refunding Bonds.
- The Series 2015 Revenue Bonds (\$14.595 million par value) were issued to fund the cost of a roof to cover the fourth level and a portion of the third level of the existing parking garage at the Airport. The Authority applies rental car Customer Facility Charges (CFCs) to pay the debt service requirements for the Series 2015 Revenue Bonds.

For the purposes of the financial analysis in this section, the Series 2023A Bonds are assumed to be issued at an estimated par amount of \$164.710 million, to fund the costs of the Rental Car Parking Project. The annual debt service requirements for the Series 2023A Bonds, as estimated by PFM Financial Advisors, LLC (PFM), are based on an assumed true interest cost of 6.02 percent, a two-year capitalized interest period, and a final bond maturity date in year 2053. The Authority plans to use CFC revenues to pay the annual debt service on the Series 2023A Bonds.

The financial analysis in this section also assumes that another series of bonds (the Series 2023B Bonds) will be issued later in 2023, at an estimated par amount of \$135.250 million plus an estimated premium of \$4.896 million, to fund a portion of the costs of the Terminal Enhancement Project. The annual debt service requirements for the Series 2023B Bonds, as estimated by PFM, are based on an assumed true interest cost of 5.16 percent, a two-year capitalized interest period, and a final bond maturity date in year 2053. The Authority plans to use PFCs to pay approximately 12.41 percent of the annual debt service on the Series 2023B Bonds.

## 4.3 | Operation and Maintenance Expenses

O&M Expenses are defined in the Bond Resolution as “the reasonable, necessary current expenses of the Authority paid or accrued in operating, maintaining, and repairing the Airport.” O&M

Expenses consist of direct and indirect expenses. Direct expenses relate to one of the following seven direct cost centers:

- Airfield
- Terminal Building
- Airline Apron
- Ground Transportation
- General Aviation
- Other Lands and Buildings
- Air Cargo and Trade Center

Indirect expenses represent expenses such as Administration division and Maintenance division expenses that are allocated to one or more of the direct cost centers pursuant to the Authority's procedures. Historical O&M Expenses for 2017 through 2022 are shown on Table 24 and Figure 61.

The largest categories of O&M Expenses are Personnel Services and Contract Services. Together, these two categories accounted for 79.3 percent of total 2022 O&M Expenses.

- Contractual Services is the largest category, having accounted for 43.0 percent of 2022 O&M Expenses. The main items within this category are the service contracts for janitorial services, and other contract services; the public parking management services; advertising and promotion expenses; security expenses; and storm water manager services. The Contractual Services category totaled approximately \$15.6 million in 2022.
- Personnel Services, the second largest category of O&M Expenses, accounted for 36.3 percent of total 2022 O&M Expenses. This category, which is composed of Salaries and Wages, and Employee Benefits, totaled approximately \$13.1 million in 2022.

Total O&M Expenses increased from approximately \$23.8 million in 2017 to \$25.4 million in 2018, and \$28.5 million in 2019, mainly due to the following factors:

- The janitorial services contract costs increased in 2018 due to an increase in the terminal building square footage (resulting from the completion of the Gateway Transformation project), and the increase in passenger activity.
- The costs Supplies increased due to increased de-icing activities resulting from increased winter snowfall events, and increased expenses for paper products for the terminal, due to increased passenger activity.
- Repairs and Maintenance expenses increased due to necessary airfield maintenance, as well as higher HVAC expenses and terminal gate repairs resulting from increased terminal building usage as passenger activity increased.

Total O&M Expenses decreased to \$25.7 million in 2020, mainly due to cost-cutting measures implemented by the Authority in response to the decreased air traffic activity resulting from the COVID-19 pandemic. As air traffic partially recovered in 2021, total O&M Expenses increased to

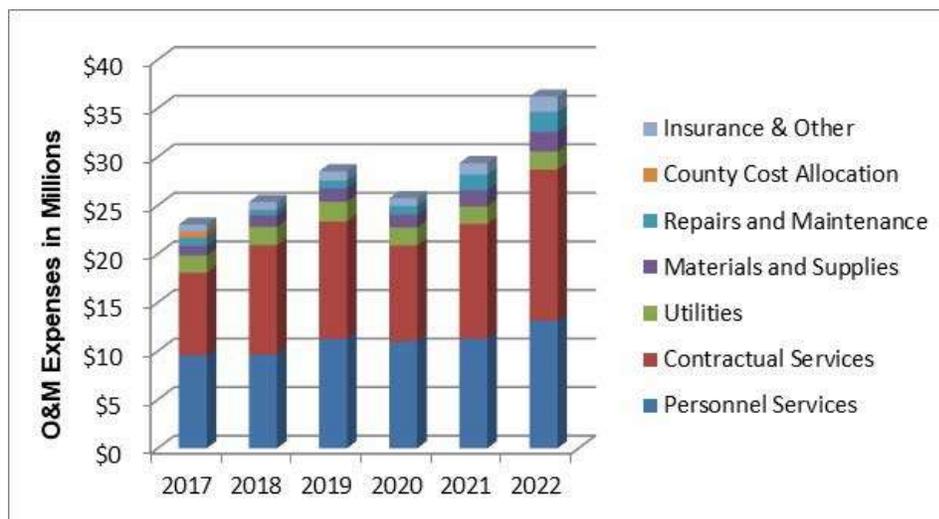
\$29.4 million in 2021 and \$36.2 million in 2022 as a result of the reestablishment of services and personnel that had been decreased after the start of the pandemic.

Table 24 | O&M Expenses, 2017-2022

	Audited Actuals					Preliminary 2022	CAGR 2017-2022
	2017	2018	2019	2020	2021		
Personnel Services	\$9,590,573	\$9,655,579	\$11,245,018	\$11,013,512	\$11,275,783	\$13,125,763	6.5%
Contractual Services	8,486,979	11,261,337	12,098,097	9,868,718	11,827,250	15,563,644	12.9%
Utilities	1,758,265	1,861,943	2,014,556	1,850,909	1,795,699	1,854,896	1.1%
Materials and Supplies	1,020,342	1,210,381	1,398,068	1,330,391	1,636,259	2,010,820	14.5%
Repairs and Maintenance	832,546	551,423	803,404	889,765	1,638,950	2,081,630	20.1%
County Cost Allocation <sup>1</sup>	625,536	15,940	0	0	0	0	-100.0%
Insurance & Other Expenses	720,152	794,250	960,157	795,127	1,188,803	1,556,792	16.7%
<b>Total O&amp;M Expenses</b>	<b>\$23,034,392</b>	<b>\$25,350,853</b>	<b>\$28,519,300</b>	<b>\$25,748,422</b>	<b>\$29,362,744</b>	<b>\$36,193,546</b>	<b>9.5%</b>

<sup>1</sup> The County Cost Allocation expense ended after the Authority was created.

Figure 61 | Graph of O&M Expenses by Category, 2017-2022



Projections of O&M Expenses for 2023 through 2028 are based on the Authority’s 2023 budget, historical trends in the various expense categories (with adjustments related to the unusual effects of the COVID-19 pandemic on trends in 2020 and 2021), and anticipated future events and conditions that are likely to affect the level of O&M Expenses. Total O&M Expenses are projected to increase at an average annual rate of 4.1 percent from 2023 through 2028, to approximately \$50.7 million in 2028, as shown on Table 25.

Table 25 | Projected O&M Expenses

	Budget	Projected					CAGR
	2023	2024	2025	2026	2027	2028	2023-2028
Personnel Services	\$15,321,566	\$15,934,000	\$17,436,000	\$18,622,000	\$19,342,000	\$20,016,000	5.5%
Contractual Services	17,906,790	18,444,000	18,997,000	19,819,000	20,413,000	21,026,000	3.3%
Utilities	1,865,100	1,921,000	1,998,000	2,098,000	2,161,000	2,226,000	3.6%
Materials and Supplies	1,361,237	1,402,000	1,444,000	1,502,000	1,547,000	1,593,000	3.2%
Repairs and Maintenance	2,867,578	2,954,000	3,042,000	3,133,000	3,227,000	3,324,000	3.0%
County Cost Allocation	50,200	52,000	53,000	55,000	57,000	58,000	2.9%
Other Expenses	2,061,522	2,123,000	2,190,000	2,177,000	2,342,000	2,412,000	3.2%
<b>Total O&amp;M Expenses</b>	<b>\$41,433,993</b>	<b>\$42,830,000</b>	<b>\$45,160,000</b>	<b>\$47,406,000</b>	<b>\$49,089,000</b>	<b>\$50,655,000</b>	<b>4.1%</b>

#### 4.4 | Revenues

Revenues, as defined in the Resolution, primarily consist of “the income derived from the rates charged for the services, facilities and commodities furnished by the Airport, the earnings derived from the investment of moneys in the various funds and accounts established by this Resolution,” and other items with limitations, as specified in the Resolution. Passenger Facility Charges (PFCs) received by the Authority are not included in the definition of Revenues.

Revenues principally consist of Airline revenues (amounts received from the passenger air carriers (Airline revenue) and Non-airline revenues (including revenues received from parking operations, rental car concessions, terminal concessions, general aviation users, air cargo operators, and other tenants and users of the Airport). Also included in the definition of Revenues pursuant to the Resolution are certain non-operating revenues received by the Authority from rental car CFCs and interest earnings.

Revenues received during the years 2017 through 2022 are summarized on Table 26. Total Revenues increased from approximately \$44.1 million in 2017 to \$59.9 million in 2019, reflecting increases in passenger traffic during those years. The main factor driving the overall increase in total Revenues was the significant increases in Parking revenue, which increased from \$17.5 million in 2017 to \$27.1 million in 2019. Total Revenues decreased to approximately \$51.0 million in 2020, due to the drop in air traffic caused by the COVID-19 pandemic. However, the drop in Revenues was moderated by \$16.3 million in federal COVID-19 relief funds received by the Authority in that year. Revenues recovered in 2021, with total Revenues increasing to \$59.2 million, including \$5.5 million in federal COVID-19 relief funds. Total Revenues increased further in 2022, to \$73.0 million, including \$7.0 million in federal COVID-19 relief funds. Significant increases were experienced in 2022 in Parking Revenue (an increase of \$6.3 million or 29.5 percent) and in CFC revenues (an increase of \$1.8 million, or over 100 percent). These increases were mainly due to the continued recovery of air traffic at the Airport, plus the increase in the per-transaction day CFC level (from \$3.00 to \$6.00) which became effective on June 1, 2022.

Table 26 | Historical Revenues

	Audited					Preliminary	CAGR
	2017	2018	2019	2020	2021	2022	2017-2022
<b>Airline Revenues</b>							
Terminal Building Rentals	\$5,487,526	\$6,040,480	\$6,522,947	\$3,620,049	\$7,645,579	\$7,390,741	6.1%
Landing Fees	4,594,543	5,537,519	6,037,955	4,297,284	6,276,528	6,662,530	7.7%
Apron Fees	2,923,759	3,163,959	3,307,321	2,373,969	3,137,460	3,442,620	3.3%
<b>Total Airline Revenues</b>	<b>\$13,005,828</b>	<b>\$14,741,958</b>	<b>\$15,868,223</b>	<b>\$10,291,302</b>	<b>\$17,059,567</b>	<b>\$17,495,891</b>	<b>6.1%</b>
<b>Non-airline Revenues</b>							
Parking Revenue	17,539,037	21,702,467	27,095,884	12,835,522	21,252,283	27,758,093	9.6%
Rental Car Revenue	4,696,103	5,227,298	5,699,261	3,584,240	5,619,253	6,531,558	6.8%
Air Cargo	2,525,442	2,606,076	2,708,634	2,833,984	2,935,032	3,091,943	4.1%
Non-airline Terminal	2,288,466	2,682,936	2,982,169	1,591,162	2,625,423	3,296,400	7.6%
General Aviation	1,651,675	1,782,545	1,880,664	1,893,370	2,117,454	2,928,160	12.1%
Other Operating Revenues	124,764	431,936	496,028	229,658	240,275	361,051	23.7%
<b>Total Non-airline Revenues</b>	<b>\$28,825,487</b>	<b>\$34,433,258</b>	<b>\$40,862,640</b>	<b>\$22,967,936</b>	<b>\$34,789,720</b>	<b>\$43,967,205</b>	<b>8.8%</b>
<b>Total Operating Revenues</b>	<b>\$41,831,315</b>	<b>\$49,175,216</b>	<b>\$56,730,863</b>	<b>\$33,259,238</b>	<b>\$51,849,287</b>	<b>\$61,463,096</b>	<b>8.0%</b>
<b>Nonoperating Revenues</b>							
CFC Revenues	2,152,497	2,383,246	2,631,330	1,301,940	1,771,993	3,577,761	10.7%
Federal COVID-19 Relief Funds	0	0	0	16,261,000	5,509,000	6,986,000	N/A
Interest Earnings	126,000	241,000	513,000	166,000	87,000	982,000	50.8%
<b>Total Revenues<sup>1</sup></b>	<b>\$44,109,812</b>	<b>\$51,799,462</b>	<b>\$59,875,193</b>	<b>\$50,988,178</b>	<b>\$59,217,280</b>	<b>\$73,008,857</b>	<b>10.6%</b>

<sup>1</sup> Because PFCs are excluded from the definition of "Revenues" in the Resolution, they are not included in the above table.

Table 27 presents projected Revenues through 2028. Airline Revenues for 2023 are presented according to the budgeted amounts, to reflect the rates being charged to the airlines. For 2024 and subsequent years, projected Airline Revenues reflect the airline rates and charges methodology currently in effect, with future increases anticipated to occur due to the costs associated with the terminal improvements and other planned capital projects. In general, Non-airline Revenues are projected based on assumed increases in individual categories, reflecting anticipated increases in enplanements during the forecast period, and certain assumptions regarding inflation. Total Revenues are projected to increase from \$79.8 million in 2023 to approximately \$98.4 million in 2028. The assumptions and factors underlying the projections are described in the sub-sections that follow.

Table 27 | Projected Revenues

	Budget <sup>2</sup>		Projected <sup>3</sup>				CAGR 2022-2028
	2023	2024	2025	2026	2027	2028	
<b>Airline Revenues</b>							
Terminal Building Rents	\$8,893,337	\$13,525,620	\$16,951,728	\$21,455,344	\$22,008,585	\$20,902,703	18.9%
Landing Fees	8,262,450	8,696,590	9,144,750	9,495,000	9,680,440	9,926,510	5.5%
Apron Fees <sup>4</sup>	4,391,750	4,667,915	4,800,517	4,966,371	5,107,482	5,203,856	5.8%
<b>Total Airline Revenues</b>	<b>\$21,547,538</b>	<b>\$26,890,125</b>	<b>\$30,896,996</b>	<b>\$35,916,715</b>	<b>\$36,796,507</b>	<b>\$36,033,069</b>	<b>11.9%</b>
<b>Non-airline Revenues</b>							
Parking Revenue	28,759,500	29,547,000	30,681,000	32,428,778	33,126,345	33,807,690	3.3%
Rental Car Revenue	7,172,000	7,391,000	7,685,000	6,698,000	6,876,000	7,052,000	0.5%
Air Cargo	3,147,000	3,315,000	3,380,000	3,438,000	3,482,000	3,533,000	2.8%
Non-airline Terminal	3,278,000	3,391,000	3,539,000	3,659,000	3,769,000	3,879,000	3.4%
General Aviation	2,979,000	3,030,000	3,082,000	3,135,000	3,189,000	3,245,000	8.1%
Other Operating Revenues	364,000	366,000	368,000	370,000	372,000	374,000	6.1%
<b>Total Non-airline Revenues</b>	<b>\$45,699,500</b>	<b>\$47,040,000</b>	<b>\$48,735,000</b>	<b>\$49,728,778</b>	<b>\$50,814,345</b>	<b>\$51,890,690</b>	<b>3.1%</b>
<b>Total Operating Revenues</b>	<b>\$67,247,038</b>	<b>\$73,930,125</b>	<b>\$79,631,996</b>	<b>\$85,645,492</b>	<b>\$87,610,852</b>	<b>\$87,923,759</b>	<b>6.2%</b>
<b>Non-operating Revenues</b>							
CFC Revenues	5,478,000	9,044,000	9,493,000	9,837,000	10,142,000	10,352,000	19.4%
Federal COVID-19 Relief Funds	6,944,000	0	0	0	0	0	N/A
Interest Earnings	150,000	150,000	150,000	150,000	150,000	150,000	-1.0%
<b>Total Revenues <sup>1</sup></b>	<b>\$79,819,038</b>	<b>\$83,124,125</b>	<b>\$89,274,996</b>	<b>\$95,632,492</b>	<b>\$97,902,852</b>	<b>\$98,425,759</b>	<b>6.2%</b>

<sup>1</sup> Because PFCs are excluded from the definition of “Revenues” in the Resolution, they are not included in the above table.

<sup>2</sup> Airline Revenues for 2023 reflect the budget amounts, to indicate the rates charged to the airlines.

<sup>3</sup> For 2024 and subsequent years, Airline Revenues are projected based on the Airport’s airline rates and charges methodology.

<sup>4</sup> Projected Apron Fees include iterant aircraft Apron Fees.

#### 4.4.1 | Airline Revenues

Total Airline revenues increased from approximately \$13.0 million in 2017 and \$15.9 million in 2019, and then dropped to \$10.3 million in 2020 due to the effects of the COVID-19 pandemic. Airline revenues recovered to \$17.1 million in 2021 and \$17.4 million in 2022, reflecting the recovery of air traffic. The airline rates and charges are set via a cost recovery methodology. Each year, the Authority Board adopts a resolution based on the cost of services (compensatory) methodology, based on the Authority’s annual operating and capital budgets that have been approved by the Authority Board and the County Board of Commissioners. The Authority charges the airlines 100% of the costs allocated to them, in the form of aircraft landing and apron fees (for use of the airfield and airline apron), and rent (for the terminal space the airlines occupy). Prior to the onset of the COVID-19 pandemic, the increases in Airline revenues were mainly due to annual increases in O&M Expenses and amortization charges allocated to the airline cost centers, and projected increases in landed weight (for landing fees), leased space (for terminal building rentals), and apron activity (for apron fees). Airline revenues in 2020 and 2021 were affected by decreased air traffic activity and the application of federal COVID-19 relief funds to mitigate the rates charged to the airlines.

## Airline Rates and Charges Calculation Methodology

### *Terminal Building Rentals*

The terminal building rental rate per square foot is calculated to recover the following costs allocated to the Terminal cost center: O&M Expenses; equipment and capital outlays; debt service costs; amortization of Authority-funded assets; and charges for the Authority's investment in land. The total of these costs (the Terminal Building Requirement) is divided by the total rentable terminal building square footage to arrive at the rental rate per square foot. The terminal building rentals for each year equal the terminal building rental rate per square foot multiplied by the number of square feet rented by the airlines.

### *Landing Fees*

The landing fee rate per thousand pounds of maximum certified gross landed weight is calculated to recover the following costs allocated to the Airfield cost center: O&M Expenses; equipment and capital outlays; debt service costs; amortization of Authority-funded assets; and charges for the Authority's investment in land. The total of these costs (the Airfield Requirement) is multiplied by a percentage factor determined by the Authority to be the air carriers' collective share of Airfield Requirement. The percentage factor is based on the air carriers' collective landed weight as a percentage of total Airfield landed weight and the air carriers' collective number of landings as a percentage of total Airfield landings – weighted 80 percent for landed weight and 20 percent for landings. The resulting Airfield costs allocated to the air carriers are divided by the total estimated landed weight of all of the scheduled passenger and cargo air carriers, and the nonscheduled charter airlines to determine the landing fee rate per thousand pounds of gross landed weight. Total landing fee revenue for each year equals the landing fee rate multiplied by the number of thousand-pound units of gross landed weight.

### *Apron Fees*

The apron fee rate is calculated to recover the following costs allocated to the Apron cost center: O&M Expenses; equipment and capital outlays; debt service costs; amortization of Authority-funded assets; and charges for the Authority's investment in land. The total of these costs (the Apron Requirement) is divided by the total estimated landed weight of the scheduled passenger air carriers to determine the apron fee rate per thousand pounds of gross landed weight.

## Projected Airline Revenues

The calculations of projected Terminal Building Rentals, Landing Fees, and Apron Fees, based on the elements of the airline rates and charges methodology described above, and based on the projected components of the calculations, are presented on Table 28, Table 29, and Table 30. The calculations reflect the following projected financial components of the airline cost center requirements:

- O&M Expenses, with the projected increases in the various categories as explained previously in this section, allocated to the various cost centers according to the Authority's methodology.
- Equipment and capital outlays.
- Debt service requirements.
- Amortization of Authority-funded assets, including land.

The calculations also reflect forecast landings and landed weights presented in the low scenario air traffic forecast in Section 3. Based on the above assumptions and projections, total Airline Revenues are projected to increase to approximately \$36.0 million in 2028.

Table 28 | Projected Airline Terminal Rent Revenue

	Budget <sup>1</sup>	Projected				
	2023	2024	2025	2026	2027	2028
O&M Expenses	\$9,444,968	\$13,353,000	\$14,798,000	\$16,071,000	\$16,722,000	\$17,224,000
Capital Improvement/Equip.	160,743	165,600	170,600	175,700	181,000	186,400
Debt service:						
Series 2021 Refunding	2,949,403	2,941,623	2,944,553	2,953,065	2,942,010	0
Series 2021	4,682,500	4,682,500	6,017,500	6,015,750	6,030,750	6,151,500
Less: PFCs applied to Series 2021	(3,043,625)	(2,809,500)	(3,610,500)	(3,609,450)	(3,618,450)	(3,690,900)
Anticipated Series 2023B	0	0	3,637,100	7,274,200	7,374,200	8,239,200
Less: PFCs applied to Series 2023B	0	0	(402,602)	(805,204)	(817,613)	(928,672)
Total Debt Service	\$4,588,278	\$4,814,623	\$8,586,051	\$11,828,361	\$11,910,897	\$9,771,128
Amortization and Investment in Land	2,426,884	2,475,422	2,524,930	2,575,429	2,626,937	2,679,476
Terminal Building Requirement	\$16,620,874	\$20,808,646	\$26,079,582	\$30,650,491	\$31,440,835	\$29,861,005
Airline Terminal Rent <sup>2</sup>	\$8,893,337	\$13,525,620	\$16,951,728	\$21,455,344	\$22,008,585	\$20,902,703

<sup>1</sup> Amounts for 2023 reflect the Authority's budgeted amounts included in the 2023 airline rates and charges calculations.

<sup>2</sup> Airline Terminal Rent projections reflect the estimated additional space in future years due to the Concourse A Expansion project and the CBIS/Concourse Expansion project.

Table 29 | Projected Passenger Airline Landing Fee Revenue

	Budget <sup>1</sup>	Projected				
	2023	2024	2025	2026	2027	2028
O&M Expenses	\$9,323,668	\$9,892,000	\$10,192,000	\$10,529,000	\$10,846,000	\$11,090,000
Capital & Equipment	98,100	101,000	104,000	170,600	49,500	48,100
Amortization	2,209,217	2,253,402	2,517,402	2,567,750	2,619,105	2,671,487
Investment in land	4,129	4,129	4,129	4,129	4,129	4,129
Airfield Requirement	\$11,635,114	\$12,250,531	\$12,817,531	\$13,271,479	\$13,518,734	\$13,813,716
Airline percent of total	79.9%	79.9%	79.9%	79.9%	79.9%	79.9%
Airline Requirement	\$9,296,456	\$9,788,174	\$10,241,207	\$10,603,912	\$10,801,468	\$11,037,159
PAX Airline Landing Fees <sup>2</sup>	\$8,262,450	\$8,696,590	\$9,144,750	\$9,495,000	\$9,680,440	\$9,926,510

<sup>1</sup> Dollar amounts and landed weights for 2023 reflect the Authority's budget.

<sup>2</sup> Passenger Airline Landing Fees projected based on the Base forecast scenario presented in Section 3.

Table 30 | Projected Airline Apron Fee Revenue

	Budget	Projected				
	2023	2024	2025	2026	2027	2028
O&M Expenses	\$3,720,000	\$3,976,000	\$4,096,000	\$4,249,000	\$4,377,000	\$4,460,000
Capital & Equipment	46,746	46,746	46,746	46,746	46,746	46,746
Amortization & Land	610,004	630,169	642,771	655,625	668,736	682,110
Apron Requirement	\$4,376,750	\$4,652,915	\$4,785,517	\$4,951,371	\$5,092,482	\$5,188,856

#### 4.4.2 | Non-airline Revenues

##### Parking Revenue

The Airport generates Parking Revenue from the following parking facilities:

- The parking garage located across the terminal roadway from the passenger terminal building – providing short-term (hourly) parking and long-term (daily) parking.
- A surface lot that provides long-term parking (the North Lot) – located behind the parking garage, with pedestrian access to the passenger terminal building via pedestrian walkways through the garage (no shuttle service is provided).
- A surface lot that provides long-term parking (the East Lot) – located directly east of the terminal building, with pedestrian access from the terminal building.
- A remote surface parking lot (the Economy Lot) – shuttle service is provided from shuttle bus shelters, with shuttles arriving every 15 to 18 minutes.

In addition, valet parking is available, with a drop-off point in front of the passenger terminal building. A cell phone lot is located on Airport property, near the Airport entrance, providing time-limited, free parking for drivers while they wait for passengers to arrive.

To meet anticipated future growth in public parking demand at the Airport, the Authority has completed schematic design plans for a new parking garage to be built on the site of the existing North Parking Lot. Due to line-of-sight limitations of the existing ATCT, construction of the new North Garage will begin after the ATCT is relocated.

Parking Revenues are projected based on the most recent historical ratios of parking transactions per enplanement and average parking revenue per transaction for the various parking facilities, applied to forecast enplanements. An additional increase in parking activity was assumed in 2026, when more public parking spaces are anticipated to become available in the parking garage after the Rental Car Parking Project is completed, and all rental car operations are moved to that facility. Total Parking Revenues are projected to increase from approximately \$28.8 million in 2023 to \$33.8 million in 2028.

##### Rental Car Revenue

The following rental car companies operate at the Airport:

- Avis Rent A Car System, LLC (Avis)
- Enterprise Holdings, Inc. (Enterprise)
- Hertz Global Holdings, Inc. (Hertz)
- National Car Rental Systems, Inc. and Alamo Rent A Car (National/Alamo)
- Budget Rent a Car System, Inc. (Budget)

Each rental car company operates at the Airport pursuant to a Rental Car Concession and Lease Agreement (Rental Car Agreement). The rental car companies operate from their customer service counters in the parking garage, their ready/return spaces in the first level of the parking garage, and their individual service center facilities (land and improvements). Each rental car company pays a concession fee, for each Rental Car Agreement Year beginning on April 1 (an Agreement

Year), in an amount equal to the greater of the following: (a) 10 percent of its Gross Revenues, as defined in the Rental Car Agreement, for any activity originating at the Airport or in the parking garage, or (b) its Minimum Annual Guarantee (MAG) for each year of the term of the Rental Car Agreement, as specified in the Rental Car Agreement. Each concessionaire is required to pay by the 15<sup>th</sup> day of each month an amount equal to 10 percent of its Gross Revenues for the prior calendar month. If, at the end of any Agreement Year, a concessionaire has paid concession fees less than its MAG, it is required to pay the difference between its concession fees paid for that Agreement Year and its MAG, within 15 days after the end of the Agreement Year.

In addition to the concession fees, each on-Airport rental car company pays rent on a per-square foot basis for its customer service counter in the parking garage, its ready/return spaces in the parking garage, and its service center facilities (one rate per square foot for the service center facility site and another rate per square foot for the improvements on the service center facility site). The annual rent amounts for the customer service counters, ready/return spaces, and service center facilities are due in 12 monthly installments. The rent amounts are subject to adjustment annually in accordance with adjustments in the Consumer Price Index (CPI).

The Rental Car Parking Project will consolidate into one facility the rental car operations at the Airport, including rental car counters, rental car ready/return spaces, rental car cleaning, fueling, and washing, and rental car short-term storage parking. This project will allow the first level of the existing parking garage to be used exclusively for public parking, adding approximately 1,100 parking spaces to the inventory of public parking spaces. The Rental Car Parking Project is anticipated to enhance the rental car customer experience, reduce traffic on the Airport roadways, and provide adequate space for the rental car companies to accommodate increasing demand at the Airport.

Rental Car concession revenue is projected based on the recent ratio of concession revenue per enplanement, with slight increases each year to account for rental car pricing increases and additional increases to reflect assumed future increases in the ratio of transaction days per enplanement, applied to forecast annual enplanements. The projections assume that the annual rent amounts for the existing customer service counters, ready/return spaces, and service center facilities will be discontinued when the Rental Car Parking Project opens, which is currently anticipated for 2026. Rental Car revenue is projected to increase from \$7.2 million in 2023 to \$7.7 million in 2025, and then decrease to \$6.7 million in 2026 due to the anticipated discontinuation of the rent paid by the rental car companies for their existing facilities when the Rental Car Parking project opens. Rental Car revenue is projected to increase in 2027 and 2028, to \$7.1 million in 2028.

### Cargo Revenues

The all-cargo air carriers lease facilities on a per-square foot basis, in the East Side Cargo area and the Air Cargo and Trade Center. The rental rates for the East Side Cargo area are set by appraisal, with an annual CPI adjustment. The rental rates for the Air Cargo and Trade Center are set to recover the amortization of the development costs. The Air Cargo and Trade Center includes two cargo buildings with a total of 160,000 square feet, a 500,000 square foot aircraft apron, automobile parking lots, and associated infrastructure. The all-cargo air carriers also pay landing fees based on the landing fee rate per 1,000 pounds of certified maximum gross landing weight of each aircraft,

pursuant to the annual rates and charges resolution. Total revenue from the all-cargo air carriers increased from \$2.5 million in 2017 to \$3.1 million in 2022. Air Cargo revenue is projected to increase to approximately \$3.5 million in 2028, based on projected increases in the landing fee rate applied to forecast air cargo landed weight, and assumed inflationary increases in the cargo facilities rental payments, which reflect the annual CPI adjustment provisions in the leases.

### Non-airline Terminal Fees and Rents

In addition to the rent received from the airlines for the space the airlines lease in the passenger terminal building, the Authority receives fees and rents from other tenants and users of the passenger terminal building. Terminal concessionaires pay to the Airport concession fees that are calculated as a percent of each concessionaire's gross revenues. Other concessions in the passenger terminal building include advertising, shoeshine, a game room, luggage carts, massage chairs, vending machines, and automated teller machines. The Authority also receives fees and rents for various other areas in the terminal building, including rent for office and other space occupied by the FAA and the TSA, reimbursements from tenants for utility costs, and rent paid by other non-airline tenants.

Total Non-airline Terminal rents and fees increased from \$2.3 million in 2017 to \$3.0 million in 2019, mainly due to increased passenger activity during those years, plus increases in spending per passenger. Non-airline Terminal rents and fees decreased to \$1.6 million in 2020, due to the effects of the COVID-19 pandemic. As air traffic recovered from the pandemic, this revenue category increased to \$2.6 million in 2021 and \$3.3 million in 2022, mainly due to increases in terminal concession revenues.

Terminal concession revenues are projected based on the recent ratio of concession revenue per enplanement, with modest increases to reflect future pricing increases due to anticipated inflation, applied to forecast enplanements. Other Non-airline Terminal fees and rents are projected to increase with inflation. Total Non-airline Terminal fees and rent revenue is projected to increase to \$3.9 million in 2028.

### General Aviation Revenue

General Aviation revenue consists of rent for general aviation and corporate hangars; rent for land parcels dedicated for general aviation uses; fuel flowage fees; and land rent and fees for fuel farm facilities. Landmark Aviation is the Fixed Base Operator (FBO) at the Airport, offering services such as fuels sales, ground handling, aircraft servicing and maintenance, and other services for general aviation and corporate aviation users.

General Aviation revenue increased from \$1.7 million in 2017 to \$2.1 million in 2021 and \$2.9 million in 2022. During the projection period, inflationary increases for land and facility rents are assumed, but fuel flowage fees are conservatively assumed to remain flat. Therefore, total General Aviation revenue is projected to increase from \$3.0 million in 2023 to \$3.2 million in 2028.

### Other Operating Revenues

Other operating revenues consist of ground transportation permit fees and miscellaneous revenue items. Other operating revenues increased to a high of \$496,000 in 2019, and then decreased with



### Interest Earnings.

The Authority earns interest on the various funds and accounts held by the Authority. This revenue category fluctuated from 2017 through 2022, as a function of interest rates and available fund and account balances. Interest earnings are conservatively projected to remain at \$150,000 through 2028.

## 4.5 | Debt Service Coverage

Projected debt service coverage is calculated as annual Net Revenues (annual Revenues less O&M Expenses) divided by annual debt service net of PFCs applied to the payment of debt service requirements. Debt service coverage is projected to decrease in 2026 as a result of the assumed additional annual debt service costs associated with the Series 2023A Bonds and the anticipated Series 2023B Bonds, as shown on Table 31. Throughout the forecast period, the Authority is projected to satisfy the Rate Covenant requirement in the Resolution.

Table 31 | Projected Debt Service Coverage

	Budget	Projected				
	2023	2024	2025	2026	2027	2028
Total Revenues <sup>1</sup>	\$79,819,038	\$83,124,125	\$89,274,996	\$95,632,492	\$97,902,852	\$98,425,759
Less O&M Expenses	(41,433,993)	(42,830,000)	(45,160,000)	(47,406,000)	(49,089,000)	(50,655,000)
Net Revenues	\$38,385,045	\$40,294,125	\$44,114,996	\$48,226,492	\$48,813,852	\$47,770,759
Debt Service						
Series 2021/2011	2,949,403	2,941,623	2,944,553	2,953,065	2,942,010	0
Series 2015 Refunding	7,325,200	7,322,950	7,331,200	7,323,950	7,321,450	7,322,950
Series 2015	1,133,100	1,129,850	1,130,100	1,128,600	1,130,350	1,130,100
Series 2018 (funded with PFCs)	2,519,500	2,525,250	0	0	0	0
Series 2021 Bonds (partially funded with PFCs)	0	4,682,500	6,017,500	6,015,750	6,030,750	6,151,500
Series 2023A	0	0	9,811,185	9,811,185	9,911,185	10,905,995
Series 2023B (partially funded with PFCs)	0	0	3,637,100	7,274,200	7,374,200	8,239,200
Total Debt Service	\$13,927,203	\$18,602,173	\$30,871,638	\$34,506,750	\$34,709,945	\$33,749,745
Less: PFCs applied to Debt Service	(2,519,500)	(5,334,750)	(4,013,102)	(4,414,654)	(4,436,063)	(4,619,572)
Net Debt Service	\$11,407,703	\$13,267,423	\$26,858,536	\$30,092,096	\$30,273,882	\$29,130,173
Debt Service Coverage	3.36	3.04	1.64	1.60	1.61	1.64

<sup>1</sup> Revenues, as defined in the Resolution, do not include PFCs.

## 4.6 | Application of Revenues

The projected application of Revenues, pursuant to the provisions of the Bond Resolution and illustrated in the Flow of Funds chart (Figure 60), is presented on Table 31. Revenues are deposited into the Receiving Fund, and then are applied first to the payment of O&M Expenses. Revenues remaining after the payment of O&M Expenses are then deposited into the Bond Interest and Redemption Fund for the payment of debt service requirements and to replenish the Bond Reserve Account, if necessary. The financial projections indicate that there will not be any need during the projection period to replenish the Bond Reserve Account. Since there are no subordinate bonds outstanding (and hence, no subordinate debt service requirements anticipated during the projection period), all remaining Revenues are projected to be deposited into the Surplus Fund.

Table 32 | Projected Application of Revenues

	Budget	Projected				
	2023	2024	2025	2026	2027	2028
Total Revenues	\$79,819,038	\$83,124,125	\$89,274,996	\$95,632,492	\$97,902,852	\$98,425,759
Application of Revenues						
O&M Expenses	41,433,993	42,830,000	45,160,000	47,406,000	49,089,000	50,655,000
Debt Service net of PFCs	11,407,703	13,267,423	26,858,536	30,092,096	30,273,882	29,130,173
To CFC Fund	5,478,000	9,043,850	9,492,700	9,836,500	10,142,100	10,352,200
To General Fund	21,499,342	17,982,852	7,763,760	8,297,896	8,397,870	8,288,386
Total Application of Revenues	\$79,819,038	\$83,124,125	\$89,274,996	\$95,632,492	\$97,902,852	\$98,425,759

#### 4.7 | Airline Cost per Enplanement

The projected signatory airline cost per enplanement (CPE) is calculated as total signatory airline revenues divided by forecast enplanements, as shown on Table 33. The projected increases in the CPE reflect the assumed increases in O&M Expenses and new debt service costs related to planned capital improvements. A projected CPE in the \$16 - \$20 range for a small hub airport such as GRR is reasonable. As those airports implement future capital improvements their CPE levels will likely increase further.

Table 33 | Projected Signatory Passenger Airline Cost per Enplanement

	Budget	Projected				
	2023	2024	2025	2026	2027	2028
Terminal Rents	\$8,893,337	\$13,525,620	\$16,951,728	\$21,455,344	\$22,008,585	\$20,902,703
Landing Fees	8,262,450	8,696,590	9,144,750	9,495,000	9,680,440	9,926,510
Apron Fees	4,376,750	4,652,915	4,785,517	4,951,371	5,092,482	5,188,856
Total Signatory Airline Revenue <sup>1</sup>	\$21,532,538	\$26,875,125	\$30,881,996	\$35,901,715	\$36,781,507	\$36,018,069
Enplanements	1,800,000	1,876,000	1,948,000	1,999,000	2,042,000	2,084,000
Signatory Airline CPE	\$11.96	\$14.33	\$15.85	\$17.96	\$18.01	\$17.28

<sup>1</sup> Excludes revenues from cargo carriers and itinerant aircraft.

#### 4.8 | Sensitivity Analysis

To be conservative, the financial projections presented in this section are based on the low air traffic forecast scenario. A sensitivity analysis was prepared using the high air traffic forecast scenario, for comparison purposes. The projections of key financial metrics using the high air traffic forecast scenario are presented in Table 34, along with the same financial metrics using the low air traffic forecast scenario.

#### 4.9 | Summary

The following points highlight the significant findings of the financial analysis contained in this section:

- The financial analysis indicates that under the low air traffic forecast scenario, the Authority is projected to generate sufficient Revenues to meet its financial obligations under the Resolution.
- Under the low air traffic forecast scenario, debt service coverage is projected to equal 1.60 or higher during the forecast period.
- Under the low air traffic forecast scenario, the signatory airline CPE is projected to reach a high of \$18.01 in 2027, which is considered within a reasonable range, especially considering the planned capital improvements.
- Under the high air traffic forecast scenario, total Revenues are projected to increase to \$102.3 million in 2028, debt service coverage is projected to equal 1.71 or higher during the forecast period, and the signatory airline CPE is projected to reach a high of \$16.81 in 2026 and 2027.

Table 34 | Comparison of Projections of Key Financial Metrics Using High and Low Air Traffic Scenarios

	2024	2025	2026	2027	2028
<b>Total Revenues</b>					
High Scenario	\$86,174,395	\$92,512,966	\$98,933,212	\$101,504,580	\$102,254,624
Low Scenario	83,124,125	89,274,996	95,632,492	97,902,852	98,425,759
Difference	\$3,050,270	\$3,237,970	\$3,300,720	\$3,601,728	\$3,828,865
<b>Debt Service Coverage</b>					
High Scenario	3.27	1.76	1.71	1.73	1.77
Low Scenario	3.04	1.64	1.60	1.61	1.64
Difference	0.23	0.12	0.11	0.12	0.13
<b>Signatory Airline CPE</b>					
High Scenario	\$13.42	\$14.82	\$16.81	\$16.81	\$16.06
Low Scenario	\$14.33	\$15.85	\$17.96	\$18.01	\$17.28
Difference	(\$0.91)	(\$1.03)	(\$1.15)	(\$1.21)	(\$1.22)



## HEADQUARTERS

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**APPENDIX B**  
**COUNTY OF KENT**

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**APPENDIX B\***  
**COUNTY OF KENT**  
**GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION**

**LOCATION AND DESCRIPTION**

Kent County (the “County”) covers an area of approximately 864 square miles. The County is located in the southwest quadrant of Michigan’s Lower Peninsula, 150 miles west of Detroit and 180 miles northeast of Chicago. The County includes 21 townships, 9 cities, 5 villages, and 26 school districts.

**POPULATION**

The U.S. Census Bureau reported historical and 2020 populations for the County are as follows:

	County of Kent	%
	<u>          </u>	<u>Change</u>
2020 U.S. Census	657,974	9.19%
2010 U.S. Census	602,622	4.93
2000 U.S. Census	574,335	14.72
1990 U.S. Census	500,631	--

**FISCAL YEAR**

Effective September 30, 2023 the County’s fiscal year will begin on October 1 and end on September 30. Prior to September 30, 2023 the County’s fiscal year ended on December 31<sup>st</sup>.

**FORM OF GOVERNMENT**

The County is governed by a legislative body consisting of 21 members forming the Board of Commissioners, each of whom is elected for terms of two years from districts of approximately equal population. County elected officials include the County Treasurer, County Clerk and Register of Deeds, Prosecuting Attorney, Drain Commissioner, and Sheriff. These officials are elected at large for four-year terms.

Administration of the County is divided by the State of Michigan Constitution (the “State Constitution”) among various officials all elected at large according to purpose and by various appointed officials. The County Treasurer is the chief custodian of the County moneys, collector of County taxes, disbursing agent for certain tax funds to local communities and school districts and performs other duties concerned with inter-related fiscal affairs of County departments and agencies and is the Treasurer of the County Drainage Boards. The duties of the County Clerk and Register of Deeds are primarily record keeping in nature and include such duties as clerk of the Circuit Court and Board of Commissioners and keeping and maintaining records of plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate courts. The Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff’s duties involve the charge and custody of the County jail, the serving processes, and law enforcement in unincorporated areas. The Board of Commissioners has created the office of County Administrator/Controller as the chief administrative and fiscal officer of the County. The County Administrator/Controller is appointed by the Board of Commissioners and the responsibilities of the office include, but are not limited to: County administration; budget preparation and control; all accounting and auditing; and Executive Secretary to the Board of Commissioners. The County Administrator/Controller administers all policies of the board of Commissioners and oversees centralized service function (information technology, human resources, finance, purchasing, etc.) that serve all County departments.

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\*Information included in Appendix B of this Official Statement was obtained from the County unless otherwise noted.

# COUNTY TAXATION AND LIMITATIONS

## Property Tax Rates

Prior to 1982 the County’s tax rate was determined by a County-wide Allocation Board. In 1982, the County electorate voted a fixed millage allocation of 15 mills for operating purposes of the County and certain other taxing units within the County, as authorized by the State Constitution. Prior to 1995 the millage allocation was equal to \$15.00 per \$1,000 of the State Equalized Valuation (“SEV”) of taxable property in the County and since 1995 has been equal to \$15.00 per \$1,000 of Taxable Value (defined below) of the taxable property. (See “**COUNTY TAXATION AND LIMITATIONS - Taxable Valuation of Property**,” herein.) The 15 mills allocation was voted for an indefinite period of time, although State statute permits a maximum levy of 18 mills. Of the 15 voted mills, 4.8 mills were authorized as the maximum levy for the County’s operating purposes, including the payment of debt service. The remaining 10.2 mills were allocated among the other taxing units within the County. The allocation of the millage is fixed until such time as the electorate votes to change the allocation or the total authorized millage. The County electorate must approve additional millages of any amount for any general or specific purpose within statutory and constitutional limitations. In addition, the electorate may, at any time in the future, vote to (i) increase the 15 mill limit to 18 mills or (ii) re-establish the Allocation Board, and the County allocation of the total authorized 15 mills tax levy would thereafter be determined by the Allocation Board.

The County’s operating and additional voted millage for the past three years is shown in the following table. Tax levies are as of December 1st and July 1st of each year shown, are levied against each \$1,000 of Taxable Value and exclude taxes levied by underlying taxing units. The current tax levies are reduced from 4.8000 mills and .8400 mills for County operating and correction facility purposes, respectively, as a result of the 1978 State Constitutional amendment described under “Property Tax Limitations.”

## Property Tax Levy History

Purpose	2022			2021			2020		
	July 1	Dec. 1	Total	July 1	Dec. 1	Total	July 1	Dec. 1	Total
Operating	4.1310	0.0000	4.1310	4.1850	0.0000	4.1850	4.2243	0.0000	4.2243
Correctional Facility <sup>1</sup>	0.0000	0.7546	0.7546	0.0000	0.7645	0.7645	0.0000	0.7717	0.7717
Senior Services <sup>1</sup>	0.0000	0.5000	0.5000	0.0000	0.4842	0.4842	0.0000	0.4888	0.4888
Veterans Services <sup>1</sup>	0.0000	0.0500	0.0500	0.0000	0.0482	0.0482	0.0000	0.0487	0.0487
Museum Zoo <sup>2</sup>	0.0000	0.4206	0.4206	0.0000	0.4261	0.4261	0.0000	0.4301	0.4301
Early Childhood <sup>1</sup>	0.0000	0.2409	0.2409	0.0000	0.2441	0.2441	0.0000	0.2464	0.2464
<b>TOTAL</b>	<b>4.1310</b>	<b>1.9661</b>	<b>6.0971</b>	<b>4.1850</b>	<b>1.9671</b>	<b>6.1521</b>	<b>4.2243</b>	<b>1.9857</b>	<b>6.2100</b>

<sup>1</sup>Voter approved millages. The Correction Facility millage will expire in 2029, the Senior Services and Veterans Services millages will expire in 2029 and the Early Childhood millage will expire in 2024.

<sup>2</sup>Voters approved a millage request of 0.44 mills on the November 2016 ballot to be split equally between the John Ball Zoo and the Grand Rapids Public Museum and will expire in 2025.

Source: County of Kent

## Property Tax Limitations

In 1978, the electorate of the State passed an amendment to the State Constitution (the “Amendment”) which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35, Public Acts of Michigan, 1979, as amended, may have the effect of reducing the maximum authorized tax rate which may be levied by a local taxing unit. Under the Amendment’s millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, as published by the United States Department of Labor, then the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. However, should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would not increase over the prior year tax rate, but remain the same. The Amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time the Amendment became effective or which have been approved by the electors of the local taxing unit.

## **Taxable Valuation of Property**

Article IX, Section 3, of the State Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true market value. The State Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The State Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

In 1994, the electors of the State approved an amendment to the State Constitution (the “1994 Amendment”) permitting the State Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing the 1994 Amendment added a new measure of property value known as “Taxable Value.” Since 1995, taxable property has two valuations – State Equalized Value (“SEV”) and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of 1.05% or the inflation rate, plus all additions, or (b) the property’s current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property’s SEV.

The 1994 Amendment and the implementing legislation based the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local board of review and ultimately to the State Tax Tribunal.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the local assessor. Assessments are then equalized to the 50% levels as determined by the County’s department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits. Ad valorem Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198, Public Acts of Michigan 1974, as amended (“Act 198”) and Act 146, Public Acts of Michigan 2000, as amended (“Act 146”). Property granted tax abatements under Act 198 and Act 146 is recorded on separate tax rolls while subject to tax abatement.

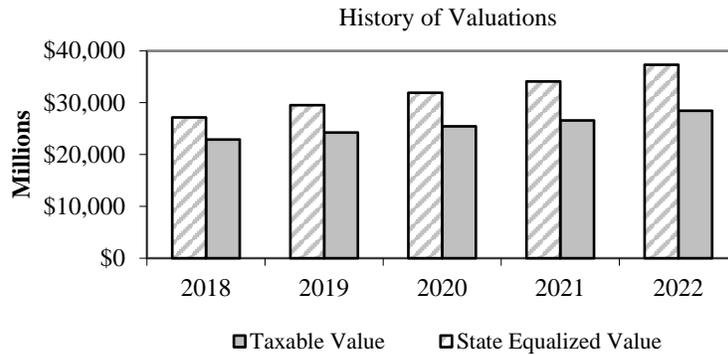
Property taxpayers may appeal their assessments to the State Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. County taxpayers have a number of tax appeals pending before the Tax Tribunal, none of which will have a significant impact on the County’s SEV, Taxable Value or the resulting taxes.

## State Equalized and Taxable Valuation

A history of the property valuations in the County is shown below:

Property Value as of 12/31	Levy/ Valuation Year	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2021	2022	\$28,418,785,125	7.01%	\$37,305,105,935	9.42%
2020	2021	26,557,114,520	4.49	34,093,610,850	6.85
2019	2020	25,416,817,753	4.94	31,909,061,889	8.16
2018	2019	24,219,497,487	5.81	29,502,080,572	8.74
2017	2018	22,889,416,524	4.81	27,131,963,621	4.70

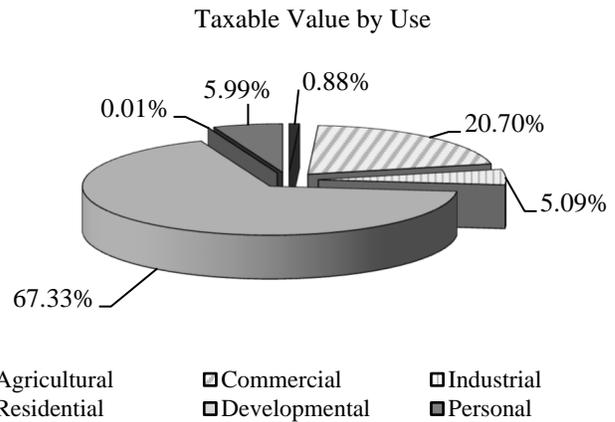
Source: Kent County Equalization Department



## Valuation Composition

A breakdown of the County's 2022 Taxable Value by class and use and municipality is as follows:

<b>By Class:</b>	2022 Taxable Value	Percent of Total
Real Property	\$26,716,211,423	94.01%
Personal Property	1,702,573,702	5.99
<b>TOTAL</b>	<b>\$28,418,785,125</b>	<b>100.00</b>
<b>By Use:</b>		
Agricultural	\$251,489,020	0.88%
Commercial	5,881,498,441	20.70
Industrial	1,445,894,955	5.09
Residential	19,133,619,071	67.33
Developmental	3,709,936	0.01
Personal	1,702,573,702	5.99
<b>TOTAL</b>	<b>\$28,418,785,125</b>	<b>100.00%</b>



Source: Kent County Equalization Department

A breakdown of the County's 2022 Taxable Value by municipality is as follows:

<u>By Municipality:</u>	<u>2022 Taxable Value</u>	<u>Percent of Total</u>
<i>Townships</i>		
Ada Township	\$1,195,829,734	4.21%
Algoma Township	571,355,613	2.01
Alpine Township	494,001,615	1.74
Bowne Township	167,242,027	0.59
Byron Township	1,477,118,270	5.20
Caledonia Township	893,210,377	3.14
Cannon Township	860,771,312	3.03
Cascade Township	1,870,510,553	6.58
Courtland Township	416,882,880	1.47
Gaines Township	1,106,018,459	3.89
Grand Rapids Township	1,235,258,907	4.35
Grattan Township	218,328,444	0.77
Lowell Township	282,290,764	0.99
Nelson Township	157,642,871	0.55
Oakfield Township	262,432,720	0.92
Plainfield Township	1,589,483,184	5.59
Solon Township	223,806,351	0.79
Sparta Township	333,226,305	1.17
Spencer Township	161,785,837	0.57
Tyrone Township	158,283,426	0.56
Vergennes Township	258,454,875	0.91
<i>Cities</i>		
Cedar Springs	97,330,557	0.34
East Grand Rapids	845,561,689	2.98
Grand Rapids	6,170,673,113	21.71
Grandville	797,503,412	2.81
Kentwood	2,255,418,313	7.94
Lowell	145,442,150	0.51
Rockford	287,751,656	1.01
Walker	1,361,177,984	4.79
Wyoming	2,523,991,727	8.88
<b>TOTAL</b>	<b><u>\$28,418,785,125</u></b>	<b><u>100.00%</u></b>

Source: Kent County Equalization Department.

## Property Tax Abatement

The SEV and Taxable Values do not include valuation of certain facilities which have temporarily been removed from the ad valorem tax roll pursuant to Act 198. Act 198 was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of Act 198, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from ad valorem taxes for a period of up to 12 years. In lieu of ad valorem taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility the IFT Tax is also determined the same as the ad valorem tax but instead of using the total mills levied as ad valorem taxes, a lower millage rate is applied. This millage rate equals 1/2 of all tax rates levied by other than the State plus 0%, 50% or 100% of the SET (as determined by the State Treasurer).

The County's ad valorem Taxable Value also does not include the value of certain facilities which have been temporarily removed from the ad valorem tax roll pursuant to Act 146. Act 146 was designed to provide a stimulus in the form of significant tax incentives to renovate certain blighted, environmentally contaminated or functionally obsolete commercial property or commercial housing property ("OPRA Properties"). Except as indicated below, under the provisions of Act 146, a local governmental unit (i.e. a city, village or township) may establish obsolete property rehabilitation districts and offer tax incentives or abatements to encourage rehabilitation of OPRA Properties.

An obsolete property rehabilitation certificate granted under Act 146 entitles an eligible facility to an exemption from ad valorem taxes on the building only for a period of up to 12 years. A separate tax roll exists for OPRA Properties abated under Act 146 called the "Obsolete Properties Tax Roll." An "Obsolete Properties Tax" is calculated using current year ad valorem millages times the taxable value of the obsolete building for the tax year immediately prior to the effective date of the obsolete property rehabilitation certificate except for the annual school operating and State Education Tax millages which are charged at the ad valorem tax rate on the current taxable value of the building. For the fiscal year ending December 31, 2021, the Taxable Value of property qualified for the benefits of the OPRA program totaled \$29,719,188.

The local units in the County have established goals, objectives and procedures to provide the opportunity for industrial and commercial development and expansion. The SEV of properties have been granted tax abatements under Act 198 and Act 146, removed from the ad valorem tax roll and placed on the IFT Tax Roll. Upon expiration of the industrial facilities exemption and obsolete property rehabilitation certificates the current equalized valuation of the abated properties will return to the ad valorem tax roll as Taxable Value.

As an additional measure to stimulate private investment, several local units in the County also created Renaissance Zones (the "Zones") pursuant to the provisions of Act 376, Public Acts of Michigan 1996, as amended ("Act 376"). Under Act 376 individuals living in and local businesses that conduct business and own qualified property located within the Zones are entitled to, among other things, an exemption from ad valorem taxes on qualified property. For the fiscal year ended December 31, 2022, the Taxable Value of property qualified for the benefits of the Ren Zones program totaled \$43,969,409.

The Neighborhood Enterprise Zone (the "NEZ"), authorized under Act 147, Public Acts of Michigan, 1992, as amended, is an abatement program to promote home ownership and investment in areas of the County where the greatest impact would occur and where such improvements may trigger additional investment in adjacent neighborhoods. For fiscal year ending December 31, 2021 the Taxable Value of the property located in the NEZ totaled \$33,003,230.

## **Tax Increment Authorities**

The Recodified Tax Increment Financing Act, Act 57 of the Public Acts of Michigan, 2018 (the "RTIFA Act") authorizes the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("L DFA") Districts and Act 381 of the Public Act of Michigan, 1996, as amended (the "Brownfield Act") authorizes the designation of specific districts known as Brownfield Redevelopment Authority ("BRDA") Districts (each a "TIF District"). These two acts authorize the formulation of tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the TIF Districts.

Tax increment financing permits the TIFA, DDA, L DFA, and BRDA to capture tax revenues attributable to increases in value of real and personal property located within an approved development area while any tax increment financing plans by an established TIF District are in place. These captured revenues are used by the TIF District and are not passed on to the local taxing jurisdictions.

## **Personal Property Tax Exemptions and Property Tax Proposals**

Act 328, Public Acts of Michigan 1998, as amended, allows certain eligible communities to designate specific existing areas as “eligible distressed areas” in which “new personal property” of “eligible businesses” would be exempt from ad valorem property taxation. The eligible communities could, with the approval of the State Tax Commission, designate one or more areas as eligible distressed areas.

The voters of the State approved enactment of Michigan Public Acts 153 and 154 of 2013 and Acts 80 and 86 through 93 of 2014 by referendum on August 5, 2014 (collectively, and as have been subsequently amended, the “PPT Reform Acts”), which significantly reformed Personal Property tax in Michigan.

Under the PPT Reform Acts, owners of industrial and commercial Personal Property with a total true cash value of \$180,000 or less may file an affidavit claiming a Personal Property tax exemption. To be eligible for the exemption, all of the commercial or industrial Personal Property within a city or township that is owned by, leased to, or controlled by the claimant has to have an accumulated true cash value of \$180,000 or less. Beginning in calendar year 2016, owners of certain manufacturing Personal Property that was either purchased after December 31, 2012, or that is at least 10 years old were able to claim an exemption from Personal Property tax. In 2022, all eligible manufacturing Personal Property is at least 10 years old or was purchased after December 31, 2012, so that it could be exempted from Personal Property tax.

To replace personal property tax revenues lost by local governments, including cities, the PPT Reform Acts divided the existing state use tax into two components, a “state share tax” and a “local community stabilization share tax,” and established the Local Community Stabilization Authority (the “LCSA”) to administer distribution of the local community stabilization share. The Michigan Department of Treasury collects the local community stabilization share tax on behalf of the LCSA. The local community stabilization share tax revenues are not subject to the annual appropriations process and are provided to the LCSA for distribution pursuant to a statutory formula. The statutory formula is anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions.

The ultimate nature, extent and impact of other tax and revenue measures, which are from time to time considered, cannot currently be predicted. No assurance can be given that any future legislation or administrative action, if enacted or implemented, will not adversely affect the market price or marketability of the Bonds, or otherwise prevent Bondholders from realizing the full current benefit of an investment therein. Purchasers of the Bonds should be alert to the potential effect of such measures upon the Bonds the security therefor, and the operations of the County.

## **Property Tax Collections**

The County’s fiscal year begins October 1 and ends September 30. County taxes were historically due and payable on December 1 of each prior year, at which time a lien on taxable property is created. Beginning in 2005 the County, as required by the State, began a shift of its operating millage from December 1 to July 1. Currently all of the operating millage is now billed on July 1. Property taxes billed on December 1 are payable without penalty until February 14. Property taxes billed on July 1 are payable without penalty on various dates, based on the billing cycles of city and township treasurers, but not later than September 14. Unpaid real property taxes become delinquent on the following March 1 and are thereafter collected by the County Treasurer with penalties and interest. Real property returned to the County Treasurer for delinquent taxes is subject to forfeiture, foreclosure and sale as provided in Act 206, Public Acts of Michigan 1893, as amended. In recent years, the County has paid to the respective municipalities within the County, including the County, from the Delinquent Tax Revolving Fund (the “Fund”), the delinquent real property taxes of such municipalities; collections of delinquent real property taxes otherwise would be paid to such municipalities by the County Treasurer on a monthly basis following collection. Funding by the County of delinquent real property taxes is dependent upon the ability of the County, annually, to sell its notes for that purpose. There is no assurance the Fund will be continued in future years. Delinquent personal property taxes are less than 1% of the County’s total levy. Suit may be brought to collect personal property taxes or personal property may be seized and sold to satisfy the tax lien thereon.

## Property Tax Collection History

Levy Year	Levy as of December 1 <sup>1</sup>	Collections to March 1 Year Following Levy <sup>2</sup>	Collections to the Following March 1 <sup>3</sup>
2022	\$172,878,154	In Process of Collection	Not Available
2021	162,803,381	\$151,340,957	92.96% \$162,076,082
2020	156,505,188	145,555,517	93.00 156,201,291
2019	150,915,274	140,644,952	93.19 150,857,743
2018	143,744,229	134,267,071	93.41 143,735,298
2017	131,664,667	123,510,169	93.81 131,661,120

<sup>1</sup>The County of Kent's fiscal year begins October 1. Taxes are billed on July 1<sup>st</sup> and December 1<sup>st</sup> and are recorded as delinquent the following March 1<sup>st</sup>. Tax levy includes DDA, LDFA, TIFA, HNFA, NIA, BRA & CIA amounts.

<sup>2</sup>Does not include payments from the County's Delinquent Tax Revolving Fund.

<sup>3</sup>Includes payments from the County's Delinquent Tax Revolving Fund.

Source: Kent County

## MAJOR TAXPAYERS

The County's top ten taxpayers and their 2022 Taxable Values are as follows:

Taxpayer	Product/Service	Taxable Value	"Equivalent" IFT Value <sup>1</sup>	Total Valuation
Consumers Energy	Utility	\$429,449,360	\$0	\$429,449,360
DTE Energy	Utility	176,748,380	0	176,748,380
Amway, Alticor, Access Business	Personal Care, Cleaning, Nutrition	158,331,121	11,419,520	169,750,641
Meijer, Inc. / Goodwill Co.	Retail Sales	134,715,783	0	134,715,783
PR Woodland LTD Partnership	Retail Shopping Center	78,033,120	0	78,033,120
Holland Home	Retirement Community	56,529,483	0	56,529,483
TEG	Engineering	54,771,758	0	54,771,758
Steelcase <sup>2</sup>	Office Furniture Manufacturer	48,364,294	0	48,364,294
Rivertown Crossings	Mall	45,447,400	0	45,447,400
Comcast	Cable TV, Internet & Phone	40,026,782	0	40,026,782
<b>TOTALS</b>		<b>\$1,222,417,481</b>	<b>\$11,419,520</b>	<b>\$1,233,837,001</b>
Total 2022 Taxable Value		\$28,418,785,125		
Top 10 Taxpayers as a % of 2022 Total Taxable Value		4.30%		

<sup>1</sup>Represents 50% of the actual Taxable Value.

<sup>2</sup>Appealing its taxes with the Michigan Tax Tribunal.

Source: Kent County Equalization Department

## REVENUES FROM THE STATE OF MICHIGAN

The County receives revenue sharing payments from the State of Michigan under the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"), on a per capita basis. The County's revenue sharing distribution is subject to annual legislative appropriation and may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriation committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

The State's ability to make revenue sharing payments to the County in the amounts and at the times specified in the Revenue Sharing Act is subject to the State's overall financial condition and its ability to finance any temporary cash flow deficiencies. Act 357, Public Acts of Michigan, 2004 ("Act 357") amended the General Property Tax Act to temporarily eliminate statutory revenue sharing payments to counties by creating a reserve fund, against which counties could draw in lieu of annual revenue sharing payments, paid for by the permanent advancement of the counties' property tax levy from December to July each year, beginning in 2005. Under Act 357, a county would resume receiving state revenue sharing payments in the first year in which the county's property tax revenue reserve was less than the amount the county would have otherwise received in state revenue sharing payments.

Under the fiscal year 2023 budget, signed into law on July 1, 2022 by Governor Whitmer, a portion of county revenue sharing payment distributions are made pursuant to the Revenue Sharing Act and a portion are distributed through an incentive-based program called the county incentive program (“CIP”). For fiscal year 2023, \$245.8 million has been appropriated for revenue sharing distributions to counties, resulting in a 6.3% increase from the fiscal year 2022 appropriation of \$231.1 million, of which \$202.3 million will be distributed pursuant to the Revenue Sharing Act and \$118.5 million will be distributed through the CIP. The CIP provides eligible counties distributions for complying with “best practices” to increase transparency. The department of treasury shall distribute revenue sharing funds to counties so that each eligible county receives a payment equal to 113.04552% of the amount determined pursuant to the Revenue Sharing Act, less the amount such county is eligible to receive under the CIP. However, each eligible county that is determined to have a retirement pension benefit system in underfunded status under section 5 of Act 202, Public Acts of Michigan, 2017, must allocate the excess of the sum of the amount it receives in 2022 county revenue sharing and county incentive program payments over the sum of the amount it received in county revenue sharing and county incentive program payments in fiscal year 2020 to its unfunded pension liability. Eligible counties are those that would be eligible to resume receiving state revenue sharing payments under Act 357.

Under the fiscal year 2023 CIP, an eligible county can receive CIP payments if it meets requirements for accountability and transparency, including making a citizen’s guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. Any portion of the CIP that the County would be eligible to receive would be subject to certain benchmarks that the County would need to meet, and there can be no assurance of what amount, if any, the County would receive under CIP. The County anticipates meeting the requirements to receive fiscal year 2023 CIP payments.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the County’s general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the County from the State.

The following table sets the amounts of annual revenue sharing payments from the State for the County’s fiscal years ended December 31, 2018 through December 31, 2021 and the estimated revenue sharing payments for the County’s fiscal year ending December 31, 2022.

Category	2022 <sup>1</sup>	2021	2020	2019	2018
State Revenue Sharing <sup>2</sup>	\$12,913,121	\$12,673,201	\$9,649,403	\$12,419,280	\$12,306,846
Local Community					
Stabilization Share	3,200,000	3,503,967	3,246,923	3,167,879	1,633,749
Court Equity Funding	2,600,000	2,583,671	2,568,734	2,895,442	3,083,430
Liquor Tax	3,295,522	3,559,297	3,494,675	3,461,891	3,378,810
Grants and Other	1,800,500	1,664,069	1,446,791	1,469,703	1,573,447
Total	<u>\$23,809,143</u>	<u>\$23,984,205</u>	<u>\$20,406,526</u>	<u>\$23,414,195</u>	<u>\$21,976,282</u>

<sup>1</sup>Budget as adopted by the County Board of Commissioners.

<sup>2</sup>2020 was reduced by the State and offset by a replacement revenue outside the General Fund.

Source: Kent County

## LABOR FORCE

A breakdown of the number of employees of the County and their affiliation with organized groups follows:

Employee Group	No. of Employees	Exp. Date of Contract
General Employees - United Auto Workers ("UAW")	426	12/31/2023
Technical, Professional & Office Workers of MI – TPOAM	378	12/31/2023
Deputy Sheriffs - Kent County Deputy Sheriff's Association	258	12/31/2023
Kent County Law Enforcement Association – FOP	279	12/31/2023
Lieutenants/Captains – POLC	27	12/31/2023
Prosecuting Attorneys Association	34	12/31/2027
Circuit Court Referee Association	8	12/31/2027
Teamsters – Public Health	59	12/31/2023
Teamsters – Parks Employees	17	12/31/2027
Elected Officials	5	N/A
Judges	17	N/A
Board of Commissioners	19	N/A
Management Pay Plan Employees (Non-union)	309	N/A
<b>TOTAL</b>	<b>1,836</b>	

Source: Kent County

## RETIREMENT PLANS

### Kent County Employees' Retirement Plan

The County sponsors and administers the Kent County Employees' Retirement Plan (the "Plan"), a single-employer, defined benefit pension plan, which covers all employees of Kent County, except employees of the Road Commission, Network180, Land Bank Authority, and Airport Authority. The Plan was established by the Kent County Board of Commissioners and is administered by a seven member Board called the Kent County Employees' Retirement Plan Pension Board (referred to herein as the "Board of Trustees"). The Board is comprised of the Chairman of the Finance Committee of the Commissioners, one other Commissioner appointed by the Board of Commissioners, three employees covered by the Plan, and two residents of the County that are independent of the County and the Plan. Employee contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the Kent County Board of Commissioners. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. It is accounted for as a separate pension trust fund. Stand-alone financial reports are issued that include financial statements and required supplementary information for the Plan, which may be obtained from the County of Kent Human Resources Department, 300 Monroe Ave. N.W., Grand Rapids, MI 49503-2222.

Plan members hired through December 31, 2010 are eligible to receive pension benefits upon retirement at age 60 with 5 years of service or at any age with 25 years of service, except as specified below. Members hired on or after January 1, 2011 (January 1, 2012 for the Teamsters-Parks, Circuit Court Referees, and Teamsters-Public Health Nurses) are eligible at age 62 with 5 years of service or at age 60 (55 for captains and lieutenants) with 25 years of service. Members of the Kent County Deputy Sheriff's Association bargaining unit hired on or after January 1, 2013 are eligible to receive this benefit at age 60 with 5 years of service or age 50 with 25 years of service. An early retirement option is offered for retirement at age 55 with 15 or more years of service. Members of the TPOAM bargaining unit hired on or after January 1, 2015 are eligible to receive this benefit at age 60 with 5 or more years of service or age 50 with 25 years of service.

Based on the most recent actuarial valuations of the plans as of December 31, 2021, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	1,612
Terminated employees entitled to but not yet receiving benefits	236
Vested and non-vested active participants	1,545
	<b>3,393</b>

**Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios**

	Fiscal Year Ended December 31,				
	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>					
Service Cost	\$19,898,177	\$19,484,646	\$18,181,774	\$17,404,156	\$16,899,725
Interest on Total Pension Liability	64,813,988	62,655,769	59,926,039	59,367,396	57,510,730
Benefit Changes	--	--	--	--	--
Difference Between Expected and Actual Experience	6,465,409	(3,167,615)	6,788,289	5,037,610	(8,133,524)
Assumption Changes	32,324,836	--	--	169,077	--
Benefit Payments	(47,728,332)	(45,596,530)	(43,444,076)	(40,615,954)	(38,366,716)
Refunds of Contributions	(663,124)	(423,931)	(749,644)	(549,386)	(478,636)
<b>Net Change in Total Pension Liability</b>	<b>\$75,110,954</b>	<b>\$32,952,339</b>	<b>\$40,702,382</b>	<b>\$40,812,899</b>	<b>\$27,431,579</b>
<b>Total Pension Liability – Beginning of Year</b>	<b>974,453,867</b>	<b>941,501,528</b>	<b>900,799,146</b>	<b>859,986,247</b>	<b>832,554,668</b>
<b>Total Pension Liability – End of Year</b>	<b>\$1,049,564,821</b>	<b>\$974,453,867</b>	<b>\$941,501,528</b>	<b>\$900,799,146</b>	<b>\$859,986,247</b>
<b>Plan Fiduciary Net Position</b>					
Contributions – Employer	\$11,207,271	\$12,005,262	\$9,007,032	\$8,939,628	\$8,965,098
Contributions – Employee	10,908,085	10,603,354	9,602,636	9,315,169	9,275,253
Net Investment Income (Loss)	132,822,471	103,391,931	155,017,171	(50,232,182)	130,100,983
Benefit Payments	(47,728,332)	(45,596,530)	(43,444,076)	(40,615,954)	(38,366,716)
Administrative Expense	(722,212)	(672,716)	(763,201)	(536,943)	(665,347)
Refunds of Contributions	(663,124)	(423,931)	(749,644)	(549,386)	(478,636)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$105,824,159</b>	<b>\$79,307,370</b>	<b>\$128,669,918</b>	<b>(\$73,679,668)</b>	<b>\$108,830,635</b>
<b>Plan Fiduciary Net Position – Beginning of Year</b>	<b>1,031,217,515</b>	<b>951,910,145</b>	<b>823,240,227</b>	<b>896,919,895</b>	<b>788,089,260</b>
<b>Plan Fiduciary Net Position – End of Year</b>	<b>\$1,137,041,674</b>	<b>\$1,031,217,515</b>	<b>\$951,910,145</b>	<b>\$823,240,227</b>	<b>\$896,919,895</b>
<b>Net Pension Liability (Asset)</b>	<b>(\$87,476,853)</b>	<b>(\$56,763,648)</b>	<b>(\$10,408,617)</b>	<b>\$77,558,919</b>	<b>(\$36,933,648)</b>
<b>Plan Fiduciary Net Position as a % of</b>					
<b>Total Pension Liability</b>	108.33%	105.83%	101.11%	91.39%	104.29%
<b>Covered Employee Payroll</b>	\$104,840,613	\$97,618,555	\$97,993,092	\$91,815,718	\$88,577,675
<b>Net Pension Liability (Asset) as a % of</b>					
<b>Covered Employee Payroll</b>	-83.44%	-58.15%	-10.62%	84.47%	-41.70%
<b><i>Road Commission Component Unit</i></b>					

The Road Commission provides retirement benefits to full-time employees through a 401(k) defined contribution plan administered by MERS. The Road Commission also participates in a defined benefit pension plan with the Municipal Employee's Retirement System of Michigan (MERS). The defined benefit plan is closed to new hires. Complete disclosures related to the Road Commission's retirement plans are available in its separately-issued audit report.

***Gerald R. Ford International Airport Authority***

The Airport Authority participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan. Complete disclosures related to the Airport Authority's participation in MERS are available in its separately-issued audit report.

For additional information, please see Note 13 – Benefits Plans in the Notes to the Financial Statements of the County's fiscal year ended December 31, 2021 audited financial statements.

*Source: Audited Financial Statements*

## OTHER POSTEMPLOYMENT BENEFITS

The County administers a single-employer defined benefit healthcare plan (the “Plan”) accounted for in the VEBA Trust Fund. In addition to the retirement benefits described in Note 15, the Plan provides health insurance benefits to certain retirees, which are advance funded on an actuarial basis. Stand-alone financial reports are issued that include financial statements and required supplementary information for the Plan, which may be obtained from the County of Kent Fiscal Services Department, 300 Monroe Ave. N.W., Grand Rapids, MI 49503-2221.

The County pays a monthly fixed subsidy for retirees of up to \$350 per month. In addition, the County provides an implicit subsidy due to having one premium based on a blended rate that treats current employees, retirees, eligible beneficiaries and dependents as one homogeneous group. The implicit subsidy is factored into the actuarial computation of the OPEB liability.

Based on the most recent actuarial valuations of the plans as of December 31, 2021, Plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	746
Active plan members	<u>1,546</u>
	<u>2,292</u>

### Schedule of Changes in the County's Net OPEB Liability and Related Ratios

	Fiscal Year Ended December 31,				
	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service Cost	\$1,445,063	\$1,321,125	\$1,359,413	\$1,072,729	\$1,127,286
Interest	4,094,752	4,065,569	3,807,630	4,038,791	3,974,131
Changes in Benefit Terms	--	--	--	1,527,575	--
Change in Assumptions	2,532,526	(1,722,740)	1,832,578	711,496	2,759,510
Differences between Expected & Actual Experience	1,615,108	--	--	(5,733,050)	--
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,261,654)</u>	<u>(3,325,532)</u>	<u>(2,992,778)</u>	<u>(3,104,339)</u>	<u>(3,145,772)</u>
<b>Net Change in Total OPEB Liability</b>	6,425,795	338,422	4,006,843	(1,486,798)	4,715,155
<b>Total OPEB Liability – Beginning of Year</b>	<u>61,571,283</u>	<u>61,232,861</u>	<u>57,226,018</u>	<u>58,712,816</u>	<u>53,997,661</u>
<b>Total OPEB Liability – End of Year</b>	<u>\$67,997,078</u>	<u>\$61,571,283</u>	<u>\$61,232,861</u>	<u>\$57,226,018</u>	<u>\$58,712,816</u>
<b>Plan Fiduciary Net Position</b>					
Contributions – Employer	\$5,434,401	\$6,909,780	\$4,475,538	\$5,321,892	\$5,271,289
Net Investment Income (Loss)	4,759,318	5,037,638	5,422,212	(1,599,916)	3,554,463
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,261,654)</u>	<u>(3,325,532)</u>	<u>(2,992,778)</u>	<u>(3,104,339)</u>	<u>(3,145,772)</u>
Administrative Expense	<u>(60,554)</u>	<u>(59,854)</u>	<u>(61,225)</u>	<u>(48,229)</u>	<u>(34,479)</u>
Other	<u>6,296</u>	<u>--</u>	<u>--</u>	<u>6,132</u>	<u>4,334</u>
<b>Net Change in Plan Fiduciary Net Position</b>	\$6,877,807	\$8,562,032	\$6,843,747	\$575,540	\$5,649,835
<b>Plan Fiduciary Net Position – Beginning of Year</b>	<u>41,296,891</u>	<u>32,734,859</u>	<u>25,891,112</u>	<u>25,315,572</u>	<u>19,665,737</u>
<b>Plan Fiduciary Net Position – End of Year</b>	<u>48,174,698</u>	<u>41,296,891</u>	<u>32,734,859</u>	<u>25,891,112</u>	<u>25,315,572</u>
<b>Net OPEB Liability</b>	\$19,822,380	\$20,274,392	\$28,498,002	\$31,334,906	\$33,397,244
<b>Plan Fiduciary Net Position as a % of</b>					
<b>Total OPEB Liability</b>	70.85%	67.07%	53.46%	45.24%	43.12%
<b>Covered Employee Payroll</b>	\$119,823,309	\$119,307,486	\$109,665,514	\$92,095,534	\$88,846,626
<b>Net OPEB Liability as a % of</b>					
<b>Covered Employee Payroll</b>	16.54%	16.99%	25.99%	34.02%	37.59%

**Road Commission Component Unit**

The Road Commission provides a defined benefit healthcare plan (the “Plan”), to certain retirees and their beneficiaries. Complete disclosures related to the Road Commission's other postemployment benefits plan are available in its separately-issued audit report.

**Gerald R. Ford International Airport Authority**

The Airport Authority contributions to a retiree health care savings account on behalf of eligible employees. The Airport contributions total \$3,000 per year and employees are required to contribute 1% of covered payroll. Complete disclosures related to the Airport's retiree healthcare savings plan are available in its separately-issued audit report.

For additional information, please see Note 14 – Other Postemployment Benefits (OPEB) in the Notes to the Financial Statements of the County’s fiscal year ended December 31, 2021 audited financial statements.

Source: Audited Financial Statements

**DEBT STATEMENT – (As of 03/16/2023 – including the Bonds described herein)**

DIRECT DEBT	GROSS	Self-Supporting or Portion Paid Directly by Benefited Municipalities	NET
Airport Authority Revenue Bonds with County LTGO <sup>1</sup>	\$356,880,000	\$356,880,000	-
Building Authority Bonds	15,200,000	-	\$15,200,000
Drain Bonds	12,383,000	12,383,000	-
Capital Improvement Bonds LTGO	64,910,000	-	64,910,000
Refuse & Solid Waste Bonds	4,915,000	4,915,000	-
Delinquent Tax Anticipation Notes	17,200,000	17,200,000	-
County/City Building Authority Bonds	21,339,324	-	21,339,324
Road Commission MTF Bonds	16,720,000	16,720,000	-
<b>TOTAL DIRECT DEBT</b>	<b><u>\$509,547,324</u></b>	<b><u>\$408,098,000</u></b>	<b><u>\$101,449,324</u></b>
<b>OVERLAPPING DEBT</b>			
Cities			\$159,696,172
Townships			73,826,536
Villages			1,217,000
School Districts			1,638,707,739
Intermediate School Districts			145,375
Community Colleges			23,375,804
<b>TOTAL OVERLAPPING DEBT</b>			<b><u>\$1,896,968,626</u></b>
<b>NET DIRECT AND OVERLAPPING DEBT</b>			<b><u>\$1,998,417,950</u></b>

<sup>1</sup>Includes the Bonds described herein.

Source: Municipal Advisory Council of Michigan

**DEBT RATIOS**

County Population	657,974
2022 Taxable Value	\$28,418,785,125
2022 State Equalized Value (SEV)	\$37,305,105,935
2022 True Cash Value (TCV)	\$74,610,211,870
Per Capita 2022 Taxable Value	\$43,191.35
Per Capita 2022 State Equalized Value	\$56,696.93
Per Capita 2022 True Cash Value	\$113,393.86
Per Capita Net Direct Debt	\$154.18
Per Capita net Direct and Overlapping Debt	\$3,037.23
Percent of Net Direct Debt of 2022 Taxable Value	0.36%
Percent of Net Direct and Overlapping Debt of 2022 Taxable Value	7.03%
Percent of Net Direct Debt of 2022 SEV	0.27%
Percent of Net Direct and Overlapping Debt of 2022 SEV	5.36%
Percent of Net Direct Debt of 2022 TCV	0.14%
Percent of Net Direct and Overlapping Debt of 2022 TCV	2.68%

**LEGAL DEBT MARGIN - (As of 03/16/2023 – including the Bonds described herein)**

2022 State Equalized Value (SEV)	\$37,305,105,935
Legal Debt Limit - 10% of SEV	3,730,510,594
Less: Total Debt Outstanding with County LTGO Pledge	<u>509,547,324</u>
<b>LEGAL DEBT MARGIN AVAILABLE</b>	<u><u>\$3,220,963,270</u></u>

**DEBT HISTORY**

The County has no record of default on its obligations.

**FUTURE FINANCING**

The Department of Public Works is exploring a few projects, for which it may need to issue revenue bonds over the next 12 to 48 months. Projects under consideration include the development of a Sustainable Business Park, improvements at the North Kent Transfer Station, and possibly adding a third combustion train to the Waste to Energy facility. Specific amounts and the exact timing are yet to be determined.

The Kent County Drain Commission is considering issuing approximately \$6.0 million in Knapps Corner Drainage District Bonds to finance drain improvements. The principal and interest on such Bonds will be payable primarily from the City of Grand Rapids and from collections on special assessments assessed against public corporations and property in the Drainage District.

After issuance of the Bonds, the Gerald R. Ford International Airport Authority expects to issue approximately \$135 million in additional Airport Revenue Bonds with the County full faith and credit pledge within the next 12 months.

**SCHEDULE OF BOND AND NOTE MATURITIES – (As of 03/16/2023 – including the Bonds described herein)**

Fiscal Year End	Airport Authority Revenue with County		Drain Bonds	Capital Improvement Bonds	Refuse & Solid Waste Bonds	Delinquent Tax Anticipation Notes	MTF Bonds	City/County Building Authority Bonds	TOTAL	Percent Repaid
	LTGO Bonds <sup>1</sup>	Building Authority Bonds								
2023	-	\$3,500,000	\$720,000	\$5,680,000	\$610,000	\$13,000,000	\$1,540,000	\$3,101,469	\$28,151,469	
2024	\$9,635,000	3,700,000	740,000	5,935,000	635,000	4,200,000	1,615,000	2,433,499	28,893,499	
2025	9,980,000	3,900,000	760,000	5,660,000	670,000	-	1,695,000	2,385,378	25,050,378	
2026	9,175,000	4,100,000	785,000	5,925,000	700,000	-	1,780,000	2,344,096	24,809,096	
2027	9,510,000	-	809,000	6,195,000	735,000	-	1,870,000	2,298,194	21,417,194	25%
2028	9,970,000	-	840,000	6,500,000	765,000	-	1,905,000	2,257,832	22,237,832	
2029	8,590,000	-	865,000	5,945,000	800,000	-	2,000,000	2,211,380	20,411,380	
2030	9,010,000	-	899,000	4,455,000	-	-	2,105,000	2,172,718	18,641,718	
2031	9,455,000	-	935,000	2,500,000	-	-	2,210,000	2,134,758	17,234,758	
2032	9,910,000	-	970,000	2,630,000	-	-	-	-	13,510,000	43%
2033	10,325,000	-	1,000,000	2,760,000	-	-	-	-	14,085,000	
2034	10,760,000	-	1,040,000	2,890,000	-	-	-	-	14,690,000	
2035	11,235,000	-	770,000	3,020,000	-	-	-	-	15,025,000	
2036	11,730,000	-	800,000	3,165,000	-	-	-	-	15,695,000	
2037	12,325,000	-	90,000	1,650,000	-	-	-	-	14,065,000	58%
2038	9,500,000	-	90,000	-	-	-	-	-	9,590,000	
2039	9,990,000	-	90,000	-	-	-	-	-	10,080,000	
2040	10,520,000	-	90,000	-	-	-	-	-	10,610,000	
2041	11,080,000	-	90,000	-	-	-	-	-	11,170,000	
2042	11,665,000	-	-	-	-	-	-	-	11,665,000	68%
2043	12,275,000	-	-	-	-	-	-	-	12,275,000	
2044	12,925,000	-	-	-	-	-	-	-	12,925,000	
2045	13,610,000	-	-	-	-	-	-	-	13,610,000	
2046	14,330,000	-	-	-	-	-	-	-	14,330,000	
2047	15,095,000	-	-	-	-	-	-	-	15,095,000	81%
2048	15,900,000	-	-	-	-	-	-	-	15,900,000	
2049	16,745,000	-	-	-	-	-	-	-	16,745,000	
2050	17,635,000	-	-	-	-	-	-	-	17,635,000	
2051	18,565,000	-	-	-	-	-	-	-	18,565,000	
2052	12,380,000	-	-	-	-	-	-	-	12,380,000	97%
2053	13,055,000	-	-	-	-	-	-	-	13,055,000	100%
Total	\$356,880,000	\$15,200,000	\$12,383,000	\$64,910,000	\$4,915,000	\$17,200,000	\$16,720,000	\$21,339,324	\$509,547,324	

<sup>1</sup>Includes the Bonds described herein.

**MAJOR EMPLOYERS**

Listed below are the ten largest employers that are located within the County of Kent:

Employer	Product or Service	Approx. No. of Employees
Spectrum Health	Hospital	25,000
Meijer, Inc. (HQ)	Retailer	10,340
Mercy Health St. Mary's	Healthcare	8,500
Gordon Food Service Inc. (HQ)	Food Distributor & Storage	5,000
Amway Corporation	Home Care, Nutritional & Household Products	3,791
Steelcase, Inc.	Office Equipment & Furniture	3,500
Farmers Insurance Group	Direct Property & Casualty Insurance Carrier	3,500
Lacks Enterprises	Automotive Accessories	3,000
Grand Rapids Public Schools	Education	2,800
Hope Network	Healthcare	2,162

Source: *The Right Place Inc. – Top Employers (2020)* via <https://www.rightplace.org/data-center/workforce>

## EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2017-2021 American Community Survey reports the occupational breakdown of persons 16 years and over for the County of Kent is as follows:

	County of Kent	
	Number	Percent
PERSONS BY OCCUPATION	338,849	100.00%
Management, Business, Science & Arts	134,992	39.84
Service	51,263	15.13
Sales & Office	71,464	21.09
Natural Resources, Construction & Maintenance	23,025	6.79
Production, Transportation & Material Moving	58,105	17.15

The U.S. Census Bureau, 2017-2021 American Community Survey reports the breakdown by industry for persons 16 years and over in the County of Kent is as follows:

	County of Kent	
	Number	Percent
PERSONS BY INDUSTRY	338,849	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	2,777	0.82
Construction	18,825	5.56
Manufacturing	63,405	18.71
Wholesale Trade	13,531	3.99
Retail Trade	36,745	10.84
Transportation, Warehousing & Utilities	14,327	4.23
Information	4,629	1.37
Finance, Insurance & Real Estate	20,354	6.01
Professional & Management Services	36,288	10.71
Educational, Health & Social Services	79,233	23.38
Arts, Entertainment, Recreation & Food Services	26,932	7.95
Other Professional & Related Services	15,429	4.55
Public Administration	6,374	1.88

## UNEMPLOYMENT RATES

The U.S. Department of Labor, Bureau of Labor Statistics, reports unemployment averages for the County of Kent as compared to the State of Michigan as follows:

Annual Average	County of Kent	State of Michigan
December, 2022	3.1%	3.8%
2021*	4.7	5.9
2020*	7.9	10.0
2019	2.9	4.1
2018	3.0	4.2

\*The above unemployment figures reflect job losses from the COVID-19 pandemic.

## POPULATION BY AGE

The U.S. Census Bureau, 2017-2021 American Community Survey reports the breakdown of population by age for the County of Kent as follows:

	County of Kent	
	Number	Percent
Total Population	654,958	100.00%
0 through 19 years	175,102	26.73
20 through 64 years	390,027	59.55
65 years and over	89,829	13.72
Median Age	35.5 years	

## INCOME

The U.S. Census Bureau, 2017-2021 American Community Survey estimate of household income for the County of Kent is as follows:

	County of Kent	
	Number	Percent
HOUSEHOLDS BY INCOME	249,821	100.00%
Less than \$ 10,000	10,930	4.38
\$ 10,000 to \$ 14,999	7,970	3.19
\$ 15,000 to \$ 24,999	18,922	7.57
\$ 25,000 to \$ 34,999	18,859	7.55
\$ 35,000 to \$ 49,999	30,682	12.28
\$ 50,000 to \$ 74,999	46,964	18.80
\$ 75,000 to \$ 99,999	35,649	14.27
\$100,000 to \$149,999	44,709	17.90
\$150,000 to \$199,999	17,371	6.95
\$200,000 or MORE	17,765	7.11
Median Income	\$69,786	

**COUNTY OF KENT**  
**GENERAL FUND BUDGET SUMMARY AND**  
**COMPARATIVE FINANCIAL STATEMENTS**

**Kent County**  
**General Fund Budget Summary**

	Preliminary 2022 <sup>1</sup>	As Adopted 2023 <sup>2</sup>
<b>Revenues</b>		
Taxes	\$113,518,879	\$119,298,360
Intergovernmental	27,236,027	19,921,130
Charges for Services	30,365,692	22,199,296
Investments, Rents & Royalties	995,007	3,365,400
Other Revenue	9,739,994	4,799,380
<b>Total Revenue</b>	<b>\$181,855,599</b>	<b>\$169,583,566</b>
<b>Expenditures</b>		
Sheriff	\$72,174,166	\$59,403,376
Circuit Court	15,303,943	13,132,386
Facilities Management	13,744,204	12,170,210
Prosecuting Attorney	5,259,585	4,419,388
Information Technology	6,849,042	6,316,382
Policy/Administration	4,180,775	4,114,107
Parks Department	6,408,718	5,203,551
Zoo	33,006	36,063
Fiscal Services	4,287,249	3,644,210
Clerk/Register of Deeds	3,539,062	3,074,775
District Court	2,946,867	2,474,839
Human Resources	1,998,581	1,827,484
Bureau of Equalization	1,544,997	1,221,834
Treasurer's Office	1,386,441	1,082,200
Drain Commission	713,190	624,784
Social Services	1,455,000	1,091,250
Other	8,844,878	7,643,979
<b>Total Expenditures</b>	<b>\$150,669,704</b>	<b>\$127,480,818</b>
<b>Excess of Expenditures (over) under Revenues</b>	<b>\$31,185,895</b>	<b>\$42,102,748</b>
<b>Other Financing Sources</b>		
Transfers In	\$18,787,300	\$14,618,494
Transfers Out	(47,147,840)	(41,600,320)
Appropriation Lapse	--	4,875,000
<b>Total Uses</b>	<b>(\$28,360,540)</b>	<b>(\$22,106,826)</b>
<b>Net Change in Fund Balance</b>	<b>\$2,825,355</b>	<b>\$19,995,922</b>
<b>Fund Balance - January 1 / October 1</b>	<b>\$84,687,537</b>	<b>\$87,512,892</b>
<b>Projected Fund Balance - December 31 / September 30</b>	<b>\$87,512,892</b>	<b>\$107,508,814</b>

<sup>1</sup>Pending audit adjustments

<sup>2</sup>As adopted – nine month budget to facilitate year-end change from December 31 to September 30.

Source: Kent County

**Kent County  
General Fund**

**Comparative Balance Sheet**

	For Fiscal Years Ended December 31		
	2019	2020	2021
<b>Assets</b>			
Cash, Investments & Accrued Interest	\$81,151,918	\$92,383,121	\$91,679,887
Receivables, Net:			
Accounts	873,550	853,571	934,067
Property Taxes	3,787,095	2,730,893	3,018,726
Due from Other Governments	2,891,897	2,468,920	2,363,852
Due from Other Funds	7,292,264	7,731,960	13,606,474
Due from Other Component Units	1,239,716	1,394,616	742,246
Advances to Component Units	560,286	389,160	618,097
Inventories	74,879	59,301	124,700
Prepaid Expenditures	259,814	803,261	967,041
<b>Total Assets</b>	<u>\$98,131,419</u>	<u>\$108,814,803</u>	<u>\$114,055,090</u>
<b>Liabilities</b>			
Accounts Payable	\$2,473,241	\$3,714,797	\$2,754,259
Accrued Liabilities	4,392,586	5,352,192	7,858,145
Due to Other Governments	1,767	2,727	2,525
Due to Other Funds	6,986,983	14,831,024	16,615,375
Due to Component Units	--	18	4,921
Unearned Revenue	539,287	488,215	619,425
<b>Total Liabilities</b>	<u>\$14,393,864</u>	<u>\$24,388,973</u>	<u>\$27,854,650</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Property Taxes	\$2,959,125	\$1,893,546	\$1,512,903
<b>Total Deferred Inflows of Resources</b>	<u>\$2,959,125</u>	<u>\$1,893,546</u>	<u>\$1,512,903</u>
<b>Fund Balance</b>			
Nonspendable	\$894,979	\$1,251,722	\$1,709,838
Committed	27,513,807	27,913,617	31,004,887
Assigned	2,921,941	3,424,133	25,329
Unassigned	49,447,703	49,942,812	51,947,483
<b>Total Fund Balance</b>	<u>\$80,778,430</u>	<u>\$82,532,284</u>	<u>\$84,687,537</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$98,131,419</u>	<u>\$108,814,803</u>	<u>\$114,055,090</u>

Source: Audited Financial Statements

**Kent County  
General Fund**

**Comparative Statement of Revenues,  
Expenditures and Changes in Fund Balance**

	For Fiscal Years Ended December 31		
	2019	2020	2021
<b>Revenues</b>			
Taxes	\$99,734,111	\$104,217,072	\$108,400,812
Licenses and Permits	30,360	30,390	28,730
Intergovernmental	24,948,661	21,979,434	25,728,710
Charges for Services	30,029,489	27,863,660	30,119,818
Fines and Forfeitures	1,555,928	985,379	1,247,775
Investment Earnings	2,009,372	1,330,427	34,076
Contributions and Reimbursements	5,360,376	5,352,173	5,327,021
Other	3,625,556	3,492,356	3,454,023
<b>Total Revenues</b>	<u>\$167,293,853</u>	<u>\$165,250,891</u>	<u>\$174,340,965</u>
<b>Expenditures</b>			
Current			
General Government	\$32,025,510	\$33,066,033	\$35,479,121
Public Safety	62,594,747	57,019,056	61,287,495
Health and Welfare	7,170,040	7,373,377	7,436,913
Culture and Recreation	5,935,143	5,856,092	6,160,885
Judicial	23,825,765	24,053,564	24,242,048
Community and Economic Development	1,077,437	1,168,303	1,185,571
Public Works	683,478	725,643	730,592
<b>Total Expenditures</b>	<u>\$133,312,120</u>	<u>\$129,262,068</u>	<u>\$136,522,625</u>
<b>Excess of Revenue Over (Under)</b>			
<b>Expenditures</b>	<u>\$33,981,733</u>	<u>\$35,988,823</u>	<u>\$37,818,340</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	\$19,018,039	\$19,134,338	\$18,450,000
Transfers Out	(47,039,877)	(53,771,478)	(54,444,007)
Proceeds From Sale of Capital Assets	331,541	402,171	330,920
<b>Total Other Financing Sources (Uses):</b>	<u>(\$27,690,297)</u>	<u>(\$34,234,969)</u>	<u>(\$35,663,087)</u>
<b>Excess of Revenue &amp; Other Sources</b>			
<b>Over (Under) Expenditures &amp; Other Uses</b>	\$6,291,436	\$1,753,854	\$2,155,253
<b>Fund Balance - Beginning</b>	<u>\$74,486,994</u>	<u>\$80,778,430</u>	<u>\$82,532,284</u>
<b>Fund Balance - Ending</b>	<u><u>\$80,778,430</u></u>	<u><u>\$82,532,284</u></u>	<u><u>\$84,687,537</u></u>

Source: Audited Financial Statements

## **APPENDIX C**

### **AUDITED FINANCIAL STATEMENTS OF THE COUNTY**

This Appendix contains the basic financial statements and related notes for the County's fiscal year ended December 31, 2021. The basic financial statements and related notes were prepared by the County in accordance with generally accepted accounting principles and were audited by Rehmann Robson LLC, Grand Rapids, Michigan. Rehmann Robson LLC has not been asked to consent to the use of information from such audited financial statements in this Appendix and has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements contained herein or on the unaudited financial or other information contained in this Official Statement. The County Fiscal Services Director has advised, and will certify to the Underwriters, that the information contained in this Appendix fairly represents the financial condition of the County and there has been no material adverse change in the financial condition of the County from the date of the independent auditor's report to the date of delivery of the Bonds. The County's complete financial statements are available at the following web site:

[http://www.accesskent.com/YourGovernment/Departments/Fiscal/fiscal\\_index.htm](http://www.accesskent.com/YourGovernment/Departments/Fiscal/fiscal_index.htm)

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## **APPENDIX D**

### **AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY**

This Appendix contains the basic financial statements and related notes for the Authority's fiscal year ended December 31, 2021. The basic financial statements and related notes were prepared by the Authority in accordance with generally accepted accounting principles and were audited by Plante Moran PLLC, Grand Rapids, Michigan. Plante Moran, PLLC, the Authority's independent auditor, has not been asked to consent to the use of information from such audited financial statements in this Appendix and has not performed or been engaged to perform any services in connection with the offering of the Bonds. Nor has Plante & Moran, PLLC performed or been engaged to perform any procedures on the financial statements of the Authority since the date of the Plante & Moran, PLLC report included herein. Plante & Moran, PLLC also has not performed any procedures relating to this offering document. The Authority's President and Chief Executive Officer has advised, and will certify to the Underwriters, that the information contained in this Appendix fairly represents the financial condition of the Authority and there has been no material adverse change in the financial condition of the Authority from the date of the independent auditor's report to the date of delivery of the Bonds.

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Years Ended  
December 31,  
2021 and 2020

Annual  
Comprehensive  
Financial Report  
(A Component unit of the  
County of Kent, Michigan)

Prepared by: Finance and Administrative Department

President and CEO  
*Torrance A. Richardson, A.A.E.*

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## Introductory Section

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# Gerald R. Ford International Airport Authority

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## Elected Officers and Key Staff Members

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### GOVERNING BOARD

Dan Koorndyk  
Board Chairman

Floyd Wilson, Jr.  
Vice Chairman

Birgit Klohs  
Secretary

Peter Beukema

Emily Brieve\*

Roger Morgan\*

Doug Small

Mary Kay Shaver  
General Counsel

Tory Richardson, A.A.E.

President and CEO

Alex Peric, A.A.E.

Vice President and COO

Maria Kim

CFO

Lisa M. Carr, C.M., P.E.M., C.T.A.

Public Safety and Operations Director

Casey W. Ries, P.E.

Engineering and Planning Director

Kevin Delaney

Maintenance and Asset Management Director

Maureen Lynch, P.H.R.

Human Resources Director

\* Kent County Commissioner



May 25, 2022

Gerald R. Ford International Airport Board  
Kent County, Michigan

We are pleased to submit the Gerald R. Ford International Airport Authority Financial Report for the year ended December 31, 2021. This report was prepared by the Authority's Finance and Administration Division, and the financial statements were audited by Plante & Moran, PLLC, an independent firm of Certified Public Accountants. This report is prepared for the purpose of disclosing the Authority's financial condition and to provide the reader additional information about the Authority's mission, goals, and operating trends. The auditors' unmodified opinion has been included in this report. The Authority's Management Discussion and Analysis provides an introduction to the Financial Statements and can be found starting on page 4.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. The reliability of the information contained in this report is based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Authority's financial activity have been included.

The Gerald R. Ford International Airport Authority (Authority) was created by the Kent County Board of Commissioners under Act 95, Public Acts of Michigan 2015, as amended on August 27, 2015. Prior to this the Kent County Airport Board of Control was created by resolution of the Board of Supervisors (now County Board of Commissioners) on June 26, 1956. The name was changed to the Kent County Aeronautics Board in 1959. In 1959, the Department of Aeronautics was created by resolution of the Kent County Board of Supervisors. On November 3, 2011, the County Commission changed the Board name to the Gerald R. Ford International Airport Board. With the creation of the Authority the Gerald R. Ford International Airport Authority Board (Board) was established to direct and govern the Authority. The Board is currently made up of two County Commissioners and five citizens at-large, all appointed by the County Commission. One Citizen Member must be from outside Kent County; this position is currently held by Mr. Peter Beukema (Ottawa County). As of the issuance of this Financial Report, one Citizen Member position is vacant due to the unexpected passing of Vice Chairman Dr. Floyd Wilson, Jr. It is expected that the Kent County Board of Commissioners will appoint a replacement for his position within the next 60 days. The Board is responsible for governing the affairs of the Authority and sets all policies under an Airport Lease and Asset Transfer Agreement with Kent County. On July 1, 2016, the Authority received an Airport Operating Certificate from the Federal Aviation Administration which transferred the operation from Kent County through the Gerald R. Ford International Airport Board to the Authority. The Authority adopted its own Board Policies but there were no significant changes to the Policies. However, there were some impacts on the Financial Statements due to the creation of the Board. These impacts are disclosed through these Financial Statements.

## Information on the Local Economy

There are eight counties in Southwest Michigan that make up the traffic base for the Gerald R. Ford International Airport (Airport). These counties are considered the Airport Catchment Area and constitute roughly a 50-mile radius centered around Grand Rapids. Grand Rapids and its surrounding communities have a diverse make up of industries including health care, manufacturing, pharmaceuticals, agriculture, and technology. Although the region experienced a downturn as the result of the COVID-19 pandemic, much of the economy has rebounded strongly and is at levels seen prior to COVID or even better. Hospitality and tourism are coming back slower than some other industries, but the region is recovering nicely overall.

The downtown Grand Rapids area is still seeing a large amount of new construction, both housing and commercial development. There are many new dining options to visit, of all types of cuisines and price points. The entertainment venues returned from a 2020 year that was interrupted by a pandemic and stay-at-home orders on a state and federal level, with the Van Andel Arena being the central downtown venue for both sporting events and high-profile concerts. The DeVos Convention Center was utilized as a COVID-19 vaccination site and started to host large conventions in the later part of the year, which helped to bolster the hotels and restaurants that struggled during the beginning of 2021 while many people were still staying away from public areas to avoid potential exposure. All these things continue to make downtown Grand Rapids an area that is drawing more people for both a place to work and a place to live. The surrounding suburban areas also continue to see growth as more families are moving to the area and building homes. Grand Rapids and the West Michigan region continues to win awards, showcasing why people should live or visit the area. Here are some of the awards earned in 2021:

- Best Places to Raise a Family in the U.S. – (#1 – Grand Rapids) – Rocket Homes
  - Best Places to Live in Michigan in 2021-2022 (#2 – Grand Rapids) – U.S. News and World Report
  - Best Business Climate (Mid-Sized) – (#3 – Grand Rapids) – Business Facilities
  - Best Foodie Cities in America in 2021 – (#17 – Grand Rapids) - WalletHub
  - Best Places to Live for Quality of Life in the U.S. – (#13 – Grand Rapids) – U.S. News and World Report
  - Most Affordable Places to Live in the U.S. (#7 – Grand Rapids) – U.S. News and World Report
- \*Data courtesy of The Right Place, Inc.

The surrounding region is also host to the world headquarters for a collection of international businesses, from a variety of industries. These include Fortune 500 companies such as SpartanNash, UFP Industries, Steelcase, and MillerKnoll, as well as other familiar brands such as Amway, Perrigo, BISSELL, and Wolverine Worldwide. Although these examples are some of the most recognizable by most people, there are over 130 international companies that call Southwest Michigan home.

The tourism industry took a big hit in 2020 but saw significant rebounding in 2021 – especially during the summer months when outside activities are the most popular with both West Michigan residents and those that travel here for summer vacations. There are plenty of beaches and golf courses to visit in the summer, and “lake life” is almost seen as a required activity. The annual USA Today reader’s poll named Grand Rapids the Best Beer City in the U.S. for the third time in ten years, bringing to attention the more than 40 craft breweries located within a 30-minute drive of downtown, many of which have full kitchens as well.

## **Information on the Local Economy (Continued)**

The higher quality of life and the lower cost of living that Southwest Michigan offers, along with the economic activity generated from the many industries in the area, will continue to attract the population and the businesses that will help the Gerald R. Ford International Airport continue its return to the record-breaking passenger levels which were seen in the years prior to the COVID-19 pandemic.

## **Airport Outlook and Capital Planning**

The financial outlook of the Authority is primarily dependent on the number of passengers as well as the frequency of aircraft operations at the Gerald R. Ford International Airport (Airport). In turn, these factors are reliant on the economic condition of the region, the airlines, and the passengers themselves. The financial health of the airlines can be a factor in determining new routes or expanded service as well as ticket pricing, and then these factors, along with the local economy, will influence the consumers' willingness to purchase air travel.

In 2021, the airport's passenger numbers continued to recover from the COVID-19 recession slightly faster than the national average. The second half of the year saw each month reach between 88% and 98% of the comparable month of 2019. The year ended with a total of 2.9 million total passengers, which was 81.6% of the record 2019 numbers and the 3<sup>rd</sup> best year in our history. We have continued to see passenger levels at about 95% of our 2019 record levels, and our airline partners are optimistic that our market will return to full capacity in the near future. The upward trending pattern of both passengers and aircraft operations is driving the Airport to return to projects which were put on hold during 2020, as we need to address the facility needs to accommodate this growth.

As an Authority, users of the Airport facilities provide the revenues to operate, maintain and provide necessary services and facilities. The Authority is not supported by general tax revenues of the County. The Authority is responsible for operating the Airport, and for making the proper decisions to accommodate current and future customers and users of the Airport.

The Authority maintains a 5-year Capital Improvement Program (CIP) as required by the Federal Aviation Administration. The CIP is funded through a combination of Federal and State Grants, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), Bond Issuance and Airport Reserves. The CIP is revised annually by the Gerald R. Ford International Airport Authority Board and the current CIP has been approved in the amount of \$473,248,600. A large portion of this CIP is associated with the passenger growth that has already occurred and is projected to continue. This is a list of specific projects associated with this passenger growth:

### **Expansion of Concourse 'A'**

- Widening the existing concourse and increasing the length to add eight gates to the terminal, increasing the total number of gates the Airport has from fifteen to twenty-three.
- A total project cost of \$107.0M, anticipated for completion in 2024
- Funded by a combination of federal grants, PFCs, airport revenues, and an issuance of bonds

## **Airport Outlook and Capital Planning (Continued)**

### **In-Line Baggage System**

- Replacing the current multi-section baggage system with one complete system that moves luggage from check-in through TSA screening without necessitating human intervention at bottlenecks.
- A total project cost of \$34.4M, scheduled to complete in 2024
- Funded by a combination of federal grants and airport revenues

### **Consolidated Rental Car Facility**

- A multi-level facility that incorporates all the rental car vendors into one area, with quick-turn operations all in one place. This includes rental counters, return areas, fueling & washing, and short-term storage. This would allow for the current first level of the existing parking garage to be used exclusively for passenger parking, adding approximately 1,100 new public parking spaces.
- A total project cost of \$93.5, scheduled to complete in 2024
- Funded by a combination of airport revenues, CFCs, and an issuance of bonds

### **North Parking Structure**

- Phase 1 of a second multi-level parking structure is being planned to accommodate the growing need for covered parking which is close to the terminal.
- A total cost of \$53.0 million for Phase 1 of the structure, scheduled to complete in 2025
- Funded entirely by airport revenues, with an issuance of bonds

### **Federal Inspection Station**

- An expansion of the terminal building to house a passenger customs clearing station, to allow for the screening of arriving international passengers at the Airport. This addition will also incorporate an additional baggage carousel that can be used for both international and domestic flights.
- A \$10.0M investment in Phase 1 was completed in 2021.
- Phase 2 of the full project will include U.S. Customs & Border Protection facilities with a cost of \$26.8M, scheduled to complete in 2024.
- Funded entirely by state and federal grants

In addition to these projects, the Airport has been in discussions with the Federal Aviation Administration (FAA) about relocation of the air traffic control tower. The current location of the tower, while allowing for full operations of the current air traffic, does not allow the Authority to engage on certain new building projects viewed as necessary to meet the needs of our customers. Specifically, certain projects the Authority is planning would have structures that impede the view of the runways and taxiways from the current tower. The cost to relocate the tower would be entirely funded by the FAA.

While these projects have been identified as necessary for accommodation of the passenger growth seen in the years prior to pandemic, and now being seen in the recovery as well, we continue to monitor current activity to ensure that we are making decisions for our future with the best information at our disposal. We continue to discuss project plans with our airline partners and other tenants to ensure that we are making the proper financial decisions for capital projects and to continue operating the Airport safely.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Gerald R. Ford International Airport Authority for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-eighth consecutive year the Authority received the award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

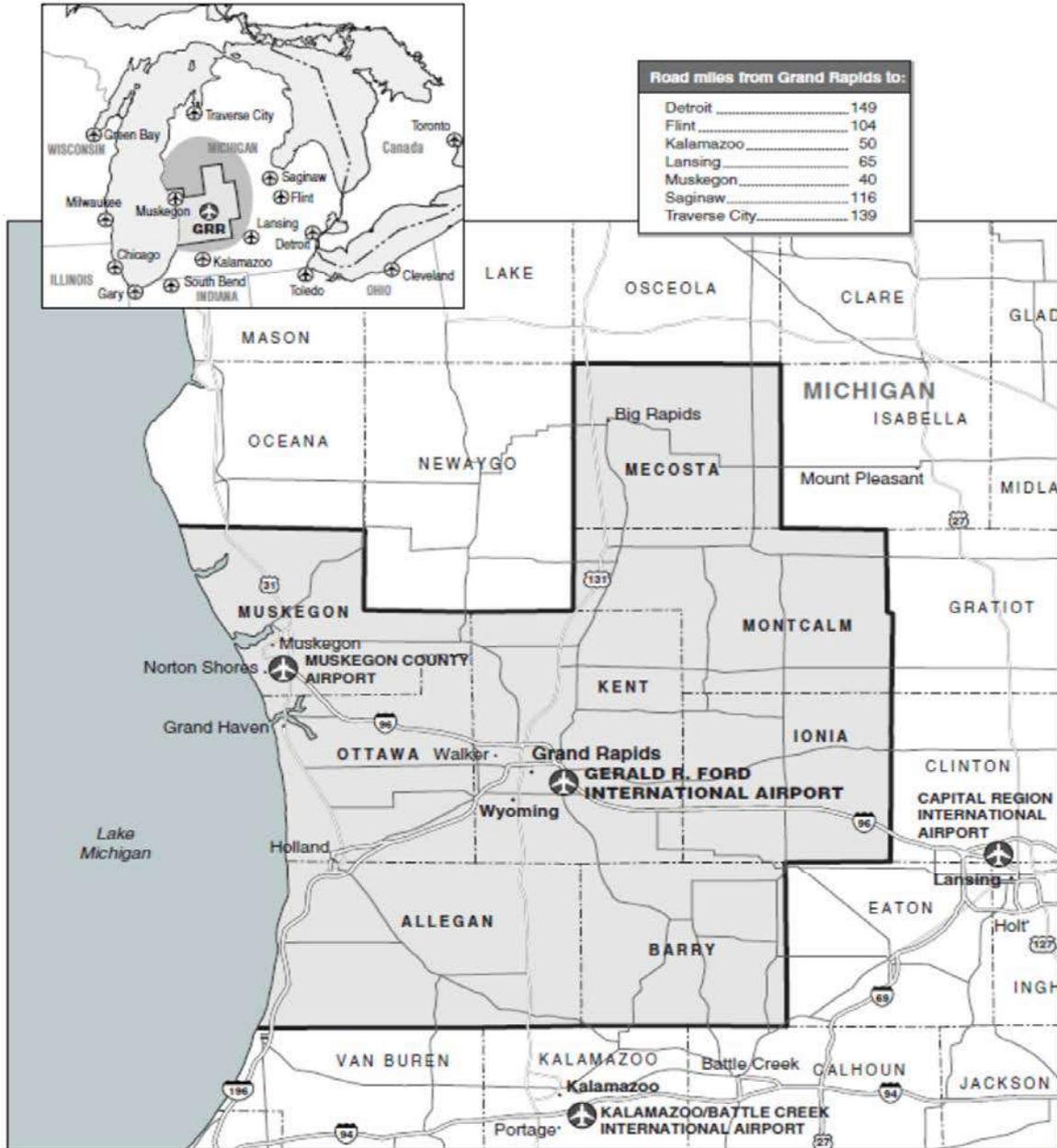
## **Acknowledgements**

The preparation of this Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance & Administration Division. Each member of our finance division has our sincere appreciation for the contributions made in preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "T. A. Richardson". The signature is stylized with a large initial "T" and a long, sweeping underline.

Torrance A. Richardson, A.A.E.  
President and CEO



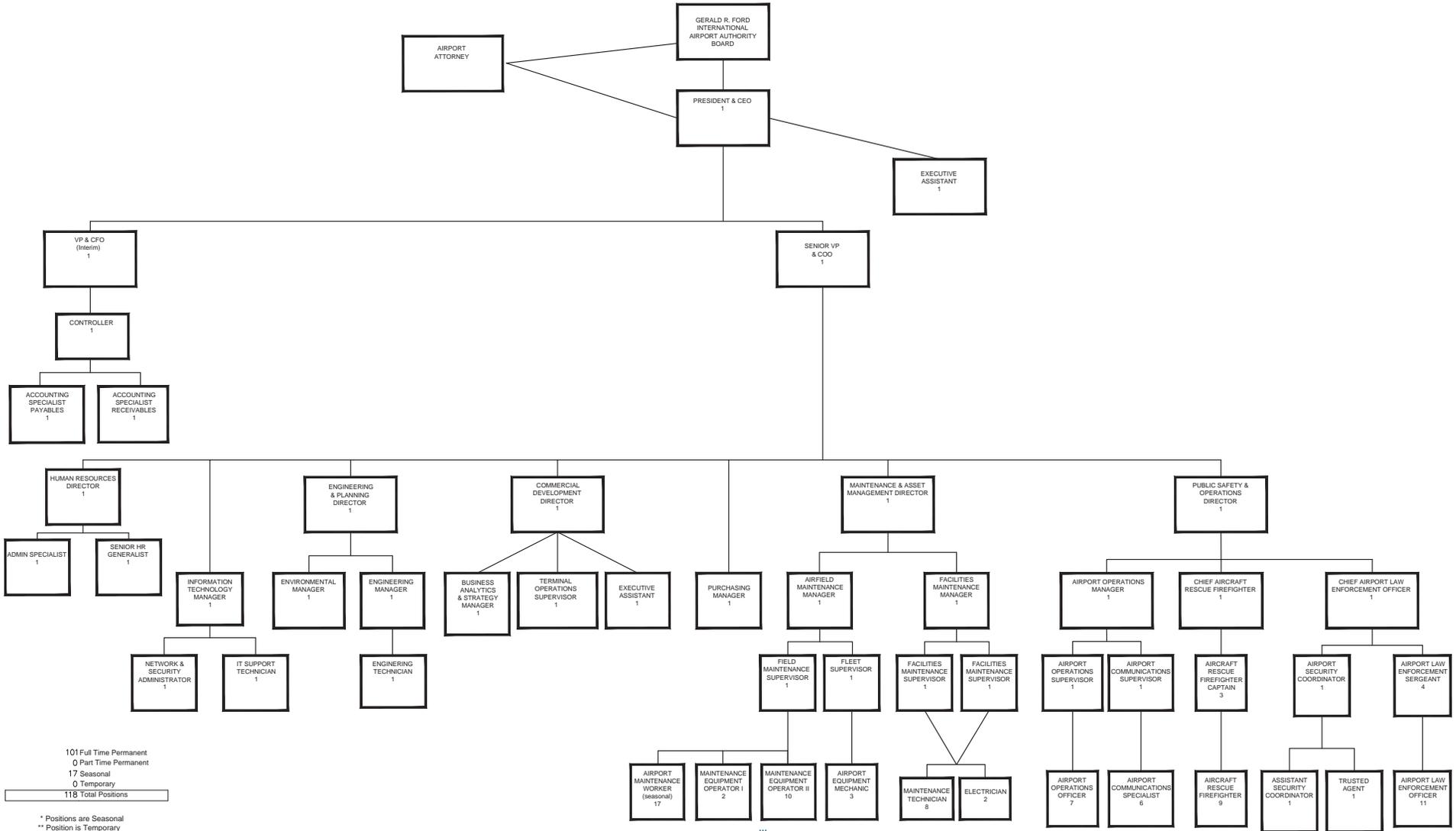
**LEGEND**

- Primary area
- Approximate secondary area (shown on small inset map only)
- Passenger air carrier service airport
- International boundary
- State boundary

7 0 7 14  
 Graphic Scale in Miles

**AIRPORT SERVICE REGION**  
 Gerald R. Ford International Airport  
 May 2014

**GERALD R. FORD AIRPORT AUTHORITY  
ORGANIZATIONAL CHART  
EFFECTIVE OCTOBER 2021**



101 Full Time Permanent  
 0 Part Time Permanent  
 17 Seasonal  
 0 Temporary  
 118 Total Positions

\* Positions are Seasonal  
 \*\* Position is Temporary



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Gerald R. Ford International Airport Authority  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO

## Independent Auditor's Report

To the Board of Directors  
Gerald R. Ford International Airport Authority

### Report on the Audits of the Financial Statements

#### **Opinion**

We have audited the financial statements of Gerald R. Ford International Airport Authority (the "Authority"), a component unit of the County of Kent, Michigan, as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2021 and 2020 and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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 Authority'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 Audits 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 audits conducted in accordance with GAAS and *Government 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.

To the Board of Directors  
Gerald R. Ford International Airport Authority

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Authority'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 Authority'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

#### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified 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, which 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 supplemental 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 audits 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.

#### ***Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and the schedule of passenger facility charges, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration and the requirements in 14 CFR 158.63 (collectively, the "Guide") are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors  
Gerald R. Ford International Airport Authority

***Other Information***

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

In connection with our audits 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 whether 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

May 25, 2022

The following Management's Discussion and Analysis (MD&A) of the Gerald R. Ford International Airport Authority's activities and financial performance provide an introduction to the financial statements of the Authority, a component unit of the County of Kent, Michigan (the "County") for the year ended December 31, 2021. The information contained in this MD&A should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introductory Section and various historic summaries of activities and financial performance included in the Statistical Section of this report.

Following this MD&A are the basic financial statements of the Authority together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

Operations of the Gerald R. Ford International Airport were previously reported as an enterprise fund of Kent County. By resolution of the Kent County Board of Commissioners, a legally-separate Airport Authority was established. The Authority was incorporated with the State of Michigan on September 20, 2015 and commenced operations on July 1, 2016.

**FINANCIAL POSITION SUMMARY**

The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$313.3 million at December 31, 2021, an \$18.2 million increase from December 31, 2020, compared to a \$20.0 million increase in 2020.

A condensed summary of the Authority's net position at December 31 is provided below:

	2021	2020	2019
<b>Assets</b>			
Current and other assets	\$194,892,672	\$ 61,769,692	\$ 60,649,976
Capital assets, net	382,267,508	387,912,077	377,649,361
<b>Total assets</b>	<u>577,160,180</u>	<u>449,681,769</u>	<u>438,299,337</u>
<b>Deferred outflows of resources</b>	<u>6,853,142</u>	<u>7,089,234</u>	<u>6,631,591</u>
<b>Liabilities</b>			
Long-term debt	256,133,856	146,485,984	155,478,772
Other liabilities	11,875,359	13,759,319	13,938,087
<b>Total liabilities</b>	<u>268,009,215</u>	<u>160,245,303</u>	<u>169,416,859</u>
<b>Deferred inflows of resources</b>	<u>2,698,002</u>	<u>1,390,130</u>	<u>418,489</u>
<b>Net position</b>			
Net investment in capital assets	249,384,070	246,334,369	227,528,455
Restricted	31,534,148	28,554,682	27,107,256
Unrestricted	32,387,887	20,246,519	20,459,869
<b>Total net position</b>	<u>\$313,306,105</u>	<u>\$295,135,570</u>	<u>\$275,095,580</u>

The largest portion of the Authority's net position each year (79.6% and 83.5% at December 31, 2021 and 2020, respectively) represents its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide facilities to its tenants, users and customers. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position (10.1% and 9.7% at December 31, 2021 and 2020, respectively) represents resources that are subject to external restrictions on how they can be used under bond resolutions and Federal regulations. The remaining unrestricted net position (10.3% and 6.9% at December 31, 2021 and 2020, respectively) may be used to meet any of the Authority's ongoing obligations.

**SUMMARY OF CHANGES IN NET POSITION**

A condensed summary of the Authority's change in net position for the year ended December 31 is provided below:

	2021	2020	2019
<b>Operating revenues</b>	\$ 50,308,206	\$ 33,259,239	\$ 56,730,862
<b>Operating expenses</b>	(52,651,312)	(47,685,632)	(49,041,120)
Operating income	(2,343,106)	(14,426,393)	7,689,742
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	86,596	166,048	513,611
Interest & other expenses	(5,556,018)	(5,417,553)	(5,837,149)
Passenger and customer facility charges	8,014,493	4,729,501	10,003,429
Gain on sale of capital assets	87,393	22,089	45,103
CARES Act Revenue	-	16,261,068	-
CRRSA Act Revenue	5,509,118	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>8,141,582</b>	<b>15,761,153</b>	<b>4,724,994</b>
Gain before capital contributions	5,798,476	1,334,760	12,414,736
<b>Capital contributions</b>	<b>12,372,059</b>	<b>18,705,230</b>	<b>18,702,691</b>
<b>Change in net position</b>	<b>18,170,535</b>	<b>20,039,990</b>	<b>31,117,427</b>
Net position, beginning of year	295,135,570	275,095,580	243,978,153
<b>Net position, end of year</b>	<b>\$313,306,105</b>	<b>\$295,135,570</b>	<b>\$275,095,580</b>

**FINANCIAL OPERATIONS HIGHLIGHTS**

- Operating revenues increased 51.3% from \$33.3 million in 2020 to \$50.3 million in 2021 principally due to increased passenger and airline traffic as the Airport recovers from the recession caused by the COVID-19 pandemic.
- Operating Expenses increased 10.4% from \$47.7 million in 2020 to \$52.7 million in 2021 principally due to increases in contractual services and personnel expenses. These increases were done to reestablish services and personnel which were part of the cost cutting measures taken during the COVID-19 pandemic to offset the decrease in operating revenues during that time period.
- As a result of the above, operating income increased from a \$14.4 million operating loss in 2020 to a \$2.3 million operating loss in 2021.
- Net non-operating revenues (expenses) decreased from \$15.8 million in 2020 to \$8.1 million in 2021, due primarily to the difference between federal aid provided from the CARES act (\$16.3 million in 2020) and the CRRSA Act (\$5.5 million in 2021). Passenger and Customer facility charges did see an increase of 69.5% from 2020, gaining back much of the 52.7% reduction seen in 2020.
- Capital contributions received in the form of grants from the Federal and State governments vary year to year and within the year, based on availability of grant funding and timing of federally funded projects.

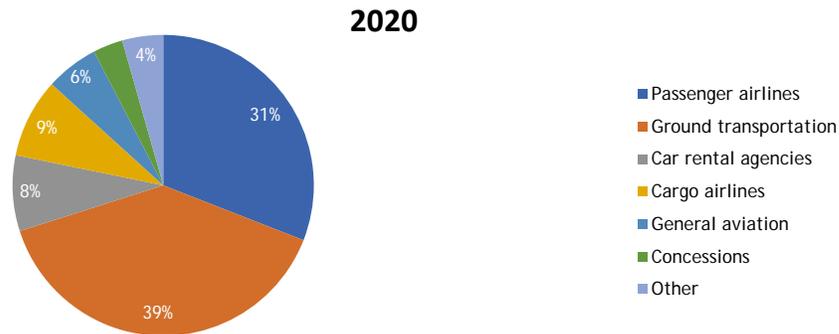
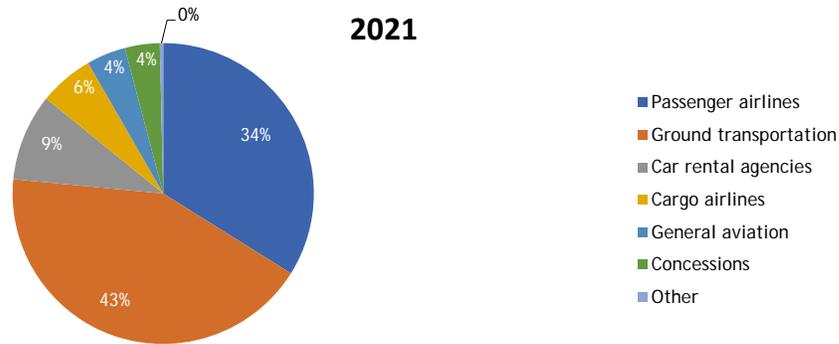
**AIRLINE RATES AND CHARGES**

The Gerald R. Ford International Airport Authority Board sets cost recovery rates and charges annually by adoption of a resolution based on a compensatory (cost of services) rates and charges methodology. This methodology utilizes the Authority's annual operating and capital budgets which have been approved by the Gerald R. Ford International Airport Authority Board. The rates include the terminal rental rates, landing fees and airline apron fees. Rates as of December 31 are as follows:

	2021	2020	2019
Landing fees (per 1,000 lbs)	\$ 3.59	\$ 3.25	\$ 2.97
Terminal rental rates (per square foot)	59.79	60.36	53.30
Airline apron fee (per 1,000 lbs)	1.79	1.63	1.62

**REVENUES**

The following chart shows the major sources and the percentage of operating revenues for the year ended December 31:

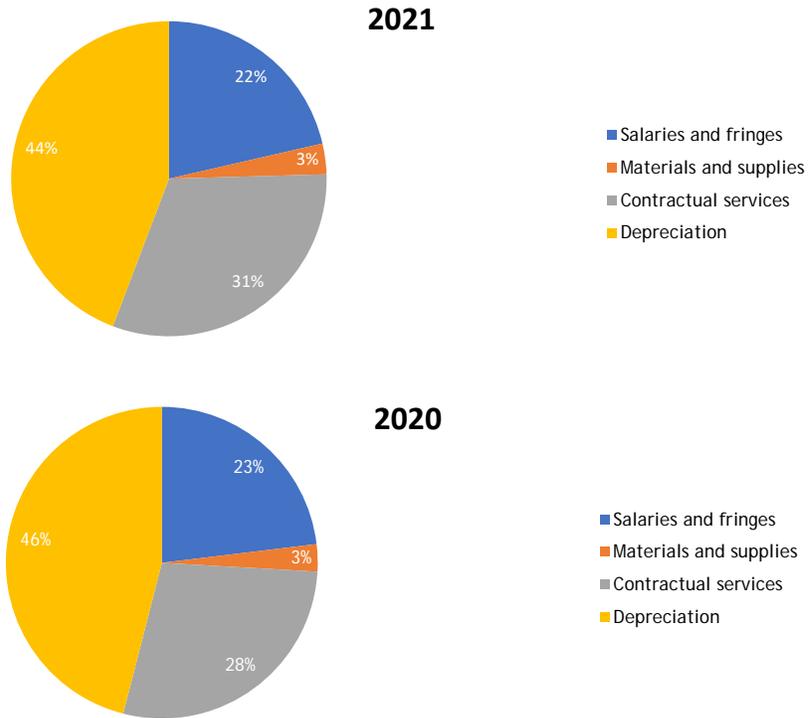


A summary of operating revenues for the year ended December 31, 2021 and 2020 is as follows:

Operating revenues	2021	Percent of Total	2020	Percent of Total
Charges for services:				
Passenger airlines	\$ 17,059,566	33.9%	\$ 10,291,303	30.9%
Ground transportation	21,441,629	42.6%	13,012,681	39.1%
Car rental agencies	4,690,116	9.3%	2,703,958	8.1%
Cargo airlines	2,935,032	5.8%	2,833,984	8.5%
General aviation	2,117,453	4.2%	1,893,371	5.7%
Concessions	1,876,308	3.7%	1,060,902	3.2%
Other	188,102	0.5%	1,463,040	4.5%
<b>Total operating revenues</b>	<b>\$ 50,308,206</b>		<b>\$ 33,259,239</b>	

**EXPENSES**

The following chart shows the major operating categories and the percentage of operating expenses for the year ended December 31:



A summary of operating expenses for the year ended December 31, 2021 and 2020 is as follows:

Operating expenses	2021	Percent of Total	2020	Percent of Total
	\$		\$	
Salaries and fringes	11,275,778	21.4%	11,013,514	23.1%
Materials and supplies	1,655,930	3.1%	1,347,521	2.8%
Contractual services	16,431,046	31.2%	13,387,361	28.1%
Depreciation	23,288,558	44.3%	21,937,236	46.0%
<b>Total operating expenses</b>	<b>\$ 52,651,312</b>		<b>\$ 47,685,632</b>	

**FINANCIAL STATEMENTS**

The Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board. The Authority is structured as an enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their useful lives. Amounts are restricted for debt service, construction purposes, and pension benefits. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

**CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES**

For the year ended December 31, 2021 the Authority had capital additions totaling \$17,690,450. The major capital additions were:

Federal Inspection Station	\$ 4,919,501
Primary Communications / Emergency Operations Center	3,184,831
Concourse 'A' Expansion - Design	2,104,203
Economy Parking Lot Resurfacing	1,303,765
Perimeter Gate Replacement	834,447
Terminal Apron Reconstruction	591,496
Gateway Transformation - Phase II	358,473
FedEx Operation Center Improvements	224,082
Checked Baggage System - Design	183,092
Other	3,986,560

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal and state grants, private investment, debt issuance and Authority revenues. Additional information on the Authority's capital assets can be found in Note 4 of this report.

**LONG-TERM DEBT ADMINISTRATION**

In November 2021, the Authority issued \$93.7 million of Revenue Bonds to pay the construction cost of expanding and renovating concourse A. This bond issue was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

In July 2021, the Authority issued \$19.8 million of Revenue Refunding Bonds to pay the cost of refunding the outstanding Airport Revenue Refunding Bonds, Series 2011. This bond issue, like the 2009 Refunding Bonds, was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

In November 2018, the Authority issued \$12.7 million of Revenue Refunding Bonds to pay the cost of refunding the outstanding Airport Revenue Refunding Bonds, Series 2009. This bond issue, like the 2009 Refunding Bonds, was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

In February 2015, the Department issued \$93.9 million of Revenue Refunding Bonds to pay the cost of the outstanding Airport Bonds, Series 2007. This bond issue was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

In March 2015, the Department issued \$14.6 million of Revenue Bonds to pay the construction cost of the parking deck roof. This bond issue was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

Additional information on the Authority's revenue bonds payable can be found in Note 5 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S RATES**

During 2021, the Airport saw significant recovery in passenger activity from the decline in 2020 caused by the COVID-19 pandemic. The year ended with 2.9 million total passengers, which was 81.6% of 2019 (the base year for pandemic recovery analysis). This total was the third highest in our history.

Total operating revenues were \$50.3 million in 2021, just 11.3% below our record year of 2019. Recovery in parking revenues does continue to lag slightly behind the passenger activity (78.4% of 2019), but we have been able to continue adding several new sources of revenue in the form of land development agreements and leases.

We have continued to see passenger and airline activity at about 95% of our pre-pandemic activity throughout the first four months of 2022, and are optimistic that we are on the cusp of being able to say we are fully recovered.

The Authority did qualify for and recognized \$5.5 million in grant revenue from the Federal CRRSA Act, which we used to offset operational expenses during the year.

As passenger and aircraft activity rebounded, the Authority reevaluated some of the cost cutting measures put in place during the pandemic. Many of the personnel positions that had been vacated due to layoffs and early retirements were replaced with newly hired employees, and still others are actively being recruited in order to position our staff back to 100% occupancy. Several operating expenses which had been reduced because of the lower traffic were revisited and adjusted back up to match the needs of the current state of business.

Many of our tenants struggled in 2021 with staffing shortages, as we were all somewhat surprised at the rate our passengers were returning to travel. Staffing was an issue for many industries around the country, but food service and retail saw the most difficulty in recruiting and retaining the necessary workforce to keep operations running at optimum capacity. Our airport was no exception to this, and this can be seen in our concessions volume also lagging behind the passenger activity. As with 2020, we are proud to have retained every tenant under contract. We continued to work with contractors on projects that were in the construction phase, and only added projects that were deemed necessary for both the safe continued operation of the airport, as well as addressing the future space needs of our increasing passenger numbers. The Authority is continually prioritizing the projects needing to be completed, and is moving forward with new projects only when it makes sense both operationally and fiscally.

The Authority does not have a significant amount of assets held in investment accounts, so we did not had any losses realized in the financial markets. The retirement fund the Authority has for pensioned employees continues to be over-funded, and the Authority does not foresee the need to contribute a large amount in order to stay compliant with regulations in place on the accounts. Even with some employees exercising their option to early retirement, the Authority is confident that the pension account is funded enough to accommodate the need for the foreseeable future.

2021 results show how quickly we have made progress to fully recovering from the COVID-19 pandemic. There are still some steps left to take, but we are optimistic that the future is brighter than ever for the Gerald R. Ford International Airport. Our airline partners are seeing encouraging signs that the local customers are ready and willing to travel again, both for leisure and business needs. The Authority is confident that the local West Michigan economy will continue to rebound, and the Airport will continue to be an important piece of infrastructure to make that happen. With a better view of how the COVID-19 pandemic has affected, and continues to affect, the Airport's business operations, we are confident that we can continue to take measures to contain or reduce operating costs in order to keep airline rates at or near the current rates for 2022.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Chief Financial Officer, Gerald R. Ford International Airport Authority, 5500 44th Street SE, Grand Rapids, Michigan 49512-4055.

Respectfully submitted,



Torrance A. Richardson, A.A.E.  
President and CEO

# Gerald R. Ford International Airport Authority

## Statement of Net Position

	<b>December 31, 2021 and 2020</b>	
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 20,606,530	\$ 20,406,455
Restricted cash and cash equivalents (Note 3)	12,305,303	12,545,664
Receivables:		
Accounts receivable - Net	1,048,722	2,836,203
Due from other governments	17,908,457	5,461,658
Inventory	307,883	274,178
Prepaid expenses and deposits	1,933,060	1,944,469
Total current assets	<u>54,109,955</u>	<u>43,468,627</u>
Noncurrent assets:		
Restricted assets:		
Restricted cash and cash equivalents (Note 3)	131,696,294	10,335,560
Accounts receivable - Net (Note 3)	1,077,582	519,254
Net pension asset (Note 8)	8,008,841	7,446,251
Capital assets: (Note 4)		
Assets not subject to depreciation	46,972,841	69,668,847
Assets subject to depreciation - Net	335,294,667	318,243,230
Total noncurrent assets	<u>523,050,225</u>	<u>406,213,142</u>
Total assets	<u>577,160,180</u>	<u>449,681,769</u>
<b>Deferred Outflows of Resources</b>		
Deferred charges on bond refundings (Note 5)	3,582,237	4,908,276
Deferred pension costs (Note 8)	3,270,905	2,180,958
Total deferred outflows of resources	<u>6,853,142</u>	<u>7,089,234</u>
<b>Liabilities</b>		
Current liabilities:		
Payables:		
Accounts payable	2,291,270	2,791,789
Construction contracts payable	3,798,319	1,911,664
Payables from restricted assets:		
Accrued interest payable	2,458,589	3,082,875
Bonds payable (Note 5)	9,846,714	9,462,789
Unearned revenue:		
Unearned grant revenue	-	881,271
Unearned other revenue	725,392	262,874
Other accrued liabilities	2,601,789	4,828,846
Total current liabilities	<u>21,722,073</u>	<u>23,222,108</u>
Noncurrent liabilities - Bonds payable - Net of current portion (Note 5)	<u>246,287,142</u>	<u>137,023,195</u>
Total liabilities	<u>268,009,215</u>	<u>160,245,303</u>
<b>Deferred Inflows of Resources - Deferred pension cost reductions (Note 8)</b>	<u>2,698,002</u>	<u>1,390,130</u>
<b>Net Position</b>		
Net investment in capital assets	249,384,070	246,334,369
Restricted:		
Debt service	9,294,705	8,766,048
Debt reserve	757,781	3,009,929
Passenger facility charges - Capital improvements	8,079,969	4,364,484
Customer facility charges - Capital improvements	4,819,949	4,177,142
Pension benefits	8,581,744	8,237,079
Unrestricted	32,387,887	20,246,519
Total net position	<u>\$ 313,306,105</u>	<u>\$ 295,135,570</u>

## Gerald R. Ford International Airport Authority

### Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2021 and 2020

	2021	2020
<b>Operating Revenue</b>		
Passenger airlines	\$ 17,059,566	\$ 10,291,303
Ground transportation	21,441,629	13,012,681
Car rental agencies	4,690,116	2,703,958
Cargo airlines	2,935,032	2,833,984
General aviation	2,117,453	1,893,371
Concessions	1,876,308	1,060,902
Other	188,102	1,463,040
Total operating revenue	50,308,206	33,259,239
<b>Operating Expenses</b>		
Salaries and fringes	11,275,778	11,013,514
Materials and supplies	1,655,930	1,347,521
Contractual services	16,431,046	13,387,361
Depreciation	23,288,558	21,937,236
Total operating expenses	52,651,312	47,685,632
<b>Operating Loss</b>	(2,343,106)	(14,426,393)
<b>Nonoperating Revenue (Expense)</b>		
Gain on sale of assets	87,393	22,089
Interest earnings	86,596	166,048
Interest expense	(5,556,018)	(5,417,553)
Passenger facility charges	6,242,500	3,427,561
Customer facility charges	1,771,993	1,301,940
CARES Act revenue	-	16,261,068
CRRSA Act revenue	5,509,118	-
Total nonoperating revenue	8,141,582	15,761,153
<b>Income - Before capital contributions</b>	5,798,476	1,334,760
<b>Capital Contributions</b>		
Capital grants	12,022,059	16,955,230
Donations	350,000	1,750,000
Total capital contributions	12,372,059	18,705,230
<b>Change in Net Position</b>	18,170,535	20,039,990
<b>Net Position - Beginning of year</b>	295,135,570	275,095,580
<b>Net Position - End of year</b>	<u>\$ 313,306,105</u>	<u>\$ 295,135,570</u>

## Gerald R. Ford International Airport Authority

### Statement of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 52,556,013	\$ 33,106,309
Payments to suppliers	(18,486,269)	(14,145,512)
Payments to employees and fringes	(13,968,830)	(6,947,923)
Net cash and cash equivalents provided by operating activities	20,100,914	12,012,874
<b>Cash Flows Provided by Noncapital Financing Activities - COVID-19 grant funding received</b>	2,531,058	13,730,010
<b>Cash Flows from Capital and Related Financing Activities</b>		
Passenger facility charges collected	5,739,228	4,056,804
Customer facility charges collected	1,716,937	1,410,297
Capital contributions received	2,029,084	19,231,174
Proceeds from sale of capital assets	133,959	74,682
Purchase of capital assets - Net of capital accruals	(15,803,900)	(33,080,213)
Issuance of revenue bonds	140,322,110	-
Principal paid on revenue bonds	(28,600,000)	(7,795,000)
Interest paid on revenue bonds	(6,112,886)	(6,360,626)
Payment of bond sale expenses	(816,895)	-
Net cash and cash equivalents provided by (used in) capital and related financing activities	98,607,637	(22,462,882)
<b>Cash Flows Provided by Investing Activities - Interest received</b>	80,839	166,048
<b>Net Increase in Cash and Cash Equivalents</b>	121,320,448	3,446,050
<b>Cash and Cash Equivalents - Beginning of year</b>	43,287,679	39,841,629
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 164,608,127</b>	<b>\$ 43,287,679</b>
<b>Classification of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 20,606,530	\$ 20,406,455
Current restricted cash and cash equivalents	12,305,303	12,545,664
Noncurrent restricted cash and cash equivalents	131,696,294	10,335,560
Total cash and cash equivalents	<b>\$ 164,608,127</b>	<b>\$ 43,287,679</b>
<b>Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities</b>		
Operating loss	\$ (2,343,106)	\$ (14,426,393)
Adjustments to reconcile operating loss income to net cash from operating activities:		
Depreciation	23,288,558	21,937,236
Changes in assets and liabilities:		
Accounts receivable	1,790,621	(159,414)
Inventories	(33,705)	47,559
Prepaid expenses and deposits	11,409	(467,705)
Net pension asset and deferred pension costs and cost reductions	(347,805)	132,811
Accounts payable	(500,519)	950,760
Unearned other revenue	462,518	6,716
Other accrued liabilities	(2,227,057)	3,991,304
Total adjustments	22,444,020	26,439,267
Net cash and cash equivalents provided by operating activities	<b>\$ 20,100,914</b>	<b>\$ 12,012,874</b>

December 31, 2021 and 2020

### Note 1 - Significant Accounting Policies

#### ***Reporting Entity***

The Gerald R. Ford International Airport Authority (the "Authority") was incorporated as a public body on September 2, 2015 and commenced operations on July 1, 2016. The Authority's purpose is to operate and maintain the Gerald R. Ford International Airport in Grand Rapids, Michigan. It is the second largest airport in Michigan, with flights to 31 domestic locations.

The Authority is governed by a seven-member board whose members are appointed by the County of Kent, Michigan (the "County") and is reported as a discretely presented component unit of the County.

#### ***Accounting and Reporting Principles***

The Authority follows accounting principles and policies generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

#### ***Report Presentation***

This report includes the fund-based statements of the Authority. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities.

#### ***Fund Accounting***

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Authority reports all activity in a single enterprise fund. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority is charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### ***Basis of Accounting***

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### ***Specific Balances and Transactions***

##### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with a maturity of three months or less when acquired, and short-term accrued interest.

##### **Investments**

The Authority's investments are composed entirely of a balance in the Kent County External Investment Pool, managed by the County Treasurer. Investments underlying the County External Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. Treasury securities and agencies, which are carried at fair value. Investment income earned as a result of cash pooling is allocated to participating governments. Positions in external investment pools are not required to be categorized within the fair value hierarchy and are classified as cash equivalents.

**December 31, 2021 and 2020**

**Note 1 - Significant Accounting Policies (Continued)**

**Accounts Receivable**

Accounts receivable are customer obligations generally due under normal trade terms. The allowance for possible losses is determined by reviewing known customer exposures and applying historical credit loss experience to the current receivable accounts with consideration given to the current condition of the economy, assessment of the financial position of the customer, and overall trends in receivables aged beyond their contractual terms. After all attempts to collect a receivable have failed, the receivable is written off against the allowance for possible losses.

**Due from Other Governments**

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenue at the time eligible project costs are incurred and reimbursement is requested. Cash received in advance of project costs being incurred is reported as unearned revenue.

**Inventories and Prepaid Items**

Inventories, which consist of fuel and runway deicers, are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods. For such payments, the Authority accrues prepaid items in the financial statements.

**Restricted Assets**

Restricted assets consist of moneys and other resources whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like or through restrictions imposed by law through constitutional provisions or enabling legislation. The distinction between current and noncurrent restricted assets is that noncurrent assets are restricted for long-term debt service, reserves, capital expenditures, and unspent bond proceeds.

**Bond Discounts and Premiums**

Premiums and discounts associated with various bond issues are being amortized by the straight-line method over the repayment periods of the related bonds. Amortization of these items is charged to interest expense.

**Capital Assets**

Capital assets include land improvements, buildings and improvements, equipment, systems, office equipment and furniture, and vehicles. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$50,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, net of accumulated depreciation. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized.

**Note 1 - Significant Accounting Policies (Continued)**

Capital assets are depreciated using the straight-line method over the following useful lives:

Asset Type	Depreciable Life - Years
Land improvements	20-30
Buildings and improvements	30-50
Equipment and systems	3-12
Office equipment and furniture	5-15
Vehicles	3-7

The Authority reviews long-lived assets, including land, buildings and other capital assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair market value. If it is determined that an impairment loss has occurred based on expected future undiscounted cash flows, the asset is written down to its net value and a current charge to income is recognized. There was no impairment loss recognized during 2021 or 2020.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows related to pension costs, as well as for deferred losses on refunding. See Note 8 for details on pension costs. A deferred refunding loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows related to pension cost reductions. See Note 8 for details on pension costs.

**Net Position**

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**December 31, 2021 and 2020**

**Note 1 - Significant Accounting Policies (Continued)**

**Passenger Airline Charges**

The Authority sets rates and charges for landing fees, terminal rental rates, and apron fees that are charged to the airlines for services based on the adopted operating and capital budgets. These rates and charges are adopted by the board in October and are effective January 1. At the end of the year, the Authority does a recalculation of the rates based on actual activity and audited information. The difference between the rates and charges is then either credited to the airlines if they have overpaid during the year or billed to the airlines if they underpaid during the year.

**Facility Charges, Capital Contributions, and Other Grants**

Passenger facility charges (PFC) are collected from airlines that service the airport for each enplaned passenger, and such charges must be used to fund capital projects. The Authority received approval from the Federal Aviation Administration (FAA) on September 9, 1992 to start collecting a \$3 PFC. The Authority received approval to use PFC revenue previously collected, as well as future charges, on February 2, 1996. The PFC revenue is being used to pay debt service on the Airport Revenue Refunding Bonds, Series 2018 (previously, Series 2009). On September 8, 2005, the FAA approved a \$1.50 increase of the PFC to \$4.50. The additional PFC revenue will be used for terminal improvements. Passenger facility charges are recorded as nonoperating revenue when the underlying transaction between the airline and the passenger occurs.

Customer facility charges (CFC) are collected for rental-car-related capital projects. The CFC of \$3 per transaction day on rental car transactions was approved by the Gerald R. Ford International Airport Authority board on August 31, 2005. The CFC revenue was used to develop new rental car service facilities and rental vehicle ready/return spaces in the parking structure. Consequently, revenue is recognized when earned and is classified as nonoperating revenue. As of March 1, 2016, the amount collected in CFCs and rental income from the car rental agencies reached the total amount expended in the development of the new rental car service facilities. At that time, the board approved for the CFC revenue to be put towards the payment of debt incurred during the 2015 construction of the roof of the parking structure, as well as a maintenance fund for the car rental service facilities. The Authority estimates that the total amount needed to pay off the debt and the maintenance fund for 15 years is \$37 million. Based on current collection rates, the Authority anticipates that the total amount will be collected via CFCs by December 31, 2030.

The Authority received a significant amount of funding through the Airport Improvement Program of the Federal Aviation Administration, with certain matching funds provided by the Authority and the State of Michigan. Capital funding provided under government grants is recognized when all eligibility criteria have been met, which is typically when the related allowable expenditures have been incurred. Grants for capital asset acquisitions, facilities development, and rehabilitation are reported in the statement of revenue, expenses, and changes in net position after nonoperating revenue (expenses) as capital contributions.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, included \$10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the COVID-19 pandemic. During 2020, the Authority was awarded and utilized approximately \$16,300,000 million of the CARES Act funding to partially offset reductions in revenue caused by the pandemic.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was enacted into law. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, 2021. The CRRSA Act provides approximately \$2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions. The Authority was awarded approximately \$5,900,000 of the CRRSA Act funding in total, of which approximately \$5,500,000 was utilized for the year ended December 31, 2021 to partially offset reductions in revenue caused by the pandemic. For the year ended December 31, 2020, the Authority did not expend any of these funds.

**December 31, 2021 and 2020**

**Note 1 - Significant Accounting Policies (Continued)**

On March 11, 2021, the president of the United States signed the American Rescue Plan Act of 2021 (ARPA), a \$1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates \$8 billion to help prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the \$8 billion appropriated, no more than \$6.492 billion will be made available for primary airports, such as the Authority, for "costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments." ARPA further appropriates no more than \$608 million to pay a federal share of 100 percent of the costs for any grant awarded in federal fiscal year 2021 (or in federal fiscal year 2020 with less than a 100 percent federal share) for any airport redevelopment project and provides for no more than \$800 million for sponsors of primary airports to provide relief from rent and minimum annual guarantees to airport concessions. The Authority is eligible to receive funding of approximately \$13,900,000. For the year ended December 31, 2021, the Authority did not expend any of these funds.

**Pension**

The Authority offers a pension plan, as described in Note 8. The Authority records a net pension asset for the difference between the total pension liability calculated by the actuary and the Authority's share of the pension plan's fiduciary net position. For the purpose of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences**

Authority employees are granted vacation leave in varying amounts based on their length of service. Employees may accumulate up to a predetermined amount of vacation leave. Upon termination, employees are paid for unused vacation at the current rates. It is the Authority's policy to recognize the cost of vacation pay at the time the liability is incurred. The Authority's compensated absences liability is recorded as an other accrued liability on the statement of net position.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2022.

December 31, 2021 and 2020

**Note 1 - Significant Accounting Policies (Continued)**

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements whereby capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the Authority's financial statements for the December 31, 2022 fiscal year.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2023.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including May 25, 2022, which is the date the financial statements were available to be issued.

The Bipartisan Infrastructure Law (BIL), another major legislative act, was signed on November 15, 2021. The BIL included \$25.0 billion in funds for airport-related projects. These funds can be invested in runways, taxiways, safety, and sustainability projects, as well as terminal, airport-transit connections, and roadway projects. The Authority will receive formula-based amounts of approximately \$6.1 million per year (for 2022 and 2023) with the amounts to be recalculated for 2024, 2025, and 2026. In addition to the formula-based amounts, the BIL includes competitive grants for airport terminal development projects that address the aging infrastructure of the nation's airports. The first competitive grant is scheduled to be awarded in late 2022, with new funds to be awarded annually through 2026. The Authority applied for competitive grants in March 2022.

**December 31, 2021 and 2020**

**Note 2 - Deposits and Investments**

Deposits and investments are reported in the financial statements as follows:

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 20,606,530	\$ 20,406,455
Restricted cash and cash equivalents	12,305,303	12,545,664
Noncurrent assets - Restricted cash and cash equivalents	131,696,294	10,335,560
Total deposits and investments	\$ 164,608,127	\$ 43,287,679

These amounts are classified into the following deposits and investment categories:

	2021	2020
Deposits with financial institutions	\$ 146,833,007	\$ 23,193,491
Collateralized deposits	12,511,075	14,858,852
County of Kent, Michigan investment pool	5,242,261	5,213,559
Cash on hand	21,784	21,777
Total deposits and investments	\$ 164,608,127	\$ 43,287,679

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. State law does not require and the Authority does not have a specific policy pertaining to custodial credit risk for deposits that is more restrictive than state law. As of December 31, 2021 and 2020, the Authority had bank deposits of \$158,901,263 and \$37,624,767, respectively, that were uninsured. The Authority's collateralized deposits represent amounts held in bond reserve and redemption accounts that are collateralized by U.S. government treasury and agency securities. Custodial credit risk for the balance held in the county investment pool cannot be determined because the Authority's balance does not correspond to specific bank accounts.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Authority does not have a specific policy pertaining to custodial credit risk for deposits that is more restrictive than state law.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments, as identified above. The Authority's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority's investments do not have identifiable maturity dates.

**Note 2 - Deposits and Investments (Continued)**

***Credit Risk***

State law limits investments to specific government securities, certificates of deposit, bank accounts with qualified financial institutions, and commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools, as identified above. The Authority has no investment policy that would further limit its investment choices. The county investment pool is not rated.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk, as identified in the list of authorized investments above. The Authority's investment policy minimizes concentration of credit risk by requiring that, with the exception of U.S. Treasuries and authorized pools, no more than 25 percent of the portfolio be invested in a single security type or with a single financial institution.

***Investments in Entities that Calculate Net Asset Value per Share***

The Authority participates in an investment pool managed by the County Treasurer.

At December 31, 2021 and 2020, the fair value of the county investment pool was \$5,242,261 and \$5,213,559, respectively. There were no unfunded commitments, no restrictions on redemption frequency, and no redemption notice periods.

**Note 3 - Restricted Assets**

At December 31, 2021 and 2020, restricted assets are composed of the following:

	2021	2020
Current restricted cash and cash equivalents - Debt service	\$ 12,305,303	\$ 12,545,664
Noncurrent restricted cash and cash equivalents:		
Debt service	205,772	2,313,188
Passenger facility charges	7,131,176	3,918,958
Customer facility charges	4,691,165	4,103,414
Unspent bond proceeds	119,668,181	-
Noncurrent restricted accounts receivable:		
Passenger facility charges	948,798	445,526
Customer facility charges	128,784	73,728
	132,773,876	10,854,814
Total noncurrent restricted assets		
	\$ 145,079,179	\$ 23,400,478
Total restricted assets	\$ 145,079,179	\$ 23,400,478

## Gerald R. Ford International Airport Authority

### Notes to Financial Statements

December 31, 2021 and 2020

#### Note 4 - Capital Assets

Capital asset activity of the Authority was as follows:

	Balance January 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2021
Capital assets not being depreciated - Construction in progress	\$ 69,668,847	\$ (40,386,456)	\$ 17,690,450	\$ -	\$ 46,972,841
Capital assets being depreciated:					
Land improvements	275,591,000	35,875,481	-	-	311,466,481
Buildings and improvements	322,592,034	1,930,265	-	-	324,522,299
Equipment	28,648,086	2,001,540	-	(322,510)	30,327,116
Systems	14,831,544	343,216	-	-	15,174,760
Office equipment and furniture	5,150,808	84,496	-	-	5,235,304
Vehicles	1,374,536	151,458	-	(64,680)	1,461,314
Subtotal	648,188,008	40,386,456	-	(387,190)	688,187,274
Accumulated depreciation:					
Land improvements	168,025,474	-	9,587,989	-	177,613,463
Buildings and improvements	138,388,526	-	10,619,810	-	149,008,336
Equipment	12,802,029	-	1,370,055	(276,050)	13,896,034
Systems	7,739,617	-	1,312,194	-	9,051,811
Office equipment and furniture	1,961,847	-	239,046	-	2,200,893
Vehicles	1,027,284	-	159,464	(64,678)	1,122,070
Subtotal	329,944,777	-	23,288,558	(340,728)	352,892,607
Net capital assets being depreciated	318,243,231	40,386,456	(23,288,558)	(46,462)	335,294,667
Net capital assets	\$ 387,912,078	\$ -	\$ (5,598,108)	\$ (46,462)	\$ 382,267,508

## Gerald R. Ford International Airport Authority

### Notes to Financial Statements

December 31, 2021 and 2020

#### Note 4 - Capital Assets (Continued)

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated - Construction in progress	\$ 68,581,189	\$ (31,164,887)	\$ 32,288,780	\$ (36,235)	\$ 69,668,847
Capital assets being depreciated:					
Land improvements	252,073,079	23,517,921	-	-	275,591,000
Buildings and improvements	316,985,544	5,606,491	-	-	322,592,035
Equipment	28,189,993	612,931	-	(154,839)	28,648,085
Systems	13,553,156	1,329,357	-	(50,969)	14,831,544
Office equipment and furniture	5,150,808	-	-	-	5,150,808
Vehicles	1,310,096	98,187	-	(33,747)	1,374,536
Subtotal	617,262,676	31,164,887	-	(239,555)	648,188,008
Accumulated depreciation:					
Land improvements	159,410,129	-	8,615,345	-	168,025,474
Buildings and improvements	127,955,239	-	10,433,288	-	138,388,527
Equipment	11,641,556	-	1,310,729	(150,256)	12,802,029
Systems	6,553,207	-	1,194,056	(7,646)	7,739,617
Office equipment and furniture	1,726,685	-	235,162	-	1,961,847
Vehicles	907,688	-	148,656	(29,060)	1,027,284
Subtotal	308,194,504	-	21,937,236	(186,962)	329,944,778
Net capital assets being depreciated	309,068,172	31,164,887	(21,937,236)	(52,593)	318,243,230
Net capital assets	\$ 377,649,361	\$ -	\$ 10,351,544	\$ (88,828)	\$ 387,912,077

The construction in progress as of December 31, 2021 and 2020 of \$46,972,841 and \$69,668,847, respectively, relates to various projects being funded by federal, state, and authority funds.

Depreciation expense for the years ended December 31, 2021 and 2020 was \$23,288,558 and \$21,937,236, respectively.

The County of Kent, Michigan owns the land underlying the Authority's operations. In December 2015, the Authority entered into a 40-year lease with the County to use the land for any purposes the Authority deems to be consistent with the best interest of operating the airport for a payment of \$1. At the end of the 40-year term, the lease shall renew for successive 20-year terms unless either party gives proper notice of termination.

#### Construction Commitments

The Authority has active construction projects at year end. The projects include the Police Relocation, Concourse A Expansion, and Economy Lot Resurface, among others. At December 31, 2021, the Authority's commitments with contractors were approximately 84,800,000.

## Gerald R. Ford International Airport Authority

### Notes to Financial Statements

December 31, 2021 and 2020

#### Note 5 - Long-term Debt

Long-term debt activity for the years ended December 31, 2021 and 2020 can be summarized as follows:

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Revenue bonds	\$ 130,715,000	\$ 113,465,000	\$ (28,600,000)	\$ 215,580,000	\$ 8,795,000
Unamortized bond premiums	15,770,984	26,857,110	(2,074,238)	40,553,856	1,051,714
<b>Total bonds and contracts payable</b>	<b>\$ 146,485,984</b>	<b>\$ 140,322,110</b>	<b>\$ (30,674,238)</b>	<b>\$ 256,133,856</b>	<b>\$ 9,846,714</b>
	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Revenue bonds	\$ 138,510,000	\$ -	\$ (7,795,000)	\$ 130,715,000	\$ 8,265,000
Unamortized bond premiums	16,968,772	-	(1,197,788)	15,770,984	1,197,789
<b>Total bonds and contracts payable</b>	<b>\$ 155,478,772</b>	<b>\$ -</b>	<b>\$ (8,992,788)</b>	<b>\$ 146,485,984</b>	<b>\$ 9,462,789</b>

The Authority had deferred outflows of \$3,582,237 and \$4,908,276 related to deferred charges on bond refundings at December 31, 2021 and 2020, respectively.

#### Revenue Bonds

Revenue bonds payable consist of the following bond issues as of December 31, 2021 and 2020:

	Maturity Date	Interest Rate	2021	2020
Airport revenue refunding bonds, Series 2011	1/1/2028	2.00-5.00%	\$ -	\$ 22,730,000
Airport revenue bonds, Series 2015	1/1/2035	1.50-5.00%	11,600,000	12,175,000
Airport revenue refunding bonds, Series 2015	1/1/2037	4.00-5.00%	81,565,000	84,890,000
Airport revenue refunding bonds, Series 2018	1/1/2025	5.00%	8,950,000	10,920,000
Airport revenue refunding bonds, Series 2021	1/1/2028	4.00-5.00%	19,815,000	-
Airport revenue bonds, Series 2021	1/1/2051	5.00%	93,650,000	-
<b>Total</b>			<b>\$ 215,580,000</b>	<b>\$ 130,715,000</b>

**Note 5 - Long-term Debt (Continued)**

***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Other Debt		
	Principal	Interest	Total
2022	\$ 8,795,000	\$ 7,515,143	\$ 16,310,143
2023	9,295,000	9,140,690	18,435,690
2024	9,635,000	8,798,437	18,433,437
2025	9,980,000	8,435,262	18,415,262
2026	9,175,000	8,079,859	17,254,859
2027-2031	42,795,000	34,910,931	77,705,931
2032-2036	45,500,000	25,338,188	70,838,188
2037-2041	25,030,000	16,468,750	41,498,750
2042-2046	24,330,000	10,920,500	35,250,500
2047-2051	31,045,000	4,031,375	35,076,375
Total	<u>\$ 215,580,000</u>	<u>\$ 133,639,135</u>	<u>\$ 349,219,135</u>

There are a number of limitations and restrictions contained in the various bond indentures. All revenue bonds outstanding and interest thereon are secured by a statutory first lien, subject only to prior liens, on the net revenue of the Authority. In compliance with bond agreements, the Authority has a letter of credit available totaling \$17,844,417, which has not been drawn upon at December 31, 2021. The letter of credit expires on December 1, 2023. In addition, all bonds bear the limited tax pledge of the full faith and credit of the County of Kent, Michigan to advance necessary amounts to meet principal and interest payments in the event that revenue of the Authority is insufficient to meet requirements.

***Bond Refunding***

In July 2021, the Authority issued \$19,815,000 in Series 2021 revenue refunding bonds with an interest rate ranging from 4.0-5.0 percent. The proceeds of these bonds were used to refund \$20,335,000 of outstanding Series 2011 revenue refunding bonds and \$153,761 of accrued interest, with an interest rate ranging from 2.0-5.0 percent. The net proceeds of \$22,037,761 (including cash on hand of \$2,300,761 and after payment of \$78,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities and a deposit of \$1,549,000 into a redemption account. Those securities were deposited in an irrevocable trust with an escrow agent to currently refund on the Series 2011 revenue refunding bonds originally scheduled to mature on January 1, 2028. As a result, the Series 2011 revenue refunding bonds have been removed from long-term debt. The refunding reduced total debt service payments over the next seven years by approximately \$3,353,000, which represents an economic gain of approximately \$3,264,000.

***Pledged Revenue***

The Authority has pledged airport revenue as security for outstanding bonds, which were issued to provide funding for various capital projects. The Authority has committed to appropriate each year, from certain airport revenue net of related operating expenses, amounts sufficient to cover the principal and interest requirements of the debt. Total principal and interest remaining on the debt is \$349,219,135, with annual requirements ranging from \$16,310,143 in 2022 to \$6,995,625 in the final year. For the years ended December 31, 2021 and 2020, there was \$8,265,000 and \$7,795,000, respectively, in principal payments, and interest expense totaled \$5,556,018 and \$5,417,553, respectively. Net revenue pledged for debt service was approximately \$29,134,000 and \$12,428,000 for the years ended December 31, 2021 and 2020, respectively.

**Note 6 - Leases**

***Operating Leases***

The Authority has entered into agreements to lease airport facilities to various airlines and vendors. The aggregate amount of future minimum lease payments expected to be received by the Authority, exclusive of expected extensions and airline month-to-month agreements, is as follows:

Years Ending	Amount
2022	\$ 9,171,277
2023	6,625,071
2024	5,720,162
2025	4,934,170
2026	4,906,846
Thereafter	<u>53,498,854</u>
Total	<u>\$ 84,856,380</u>

**Note 7 - Risk Management**

The Authority is exposed to various risks of loss during the normal course of operations. The Authority participates in the County's self-insurance program for property insurance. The cost of coverage is recognized as an operating expense in the year incurred. The Authority also purchases commercial insurance for catastrophic loss claims. No liability is recorded at December 31, 2021 and 2020 for outstanding claims or for any potential claims incurred but not reported as of that date.

The Michigan Municipal Risk Management Authority (MMRMA) risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to MMRMA that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Authority. Settled claims have not exceeded available coverage for any of the last three years. There was no estimated claims liability at December 31, 2021 and 2020, and there were no claim payments for the years then ended.

In March 2018, the Gerald R. Ford International Airport Authority was approached by the Michigan Department of Environmental Quality (MDEQ) Remediation and Redevelopment Division, Grand Rapids District Office, regarding historical use of firefighting foam. In response, the Authority began a stepwise approach to further understand the use of aqueous film-forming foam (AFFF) at the airport. Use is generally summarized as follows from our April 13, 2018 response to the MDEQ: "Firefighting materials at the airport (and all U.S. commercial airports) are specified and regulated by the Federal Aviation Administration. The military specification (Mil-Spec) specifying which aqueous film-forming foam is permitted to be used pursuant to FAA regulations has changed over time. The latest Mil-Spec from September 2016 requires AFFF formulations, and the immediately prior formulation contained some form of per- and polyfluoroalkyl substances (PFAS)." There are three main scenarios in which AFFF may be used at an airport: training, equipment testing, and to extinguish fuel-fed fires. The Authority has utilized best practices to meet FAA regulations in all of these use scenarios. Following the April 2018 letter, the Authority fostered a collaborative effort with regulatory agencies, including the Michigan Department of Environment, Great Lakes, and Energy (EGLE - formerly the MDEQ), Michigan Department of Health and Human Services, and the Kent County Health Department and conducted numerous water and soil tests in the vicinity of a former on-site firefighter training area. This investigation has continued through 2021 and is still ongoing. Management of the Authority is working closely and diligently with local, state and federal agencies with an interest in bringing this matter to an acceptable conclusion for all parties involved. At this time, it is the opinion of the Authority that the outcome of any legal proceedings is unknown and have, therefore, not reflected any loss reserves in the financial statements.

**Note 8 - Pension Plan**

***Plan Description***

The Authority participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

***Benefits Provided***

The plan provides certain retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amended the benefit provisions of the participants in MERS.

Pension benefits vary based on date of hire. Employees with a hire date prior to July 1, 2016 who transferred employment from the County participate in a defined benefit plan. Service credit for employment as a county employee was retained. Benefit payments are calculated as final average compensation (based on a 3-year period) and a multiplier of 2.5 percent. Participants are considered to be fully vested in the plan after 5 years. Normal retirement age is 60 with 5 or more years of service or any age with 25 or more years of service. Early retirement options are available at age 55 with a reduced benefit.

Employees hired on or after July 1, 2016 participate in a hybrid plan, with the exception of nonunion members hired on or after January 1, 2019, who participate only in a defined contribution plan (see Note 11). Benefit payments under the hybrid plan are calculated as final average compensation (based on a 3-year period) and a multiplier of 1.5 percent. Participants are considered to be fully vested in the plan after 6 years. Employer defined contribution payments vest on a graded scale over 6 years. Employee contributions vest immediately. Normal retirement age is 60 with 6 years of service, with an early retirement option available at age 55 with 25 years of service.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

Date of member count	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	<u>81</u>
Total employees covered by the plan	<u><u>124</u></u>

***Contributions***

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the years ended December 31, 2021 and 2020, employee contributions to the closed defined benefit plan are expressed as a percentage of covered payroll and amount to 6.50 percent of covered payroll. For the years ended December 31, 2021 and 2020, employer contributions to the hybrid plan are expressed as a percentage of covered payroll and amount to 7.74 and 7.89 percent, respectively, of covered payroll.

**Note 8 - Pension Plan (Continued)**

**Net Pension Asset**

The Authority has chosen to use its December 31 fiscal year end as its measurement date for the net pension asset.

The December 31, 2021 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the plan net position as of the December 31, 2021 measurement date. The December 31, 2021 total pension liability was determined by an actuarial valuation performed as of December 31, 2020, which used update procedures to roll forward the estimated liability to December 31, 2021.

The December 31, 2020 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the plan net position as of the December 31, 2020 measurement date. The December 31, 2020 total pension liability was determined by an actuarial valuation performed as of December 31, 2019, which used update procedures to roll forward the estimated liability to December 31, 2020.

Changes in the net pension asset during the measurement year were as follows:

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
<b>Balance at December 31, 2020</b>	\$ 22,734,739	\$ 30,180,990	\$ (7,446,251)
Changes for the year:			
Service cost	655,857	-	655,857
Interest	1,711,977	-	1,711,977
Differences between expected and actual experience	1,276,417	-	1,276,417
Changes in assumptions	523,947	-	523,947
Contributions - Employer	-	322,812	(322,812)
Contributions - Employee	-	165,719	(165,719)
Net investment income	-	4,247,101	(4,247,101)
Benefit payments	(1,073,304)	(1,073,304)	-
Administrative expenses	-	(48,728)	48,728
Miscellaneous other charges	(43,884)	-	(43,884)
Net changes	3,051,010	3,613,600	(562,590)
<b>Balance at December 31, 2021</b>	<b>\$ 25,785,749</b>	<b>\$ 33,794,590</b>	<b>\$ (8,008,841)</b>

The plan's fiduciary net position represents 131.1 percent of the total pension liability.

December 31, 2021 and 2020

**Note 8 - Pension Plan (Continued)**

Changes in the net pension asset during the prior measurement year were as follows:

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
<b>Balance at December 31, 2019</b>	\$ 19,375,728	\$ 26,887,242	\$ (7,511,514)
Changes for the year:			
Service cost	806,317	-	806,317
Interest	1,474,548	-	1,474,548
Differences between expected and actual experience	236,522	-	236,522
Changes in assumptions	1,258,367	-	1,258,367
Contributions - Employer	-	382,018	(382,018)
Contributions - Employee	-	213,923	(213,923)
Net investment income	-	3,506,368	(3,506,368)
Benefit payments	(753,882)	(753,882)	-
Administrative expenses	-	(54,679)	54,679
Miscellaneous other charges	337,139	-	337,139
Net changes	3,359,011	3,293,748	65,263
<b>Balance at December 31, 2020</b>	<u>\$ 22,734,739</u>	<u>\$ 30,180,990</u>	<u>\$ (7,446,251)</u>

The plan's fiduciary net position represents 132.8 percent of the total pension liability.

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the years ended December 31, 2021 and 2020, the Authority recognized pension (recovery) expense of \$(21,853) and \$511,688, respectively.

At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,935,449	\$ 278,993	\$ 1,102,358	\$ 348,741
Changes in assumptions	1,335,456	-	1,078,600	-
Net difference between projected and actual earnings on pension plan investments	-	2,419,009	-	1,041,389
Total	<u>\$ 3,270,905</u>	<u>\$ 2,698,002</u>	<u>\$ 2,180,958</u>	<u>\$ 1,390,130</u>

**Note 8 - Pension Plan (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Amount
2022	\$ 265,997
2023	(318,497)
2024	(49,018)
2025	160,805
2026	513,616
Total	<u>\$ 572,903</u>

**Actuarial Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.00 percent, an investment rate of return (net of investment expenses) of 7.60 percent, and the Pub-2010 mortality tables scaled to MERS' experience on a liability-weighted basis.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

**Projected Cash Flows**

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 as of the December 31, 2021 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	5.25 %
Global fixed income	20.00	1.25
Private investments	20.00	7.25

**Note 8 - Pension Plan (Continued)**

***Sensitivity of the Net Pension Asset to Changes in the Discount Rate***

The following presents the net pension asset of the Authority, calculated using the discount rate of 7.60 percent, as well as what the Authority's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension asset of the Plan	\$ (4,477,123)	\$ (8,008,841)	\$ (10,882,892)

***Pension Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

***Assumption Changes***

From the time of the last measurement date at December 31, 2019 to December 31, 2020, the actuary modified significant assumptions that affect the measurement of the total pension liability. The actuary adjusted the assumed annual rate of return down from 7.75 percent to 7.35 percent (net of investment and administrative expenses), effective with the December 31, 2019 valuation. The assumed rate of wage inflation also decreased from 3.75 percent to 3.00 percent with the same effective date.

**Note 9 - Health Care Savings Plan**

The Authority sponsors a health care savings plan (HCSP) for employees. The HCSP allows for employee and employer contributions while employed to be used toward eligible medical expenses upon retirement. Employees contribute at a rate of 1 percent of covered payroll. The Authority supplements employee contributions with an annual contribution of \$3,000 (paid on a quarterly basis). Employee contributions are vested immediately. Authority contributions are vested on a graded scale over six years. For the years ended December 31, 2021 and 2020, the Authority contributed \$292,000 and \$219,250, respectively, and employees contributed \$84,298 and \$81,208, respectively, to the HCSP.

Employees hired before July 1, 2016 were previously part of the Kent County Voluntary Employees' Beneficiary Association (VEBA), a defined benefit other postemployment benefits plan. Upon transferring to the Authority, these employees are no longer eligible under the VEBA. Accordingly, the Authority provided these employees with a contribution to their new HCSP account for prior service credit under the County. The total of contributions due for prior service credit was \$2,497,500, of which \$1,458,387 was contributed in the six months ended December 31, 2016 (\$436,193 from the Authority's share of VEBA assets plus a cash contribution of \$1,022,194). The payment of \$1,039,133 to fully fund the HCSP for prior service credit was made in March 2017.

**December 31, 2021 and 2020**

**Note 10 - Deferred Compensation Plan**

The Authority offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. The benefits of plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and are managed by these individuals. As such, these amounts have not been included in the accompanying financial statements. The Authority contributed \$37,397 and \$35,614, and employees contributed \$229,161 and \$238,109 to the deferred compensation plan for the years ended December 31, 2021 and 2020, respectively.

**Note 11 - Defined Contribution Plan**

The Authority sponsors a 401(a) plan for those employees hired on or after July 1, 2016. Those employees who participate in the hybrid plan (see Note 8) have the defined contribution portion of their plan held here. Nonunion employees hired on or after January 1, 2019 participate only in the defined contribution plan. Participants are considered to be fully vested in the plan after six years. Employer-defined contribution payments vest on a graded scale over six years. Employee contributions vest immediately. The hybrid plan requires those employees in the plan to contribute 6.5 percent of covered payroll and provides for the Authority to make a required 2.0 percent contribution of covered payroll. The direct compensation plan requires those employees in the plan to contribute 6.5 percent of covered payroll and provides for the Authority to make a required 8.5 percent contribution of covered payroll. The Authority contributed \$208,150 and \$139,364, and the employees contributed \$333,144 and \$273,531 to the defined contribution plan for the years ended December 31, 2021 and 2021, respectively.

**Note 12 - Concentrated Credit Risk**

During the years ended December 31, 2021 and 2020, the Authority provided gate access to 18 passenger airlines and 2 all-cargo airlines. Additional revenue is earned through parking lot fees, lease arrangements with various rental car agencies and concessionaires, and leasing of airport land and buildings. The Authority's primary exposure to credit risk is in trade receivables, and management performs ongoing credit evaluations of the major tenants.

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## Required Supplemental Information

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## Gerald R. Ford International Airport Authority

### Required Supplemental Information Schedule of Changes in the Net Pension Asset and Related Ratios MERS Agent Multiple-employer Defined Benefit Pension Plan

	Last Six Fiscal Years					
	2021	2020	2019	2018	2017	2016*
<b>Total Pension Liability</b>						
Service cost	\$ 655,857	\$ 806,317	\$ 814,000	\$ 835,093	\$ 829,449	\$ 756,113
Interest	1,711,977	1,474,548	1,458,967	1,314,122	1,144,760	29,228
Changes in benefit terms	-	-	28,311	-	-	-
Differences between expected and actual experience	1,276,417	236,522	(488,237)	899,368	675,040	-
Changes in assumptions	523,947	1,258,367	-	-	-	-
Benefit payments	(1,073,304)	(753,882)	(330,143)	(205,774)	(121,103)	(25,404)
Other changes	(43,884)	337,139	(102,333)	(966,603)	(27,001)	12,857,875
<b>Net Change in Total Pension Liability</b>	3,051,010	3,359,011	1,380,565	1,876,206	2,501,145	13,617,812
<b>Total Pension Liability - Beginning of year</b>	22,734,739	19,375,728	17,995,163	16,118,957	13,617,812	-
<b>Total Pension Liability - End of year</b>	<u>\$25,785,749</u>	<u>\$22,734,739</u>	<u>\$19,375,728</u>	<u>\$17,995,163</u>	<u>\$16,118,957</u>	<u>\$13,617,812</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 322,812	\$ 382,018	\$ 270,677	\$ 325,207	\$ 470,266	\$16,038,027
Contributions - Member	165,719	213,923	258,155	354,221	417,953	3,529,014
Net investment income (loss)	4,247,101	3,506,368	3,233,939	(980,257)	2,798,042	1,020,983
Administrative expenses	(48,728)	(54,679)	(55,759)	(47,669)	(44,137)	(18,996)
Benefit payments	(1,073,304)	(753,882)	(330,143)	(205,774)	(121,103)	(25,404)
<b>Net Change in Plan Fiduciary Net Position</b>	3,613,600	3,293,748	3,376,869	(554,272)	3,521,021	20,543,624
<b>Plan Fiduciary Net Position - Beginning of year</b>	30,180,990	26,887,242	23,510,373	24,064,645	20,543,624	-
<b>Plan Fiduciary Net Position - End of year</b>	<u>\$33,794,590</u>	<u>\$30,180,990</u>	<u>\$26,887,242</u>	<u>\$23,510,373</u>	<u>\$24,064,645</u>	<u>\$20,543,624</u>
<b>Authority's Net Pension Asset - Ending</b>	<u>\$ (8,008,841)</u>	<u>\$ (7,446,251)</u>	<u>\$ (7,511,514)</u>	<u>\$ (5,515,210)</u>	<u>\$ (7,945,688)</u>	<u>\$ (6,925,812)</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	131.06 %	132.75 %	138.77 %	130.65 %	149.29 %	150.86 %
<b>Covered Payroll</b>	\$ 5,884,728	\$ 7,044,221	\$ 6,748,311	\$ 6,721,352	\$ 6,721,352	\$ 5,635,428
<b>Authority's Net Pension Asset as a Percentage of Covered Payroll</b>	(136.10)%	(105.71)%	(111.31)%	(82.06)%	(118.22)%	(122.90)%

\*The Authority enrolled in this defined benefit pension plan in 2016. The Authority's beginning total pension liability in 2016 was recorded in the "other changes" section of the schedule above. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

## Gerald R. Ford International Airport Authority

### Required Supplemental Information Schedule of Pension Contributions MERS Agent Multiple-employer Defined Benefit Pension Plan

	<b>Last Six Fiscal Years</b>					
	<b>Year Ended December 31</b>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016*</u>
Actuarially determined contribution	\$ 322,812	\$ 288,228	\$ 258,960	\$ 146,856	\$ 169,775	\$ 5,881,370
Contributions in relation to the actuarially determined contribution	<u>322,812</u>	<u>382,018</u>	<u>270,677</u>	<u>325,207</u>	<u>470,266</u>	<u>6,038,027</u>
<b>Contribution Excess</b>	<b><u>\$ -</u></b>	<b><u>\$ 93,790</u></b>	<b><u>\$ 11,717</u></b>	<b><u>\$ 178,351</u></b>	<b><u>\$ 300,491</u></b>	<b><u>\$ 156,657</u></b>
<b>Covered Payroll</b>	\$ 5,884,728	\$ 7,044,221	\$ 6,748,311	\$ 6,721,352	\$ 6,721,352	\$ 5,635,428
<b>Contributions as a Percentage of Covered Payroll</b>	5.49 %	5.42 %	4.01 %	4.84 %	7.00 %	284.59 %

\*The Authority enrolled in this defined benefit pension plan in 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

#### Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date                      Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Authority's fiscal year ended December 31, 2021 were determined based on the actuarial valuation as of December 31, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	10 years (15 years for the hybrid)
Asset valuation method	10 years smoothed
Inflation	2.50 percent
Salary increase	3.00 percent
Investment rate of return	7.60 percent - Net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	50 percent male - 50 percent female blend of the following tables: <ol style="list-style-type: none"> <li>1. RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent</li> <li>2. RP-2014 Employee Mortality Tables</li> <li>3. RP-2014 Juvenile Mortality Tables</li> </ol>

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## Statistical Section

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**Statistical Section Table of Contents**

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The objective of the statistical section is to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess a governmental unit's economic condition.

The statistical section information is presented in the following categories:

<b>Financial Trends Schedules A and B</b>	Financial trends information is intended to show how the governmental unit's financial position has changed over time.
<b>Revenue Capacity Schedules C and D</b>	Revenue capacity information is intended to show the factors affecting a governmental unit's ability to generate its own-source revenue.
<b>Debt Capacity Information Schedule E</b>	Debt capacity information is intended to show a governmental unit's debt burden and its ability to issue additional debt.
<b>Demographic and Economic Schedules F and G</b>	Demographic and economic information is intended to show the socioeconomic environment within which the governmental unit operates.
<b>Operating Information Schedules H and I</b>	Operating information is intended to show contextual information about operations and resources to provide understanding and assessing the governmental unit's economic condition.

Through June 30, 2016, the Gerald R. Ford International Airport was reported as an enterprise fund of Kent County, Michigan. Effective July 1, 2016, operations (which were substantially unchanged) were transferred to a newly-created Authority. Since this change was in legal name only, the Airport has presented a full year of data for all years included in the Statistical Section.

**Gerald R. Ford International Airport Authority**

**Schedule A**

**Net Assets / Net Position and Changes in Net Assets / Net Position**

**Last Ten Fiscal Years**  
**(dollars in thousands)**

	December 31,				
	2012	2013	2014	2015	2016
<b>Operating revenues</b>					
Airfield	\$ 9,608	\$ 8,878	\$ 9,456	\$ 10,639	\$ 10,889
Terminal	6,746	6,832	7,813	7,566	7,475
Ground transportation	14,878	16,780	17,821	19,327	20,598
Other	641	700	752	687	756
<b>Total operating revenues</b>	<u>31,873</u>	<u>33,190</u>	<u>35,842</u>	<u>38,219</u>	<u>39,718</u>
<b>Operating expenses</b>					
Salaries and fringes	7,918	7,825	8,094	8,918	5,729
Services and supplies	9,183	10,301	10,411	12,475	13,395
Depreciation	16,523	16,540	16,446	16,685	18,288
<b>Total operating expenses</b>	<u>33,624</u>	<u>34,666</u>	<u>34,951</u>	<u>38,078</u>	<u>37,412</u>
Operating income (loss)	<u>(1,751)</u>	<u>(1,476)</u>	<u>891</u>	<u>141</u>	<u>2,306</u>
<b>Nonoperating revenue (expenses)</b>					
Interest income	159	122	136	178	233
Interest expense	(8,321)	(8,165)	(7,971)	(7,269)	(6,873)
Passenger facility charges	4,339	4,599	4,788	5,242	5,424
Customer facility charges	1,473	1,699	1,829	1,956	2,016
Federal Aid (CARES/CRRSA)	-	-	-	-	-
Other	22	51	50	56	58
<b>Total nonoperating revenue (expenses)</b>	<u>(2,328)</u>	<u>(1,694)</u>	<u>(1,168)</u>	<u>163</u>	<u>858</u>
Income (Loss) before capital contributions	<u>(4,079)</u>	<u>(3,170)</u>	<u>(277)</u>	<u>304</u>	<u>3,164</u>
<b>Capital contributions</b>	9,641	4,413	14,818	11,633	6,495
<b>Special Item</b>	-	-	-	-	(21,184)
<b>Change in net assets / net position</b>	<u>\$ 5,562</u>	<u>\$ 1,243</u>	<u>\$ 14,541</u>	<u>\$ 11,937</u>	<u>\$ (11,525)</u>
<b>Net assets / net position</b>					
Invested in capital assets, net of related debt / net investment in capital assets	\$ 142,094	\$ 140,926	\$ 150,950	\$ 161,636	\$ 152,970
Restricted for:					
Debt service	12,387	13,355	13,253	10,424	11,511
Capital improvements	5,791	9,307	13,269	17,762	23,027
Pension Benefits					6,734
Unrestricted	<u>28,578</u>	<u>26,504</u>	<u>27,161</u>	<u>29,078</u>	<u>13,133</u>
<b>Total net assets / net position</b>	<u>\$ 188,850</u>	<u>\$ 190,092</u>	<u>\$ 204,633</u>	<u>\$ 218,900</u>	<u>\$ 207,375</u>

GASB Statement No. 63 and 65 were implemented for the year ended December 31, 2012. This resulted in a change renaming net assets to net position and invested in capital assets, net of related debt to net investment in capital assets. As a result of implementation, bond issuance costs have been eliminated. Comparative information for the year ended December 31, 2011 was restated. Data for years 2010 and prior were not restated retroactively.

GASB Statement No. 68 was implemented for the year ended December 31, 2015. This resulted in presentation of the Authority's net pension liability on the statement of net position. Prior years were not restated.

<b>December 31,</b>				
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 11,695	\$ 13,090	\$ 13,935	\$ 11,011	\$ 13,781
7,776	8,723	9,644	5,597	9,415
21,568	26,175	32,332	15,717	26,132
<u>792</u>	<u>1,187</u>	<u>820</u>	<u>934</u>	<u>980</u>
<u>41,831</u>	<u>49,175</u>	<u>56,731</u>	<u>33,259</u>	<u>50,308</u>
9,590	9,656	11,245	11,014	11,276
13,444	15,695	17,274	14,735	18,087
<u>18,907</u>	<u>19,608</u>	<u>20,522</u>	<u>21,937</u>	<u>23,288</u>
<u>41,941</u>	<u>44,959</u>	<u>49,041</u>	<u>47,686</u>	<u>52,651</u>
<u>(110)</u>	<u>4,216</u>	<u>7,690</u>	<u>(14,427)</u>	<u>(2,343)</u>
126	241	514	166	87
(6,505)	(6,299)	(5,837)	(5,418)	(5,556)
5,786	6,886	7,372	3,428	6,243
2,152	2,383	2,631	1,302	1,772
-	-	-	16,261	5,509
<u>1</u>	<u>(130)</u>	<u>45</u>	<u>22</u>	<u>87</u>
<u>1,560</u>	<u>3,081</u>	<u>4,725</u>	<u>15,761</u>	<u>8,142</u>
<u>1,450</u>	<u>7,297</u>	<u>12,415</u>	<u>1,334</u>	<u>5,799</u>
7,212	20,644	18,702	18,705	12,372
-	-	-	-	-
<u>\$ 8,662</u>	<u>\$ 27,941</u>	<u>\$ 31,117</u>	<u>\$ 20,039</u>	<u>\$ 18,171</u>
\$ 167,820	\$ 189,170	\$ 227,528	\$ 246,334	\$ 249,384
15,814	11,230	11,299	11,776	10,052
8,748	15,055	7,442	8,542	12,900
7,492	8,375	8,367	8,237	8,582
<u>16,163</u>	<u>20,148</u>	<u>20,460</u>	<u>20,247</u>	<u>32,388</u>
<u>\$ 216,037</u>	<u>\$ 243,978</u>	<u>\$ 275,096</u>	<u>\$ 295,136</u>	<u>\$ 313,306</u>

## Gerald R. Ford International Airport Authority

### Schedule B

### Changes in Cash and Cash Equivalents

#### Last Ten Fiscal Years

(dollars in thousands)

	December 31,		
	2012	2013	2014
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 33,058	\$ 33,942	\$ 36,550
Cash paid to suppliers	(10,686)	(10,509)	(11,652)
Cash paid to employees	(6,994)	(7,843)	(8,108)
<b>Net cash provided by operating activities</b>	<b>15,378</b>	<b>15,590</b>	<b>16,790</b>
<b>Non-Capital financing activities</b>			
COVID-19 grant funding received	-	-	-
<b>Capital and related financing activities</b>			
Passenger facility charges collected	4,319	4,705	4,777
Customer facility charges collected	1,460	1,682	1,825
Capital contributions received	7,105	1,480	8,119
Proceeds from sale of capital assets	28	51	50
Proceeds from sale of bonds	-	-	-
Cash transferred to escrow for defeased bonds	-	-	-
Purchase of capital assets	(6,879)	(8,843)	(21,496)
Principal paid on revenue bonds	(4,645)	(5,220)	(5,715)
Interest and other bond expenses paid on revenue bonds	(7,987)	(8,382)	(8,206)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(6,599)</b>	<b>(14,527)</b>	<b>(20,646)</b>
<b>Cash flow from investing activities</b>			
Interest received on investments	160	130	130
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,939</b>	<b>1,193</b>	<b>(3,726)</b>
Cash and cash equivalents, beginning of year	39,837	48,776	49,969
<b>Cash and cash equivalents, end of year</b>	<b>\$ 48,776</b>	<b>\$ 49,969</b>	<b>\$ 46,243</b>

<b>December 31,</b>						
2015	2016	2017	2018	2019	2020	2021
\$ 39,373	\$ 38,976	\$ 41,768	\$ 48,895	\$ 56,524	\$ 33,106	\$ 52,556
(13,708)	(12,268)	(14,628)	(15,698)	(17,699)	(10,276)	(18,486)
(8,277)	(10,673)	(10,234)	(10,553)	(11,241)	(10,817)	(13,969)
17,388	16,035	16,906	22,644	27,584	12,013	20,101
-	-	-	-	-	13,730	2,531
5,130	5,383	5,627	6,686	7,251	4,057	5,739
1,948	2,010	2,146	2,358	2,616	1,410	1,717
16,345	11,488	3,975	25,683	16,494	19,231	2,029
68	118	26	173	105	75	134
127,556	-	-	12,725	-	-	139,505
(111,059)	-	-	-	-	-	-
(35,338)	(22,528)	(26,861)	(32,066)	(50,401)	(33,080)	(15,804)
(6,290)	(6,870)	(7,255)	(21,560)	(7,735)	(7,795)	(28,600)
(8,004)	(7,768)	(7,478)	(6,445)	(6,503)	(6,361)	(6,113)
(9,644)	(18,167)	(29,820)	(12,446)	(38,173)	(22,463)	98,607
178	233	126	241	514	166	81
7,922	(1,899)	(12,788)	10,439	(10,075)	3,446	121,320
46,243	54,165	52,266	39,478	49,917	39,842	43,288
\$ 54,165	\$ 52,266	\$ 39,478	\$ 49,917	\$ 39,842	\$ 43,288	\$ 164,608

**Gerald R. Ford International Airport Authority**

**Schedule C**

**Passenger Activity - Enplaned Passengers**

**Last Ten Fiscal Years**

Airline	December 31,					
	2012	2013	2014	2015	2016	2017
Air Canada (Air Georgian)	4,502	3,033	-	-	-	-
AirTran	123,465	81,096	402	-	-	-
Allegiant Air	76,759	76,409	79,810	98,367	115,409	128,130
American Airlines Inc.	-	-	-	-	-	149
American Connection (Chautauqua)	55,309	55,789	12,378	-	-	-
American Eagle (Envoy)	-	-	-	-	-	16,525
American Eagle (Wisconsin)	68,008	67,708	125,534	130,401	106,093	112,343
American Eagle (Piedmont)	-	-	-	-	-	8,699
American Eagle (PSA)	-	-	-	6,483	44,082	45,122
American Eagle (Republic)	-	-	-	-	-	-
American Eagle (SkyWest)	-	-	-	-	1,058	42,409
American Eagle (Trans States)	3,678	-	-	-	-	18,028
Continental Connection	-	-	-	-	-	-
Continental Express (Express Jet)	11,245	24,390	-	-	-	-
Delta Airlines Inc.	223,783	248,038	304,962	360,390	376,802	434,084
Delta Connection (Atlantic Southeast)	25,838	-	-	-	-	-
Delta Connection (Chautauqua)	26,165	43,827	14,734	-	-	-
Delta Connection (Comair)	35,909	-	-	-	-	-
Delta Connection (Compass)	11,789	6,063	18,727	22,075	7,019	1,398
Delta Connection (Endeavor)	-	80,374	66,410	39,573	42,750	22,904
Delta Connection (Express Jet)	-	48,550	37,860	35,728	26,463	27,971
Delta Connection (Freedom)	-	-	-	-	-	-
Delta Connection (GoJet)	-	3,938	8,943	16,255	22,499	11,294
Delta Connection (Mesaba)	125	-	-	-	-	-
Delta Connection (Pinnacle)	102,544	-	-	-	-	-
Delta Connection (Republic)	-	-	-	-	-	7,151
Delta Connection (Shuttle America)	451	9,010	6,645	7,611	4,232	-
Delta Connection (Skywest)	18,961	30,919	29,335	35,293	42,521	28,665
Frontier Airlines	-	-	-	-	-	4,048
Frontier Airlines (Chautauqua)	6,575	-	-	-	-	-
Frontier Airlines (Republic)	46,614	31,052	-	-	-	-
Midwest Connect (Skyway)	-	-	-	-	-	-
Midwest Connect (SkyWest)	-	-	-	-	-	-
Southwest	-	72,603	201,816	211,118	245,711	247,128
United Airlines Inc.	44,842	45,170	53,525	74,678	42,580	91,641
United Express (Air Wisconsin)	-	-	-	-	-	1,586
United Express (Chautauqua)	11,556	-	7,455	-	-	-
United Express (Commutair)	-	2,332	1,926	-	-	16,439
United Express (Express Jet)	99,911	89,588	60,931	45,936	66,898	48,176
United Express (Go Jet)	36,684	37,199	42,122	20,005	34,998	12,103
United Express (Mesa)	11,055	-	-	-	-	-
United Express (Republic)	-	-	-	-	4,924	14,214
United Express (Shuttle America)	18,939	12,499	17,960	29,504	10,963	-
United Express (SkyWest)	3,965	9,224	13,752	30,004	24,971	40,949
United Express (Trans States)	-	44,453	47,197	31,312	38,196	30,891
US Airways Express (Air Wisconsin)	-	-	17,852	53,812	27,708	-
US Airways Express (Mesa)	-	-	-	31,493	46,728	-
Charters	1,123	1,705	1,519	1,200	1,351	1,263
<b>Total</b>	<b>1,069,795</b>	<b>1,124,969</b>	<b>1,171,795</b>	<b>1,281,238</b>	<b>1,333,956</b>	<b>1,413,310</b>

December 31,				
2018	2019	2020	2021	Total 2021
-	-	-	-	0.00%
-	-	-	-	0.00%
161,101	235,353	180,189	276,564	18.83%
47,017	62,278	41,622	78,448	5.34%
-	-	-	-	0.00%
-	-	-	-	0.00%
103,457	105,537	53,014	76,053	5.18%
21,146	12,240	5,811	41,519	2.83%
53,850	100,392	58,848	29,996	2.04%
18,568	12,988	15,146	53,814	3.66%
22,413	39,788	23,076	26,464	1.80%
14,924	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
411,039	433,908	156,899	238,710	16.26%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
60,286	62,552	41,837	76,049	5.18%
10,823	-	-	-	0.00%
-	-	-	-	0.00%
27,850	13,007	531	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
10,912	28,701	6,182	-	0.00%
-	-	-	-	0.00%
65,105	85,824	23,798	76,018	5.18%
71,777	99,279	40,658	68,741	4.68%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
237,766	213,111	128,330	212,987	14.51%
99,421	109,852	22,908	108,194	7.37%
32,213	30,666	3,920	28,109	1.91%
-	-	-	-	0.00%
20,471	21,293	3,549	823	0.06%
38,227	26,818	3,142	-	0.00%
16,537	20,425	21,876	15,758	1.07%
1,051	4,802	8,319	8,658	0.59%
49,960	45,216	22,239	22,981	1.57%
-	-	-	-	0.00%
37,378	23,320	24,789	27,771	1.89%
6,710	15,141	983	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
1,017	1,867	1,258	705	0.05%
<b>1,641,019</b>	<b>1,804,358</b>	<b>888,924</b>	<b>1,468,362</b>	<b>100.00%</b>

**Gerald R. Ford International Airport Authority**

**Schedule D**

**Principal Revenue Sources and Revenues per Enplaned Passenger**

**Last Ten Fiscal Years**

(dollars in thousands, except amounts per enplaned passenger)

	December 31,				
	2012	2013	2014	2015	2016
<b>Airline revenues</b>					
Landing fees	\$ 3,335	\$ 3,135	\$ 3,495	\$ 4,106	\$ 4,288
Apron fees	2,252	1,863	1,956	2,503	2,573
Terminal rents	<u>5,313</u>	<u>5,270</u>	<u>6,025</u>	<u>5,512</u>	<u>5,340</u>
<b>Total airline revenues</b>	<u>10,900</u>	<u>10,268</u>	<u>11,476</u>	<u>12,121</u>	<u>12,201</u>
Percentage of total revenues	28.8%	25.9%	26.9%	26.6%	25.7%
<b>Nonairline revenues</b>					
Parking	11,766	13,275	14,245	15,437	16,690
Rental car	3,413	3,821	3,892	4,170	4,219
Other	<u>5,794</u>	<u>5,826</u>	<u>6,229</u>	<u>6,491</u>	<u>6,608</u>
<b>Total nonairline revenues</b>	<u>20,973</u>	<u>22,922</u>	<u>24,366</u>	<u>26,098</u>	<u>27,517</u>
Percentage of total revenues	55.4%	57.8%	57.1%	57.2%	58.0%
<b>Nonoperating revenues</b>					
Passenger facility charges	4,339	4,599	4,788	5,242	5,424
Interest	159	122	136	178	233
Other	<u>1,495</u>	<u>1,750</u>	<u>1,879</u>	<u>2,012</u>	<u>2,074</u>
<b>Total nonoperating revenues</b>	<u>5,993</u>	<u>6,471</u>	<u>6,803</u>	<u>7,432</u>	<u>7,731</u>
Percentage of total revenues	15.8%	16.3%	16.0%	16.3%	16.3%
<b>Total revenues</b>	<u>\$ 37,866</u>	<u>\$ 39,661</u>	<u>\$ 42,645</u>	<u>\$ 45,651</u>	<u>\$ 47,449</u>
Enplaned passengers	1,069,795	1,124,969	1,171,795	1,281,238	1,333,956
Total revenue per enplaned passenger	\$ 35.40	\$ 35.26	\$ 36.39	\$ 35.63	\$ 35.57
Airline revenue per enplaned passenger	\$ 10.19	\$ 9.13	\$ 9.79	\$ 9.46	\$ 9.15
<b>Revenue rates</b>					
Landing fee (per 1,000 lbs MGLW)	\$ 2.61	\$ 2.64	\$ 2.84	\$ 2.94	\$ 2.98
Apron fee (per 1,000 lbs MGLW)	\$ 1.46	\$ 1.57	\$ 1.73	\$ 1.86	\$ 1.79
Annual terminal rental rate (per sq. ft.)	\$ 52.19	\$ 50.95	\$ 52.62	\$ 47.93	\$ 48.25

Notes: The Authority uses a compensatory (cost of services) methodology to calculate rates and charges. The revenue bases to which these rates are applied and their principal payers can be found in Schedule C. Operating agreements with signatory airlines are cancellable within thirty days.

MGLW = maximum gross landed weight.

December 31,					
2017	2018	2019	2020	2021	
\$ 4,595	\$ 5,538	\$ 6,038	\$ 4,368	\$ 6,136	
2,924	3,164	3,307	1,909	2,584	
<u>5,488</u>	<u>6,040</u>	<u>6,662</u>	<u>4,007</u>	<u>6,790</u>	
<u>13,007</u>	<u>14,742</u>	<u>16,007</u>	<u>10,284</u>	<u>15,510</u>	
26.1%	25.1%	23.8%	26.9%	26.5%	
17,553	21,712	27,104	12,834	21,251	
4,348	4,799	5,131	3,084	5,077	
<u>6,923</u>	<u>7,922</u>	<u>8,489</u>	<u>7,057</u>	<u>8,470</u>	
<u>28,824</u>	<u>34,433</u>	<u>40,724</u>	<u>22,975</u>	<u>34,798</u>	
57.8%	58.6%	60.5%	60.2%	59.5%	
5,786	6,886	7,372	3,428	6,243	
126	241	514	166	87	
<u>2,153</u>	<u>2,461</u>	<u>2,676</u>	<u>1,324</u>	<u>1,859</u>	
<u>8,065</u>	<u>9,588</u>	<u>10,562</u>	<u>4,918</u>	<u>8,189</u>	
16.2%	16.3%	15.7%	12.9%	14.0%	
<b>\$ 49,896</b>	<b>\$ 58,763</b>	<b>\$ 67,293</b>	<b>\$ 38,177</b>	<b>\$ 58,497</b>	
1,413,310	1,641,019	1,804,358	888,924	1,468,362	
\$ 35.30	\$ 35.81	\$ 37.29	\$ 42.95	\$ 39.84	
\$ 9.20	\$ 8.98	\$ 8.87	\$ 11.57	\$ 10.56	
\$ 2.84	\$ 2.98	\$ 2.97	\$ 3.25	\$ 3.59	
\$ 1.81	\$ 1.70	\$ 1.62	\$ 1.63	\$ 1.79	
\$ 48.26	\$ 49.87	\$ 53.30	\$ 60.36	\$ 59.79	

**Gerald R. Ford International Airport Authority**

**Schedule E**

**Ratios of Outstanding Debt, Debt Service, Debt Limits &**

**Last Ten Fiscal Years**

	December 31,		
	2012	2013	2014
<b>Outstanding debt per enplaned passenger</b>			
Outstanding debt by type (in thousands):			
Revenue bonds (all airport net operating revenues pledged)	\$ 187,207	\$ 181,614	\$ 175,527
Outstanding debt per enplaned passenger	\$ 166.41	\$ 161.44	\$ 149.79
Outstanding debt ratio for service area (total outstanding debt/(per capita income*trade area population))	0.35%	0.33%	0.30%
Outstanding debt ratio for Kent County (total outstanding debt/(per capita income*county population))	0.68%	0.65%	0.60%
<b>Net revenues</b>			
Revenues, net of capital contributions	\$ 37,866	\$ 39,661	\$ 42,645
Less: operating expenses, less depreciation	<u>17,101</u>	<u>18,126</u>	<u>18,505</u>
<b>Net revenues</b>	<u>\$ 20,765</u>	<u>\$ 21,535</u>	<u>\$ 24,140</u>
<b>Debt service</b>			
Principal paid on revenue bonds	\$ 4,645	\$ 5,220	\$ 5,715
Interest expense on revenue bonds	7,987	8,382	8,206
Principal paid on notes payable	-	-	-
Interest expense on notes payable	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total debt service</b>	<u>\$ 12,632</u>	<u>\$ 13,602</u>	<u>\$ 13,921</u>
<b>Revenue bonds debt service coverage</b>	1.64	1.58	1.73
<b>Debt service per enplaned passenger</b>	\$ 11.81	\$ 12.09	\$ 11.88

**Debt limit information**

For years prior to 2016, the airport was a component unit of the County of Kent, Michigan. No debt limit information is available for the airport individually because debt limits apply to the County as a whole. See the County of Kent, Michigan Annual Comprehensive Financial Report for more information.

GASBs 63 and 65 were implemented for the year ended December 31, 2012. This resulted in reclassing deferred charges on refunding from revenue bonds to deferred outflows of resources. Comparative information for the year ended December 31, 2011 was restated. Data for years 2010 and prior were not restated retroactively.

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## Pledged Revenue Coverage

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							December 31,						
2015		2016		2017		2018		2019		2020		2021	
\$	190,201	\$	182,076	\$	173,491	\$	164,463	\$	155,479	\$	146,486	\$	256,134
\$	148.45	\$	136.49	\$	122.76	\$	100.22	\$	86.17	\$	164.79	\$	174.44
	0.31%		0.31%		0.27%		0.25%		0.22%		0.21%		0.34%
	0.62%		0.62%		0.54%		0.50%		0.45%		0.42%		0.68%
\$	45,651	\$	47,449	\$	49,896	\$	58,764	\$	67,293	\$	38,177	\$	58,497
	<u>21,393</u>		<u>19,124</u>		<u>23,034</u>		<u>25,351</u>		<u>28,519</u>		<u>25,749</u>		<u>29,363</u>
\$	<u>24,258</u>	\$	<u>28,325</u>	\$	<u>26,862</u>	\$	<u>33,413</u>	\$	<u>38,774</u>	\$	<u>12,428</u>	\$	<u>29,134</u>
\$	6,290	\$	6,870	\$	7,255	\$	8,835	\$	7,735	\$	7,795	\$	8,265
	8,004		7,768		7,478		6,236		6,503		6,361		6,113
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
\$	<u>14,294</u>	\$	<u>14,638</u>	\$	<u>14,733</u>	\$	<u>15,071</u>	\$	<u>14,238</u>	\$	<u>14,156</u>	\$	<u>14,378</u>
	1.70		1.94		1.82		2.22		2.72		0.88		2.03
\$	11.16	\$	10.97	\$	10.42	\$	9.18	\$	7.89	\$	15.92	\$	9.79

**Gerald R. Ford International Airport Authority**

**Schedule F**

**Principal Employers in the Primary Trade Area**

**Calendar Years 2021 and 2012**

Employer	County	Product or Service
Spectrum Health	Kent	Healthcare
Mercy General Health Partners	Muskegon/Kent	Healthcare
Meritage Hospitality Group	Kent	Retail food
Gordon Food Services	Kent	Food services wholesaler
Meijer Inc.	Kent	Retail food and merchandise
Amazon	Kent	Logistics
Gentex Corporation	Ottawa	Manufacturing - auto parts
Amway Corporation	Kent	Personal and household products
Miller Knoll	Ottawa	Office furniture
Farmers Insurance Group	Kent	Insurance
Perrigo Company	Allegan	Manufacturing - pharmaceuticals
Steelcase Inc.	Kent	Office furniture
Grand Valley State University	Ottawa	Education
Metro Health Hospital	Kent	Healthcare
Grand Rapids Public Schools	Kent	Education
Ventra	Kent/Ionia	Manufacturing - auto parts
SpartanNash	Kent	Retail food
TCF Bank	Kent	Finance
Arconic Inc	Muskegon	Manufacturing - aerospace
Hope Network Industries	Kent	Packaging
Roskam Baking	Kent	Food Processing
Fifth Third Bank	West MI	Finance
Haworth Inc.	Ottawa	Manufacturing - furniture
Lacks Enterprises Inc.	Kent	Manufacturing - auto parts
Challenge Manufacturing	Kent/Ottawa	Manufacturing - metal stamping
Shape Corporation	Ottawa	Manufacturing - fabricated metal
Bradford White	Barry	Manufacturing - water heaters
Wolverine World Wide	Kent	Manufacturing - footwear
City of Grand Rapids	Kent	Government
Priority Health	Kent	Healthcare
General Motors Components Holdings	Kent	Manufacturing - auto parts
JBS Packerland	Allegan	Agriculture
GE Aviation Systems	Kent	Manufacturing - avionics systems
Lake Michigan Credit Union	Kent	Finance
Herbruck's Poultry Ranch	Ionia	Agriculture
Independent Bank	Kent	Finance
Yanfeng Global Automotive	Ottawa	Manufacturing - auto parts

**Total employment**

Source: The Right Place Inc.

<sup>(1)</sup> Data as of May 2022, most current information available

<u>Number of Employees 2021 <sup>(1)</sup></u>	<u>Percentage of Total Employment</u>	<u>Number of Employees 2012</u>	<u>Percentage of Total Employment</u>
25,000	3.46%	18,000	2.85%
8,500	1.18%	3,653	0.58%
7,000	0.97%		0.00%
5,000	0.69%	1,669	0.26%
5,000	0.69%	7,725	1.22%
4,500	0.62%		0.00%
4,500	0.62%	2,730	0.43%
3,791	0.53%	5,233	0.83%
3,621	0.50%	3,100	0.49%
3,500	0.48%	2,500	0.40%
3,500	0.48%	3,800	0.60%
3,500	0.48%	3,227	0.51%
3,306	0.46%	3,991	0.63%
3,000	0.42%	1,396	0.22%
2,800	0.39%	3,297	0.52%
2,750	0.38%		0.00%
2,500	0.35%	4,258	0.67%
2,500	0.35%		0.00%
2,350	0.33%		0.00%
2,162	0.30%	1,436	0.23%
2,100	0.29%		0.00%
2,062	0.29%	2,729	0.43%
2,000	0.28%	2,450	0.39%
2,000	0.28%	2,300	0.36%
1,700	0.24%		0.00%
1,700	0.24%		0.00%
1,500	0.21%		0.00%
1,500	0.21%	1,640	0.26%
1,335	0.18%	2,050	0.32%
1,279	0.18%		
1,200	0.17%		0.00%
1,200	0.17%		0.00%
1,100	0.15%	1,953	0.31%
1,032	0.14%		
1,000	0.14%		
1,000	0.14%		
1,000	0.14%		0.00%
<u>721,940</u>		<u>631,033</u>	

**Gerald R. Ford International Airport Authority**

**Schedule G**

**Population in the Primary Trade Area**

**Last Ten Fiscal Years**

	<u>2012</u>	<u>2013 <sup>(1)</sup></u>	<u>2014</u>	<u>2015</u>
Allegan County	111,895	112,531	113,847	113,847
Barry County	59,004	59,907	59,281	59,107
Ionia County	63,903	64,073	64,294	63,976
Kent County	614,079	621,700	629,237	629,237
Mecosta County	43,229	43,108	43,186	43,226
Montcalm County	63,081	63,105	62,893	63,046
Muskegon County	170,112	171,008	172,344	172,344
Newaygo County	-	-	-	-
Ottawa County	<u>269,329</u>	<u>272,701</u>	<u>276,292</u>	<u>276,292</u>
	<u><u>1,394,632</u></u>	<u><u>1,408,133</u></u>	<u><u>1,421,374</u></u>	<u><u>1,421,075</u></u>
Per capita income	\$ 38,622	\$ 38,981	\$ 40,715	\$ 42,495
Total personal income (dollars in thousands)	\$ 53,863,932	\$ 54,890,528	\$ 57,871,576	\$ 60,387,903
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Employment information:				
Civilian labor force	684,253	693,742	727,023	806,984
Employed	631,033	650,465	687,736	773,497
Unemployed	53,220	43,277	39,287	33,487
Unemployment rate	7.8%	6.2%	5.4%	4.1%

<sup>(1)</sup> Effective 2013, the Office of Management and Budget changed the combined statistical area to include Mecosta and Montcalm and exclude Newaygo counties.

Source: The Right Place Inc.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
111,408	116,447	114,145	115,250	116,143	117,104
59,173	60,586	59,607	60,057	60,540	61,045
63,905	64,291	64,147	64,176	64,300	64,401
602,622	648,594	636,376	643,140	648,121	652,617
42,798	43,391	43,181	43,264	43,251	43,481
63,342	63,550	62,956	63,209	63,413	63,516
172,188	173,693	172,707	173,043	173,297	173,679
-	-	-	-	-	-
<u>263,801</u>	<u>286,383</u>	<u>280,243</u>	<u>284,034</u>	<u>286,558</u>	<u>289,162</u>
<u>1,379,237</u>	<u>1,456,935</u>	<u>1,433,362</u>	<u>1,446,173</u>	<u>1,455,623</u>	<u>1,465,005</u>
\$ 42,386	\$ 43,586	\$ 45,589	\$ 47,952	\$ 48,027	\$ 51,835
\$ 58,460,339	\$ 63,501,969	\$ 65,345,540	\$ 69,346,888	\$ 69,909,206	\$ 75,938,534
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
755,219	760,020	733,509	744,132	700,592	757,908
727,147	730,625	691,961	707,807	667,470	721,940
28,072	29,395	41,548	36,325	33,122	35,968
3.7%	3.9%	5.7%	4.9%	4.7%	4.7%

**Gerald R. Ford International Airport Authority**

**Schedule H**

**Full-time Equivalent Employees**

**Last Ten Fiscal Years**

	<b>December 31,</b>			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Administration	20	17	18	18
Maintenance	31	31	32	32
Parking	1	1	1	1
Firefighting	16	16	16	16
Public safety	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>
Total	<u>101</u>	<u>98</u>	<u>100</u>	<u>100</u>
Enplaned passengers per employee	<u>10,592</u>	<u>11,479</u>	<u>11,718</u>	<u>12,812</u>
Operating revenues (in thousands)	\$ 31,873	\$ 33,190	\$ 35,842	\$ 38,219
Operating expenses (in thousands)	\$ 33,624	\$ 34,666	\$ 34,951	\$ 38,078
Salaries and fringes (in thousands)	\$ 7,918	\$ 7,825	\$ 8,094	\$ 8,918
Payroll percentage of operating revenues	<u>24.8%</u>	<u>23.6%</u>	<u>22.6%</u>	<u>23.3%</u>
Payroll percentage of operating expenses	<u>23.5%</u>	<u>22.6%</u>	<u>23.2%</u>	<u>23.4%</u>

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<b>December 31,</b>					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
20	23	24	24	19	20
32	30	27	32	26	34
1	1	1	1	1	1
17	16	17	16	12	16
<u>32</u>	<u>34</u>	<u>34</u>	<u>35</u>	<u>31</u>	<u>36</u>
<u>102</u>	<u>104</u>	<u>103</u>	<u>108</u>	<u>89</u>	<u>107</u>
<u>13,078</u>	<u>13,590</u>	<u>15,932</u>	<u>16,707</u>	<u>9,988</u>	<u>13,723</u>
\$ 39,718	\$ 41,831	\$ 49,175	\$ 56,731	\$ 33,259	\$ 50,308
\$ 37,412	\$ 41,941	\$ 44,959	\$ 49,041	\$ 47,686	\$ 52,651
\$ 5,729	\$ 9,590	\$ 9,656	\$ 11,245	\$ 11,014	\$ 11,276
<u>14.4%</u>	<u>22.9%</u>	<u>19.6%</u>	<u>19.8%</u>	<u>33.1%</u>	<u>22.4%</u>
<u>15.3%</u>	<u>22.9%</u>	<u>21.5%</u>	<u>22.9%</u>	<u>23.1%</u>	<u>21.4%</u>

## Gerald R. Ford International Airport Authority

### Schedule I

### Capital Asset Information

#### Last Ten Fiscal Years

	December 31,		
	2012	2013	2014
Runways			
8R/26L - East/West - 10,000 x 150 ft.			
8L/26R - East/West - 5,000 x 100 ft.			
17/35 - North/South - 8,500 x 150 ft.			
Total aircraft movements	85,306	75,998	75,128
Annual capacity	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>
Runway utilization percentage	<u>30.74%</u>	<u>27.39%</u>	<u>27.07%</u>
Terminal building			
Exclusive area leased (sq. ft)	65,260	60,832	72,089
Exclusive area available (sq. ft)	<u>100,666</u>	<u>97,796</u>	<u>97,944</u>
Terminal occupancy percentage	<u>64.83%</u>	<u>62.20%</u>	<u>73.60%</u>
Enplanements	1,069,795	1,124,969	1,171,795
Planned capacity	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Terminal utilization percentage	<u>59.43%</u>	<u>62.50%</u>	<u>65.10%</u>
Parking areas			
Number of annual long-term exits (a)	240,871	258,745	274,552
Average long-term stay (days) (b)	<u>4.4</u>	<u>4.3</u>	<u>4.5</u>
Average annual long-term occupancy ((a*b)/365)	2,877	3,048	3,385
Number of long-term spaces available	<u>6,509</u>	<u>6,918</u>	<u>6,918</u>
Average annual long-term occupancy rate	<u>44.20%</u>	<u>44.06%</u>	<u>48.93%</u>

<b>December 31,</b>						
2015	2016	2017	2018	2019	2020	2021
76,256	81,558	82,432	84,023	84,538	58,170	74,876
<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>
<u>27.48%</u>	<u>29.39%</u>	<u>29.71%</u>	<u>30.28%</u>	<u>30.46%</u>	<u>20.96%</u>	<u>26.98%</u>
74,782	65,718	85,531	89,766	91,037	91,037	93,830
<u>97,944</u>	<u>106,786</u>	<u>105,104</u>	<u>105,104</u>	<u>100,312</u>	<u>100,312</u>	<u>103,160</u>
<u>76.35%</u>	<u>61.54%</u>	<u>81.38%</u>	<u>85.41%</u>	<u>90.75%</u>	<u>90.75%</u>	<u>90.96%</u>
1,281,238	1,333,956	1,413,310	1,641,019	1,804,358	888,924	1,468,362
<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
<u>71.18%</u>	<u>74.11%</u>	<u>78.52%</u>	<u>91.17%</u>	<u>100.24%</u>	<u>49.38%</u>	<u>81.58%</u>
304,575	318,451	289,527	331,119	381,709	157,518	265,428
<u>3.9</u>	<u>4.0</u>	<u>4.6</u>	<u>4.2</u>	<u>4.5</u>	<u>5.2</u>	<u>5.3</u>
3,254	3,490	3,649	3,810	4,685	2,235	3,854
<u>6,918</u>	<u>7,071</u>	<u>7,071</u>	<u>7,124</u>	<u>7,324</u>	<u>7,668</u>	<u>7,668</u>
<u>47.04%</u>	<u>49.35%</u>	<u>51.60%</u>	<u>53.48%</u>	<u>63.97%</u>	<u>29.15%</u>	<u>50.26%</u>

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## Compliance Section

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management and the Board of Directors  
Gerald R. Ford International Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Gerald R. Ford International Airport Authority (the "Authority"), a component unit of the County of Kent, Michigan, as of and for the year ended December 31, 2021 and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 25, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001, that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The Authority's Response to the Finding**

*Government Auditing Standards* require the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

To Management and the Board of Directors  
Gerald R. Ford International Airport Authority

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

May 25, 2022

Report on Compliance for the Major Federal Program and Passenger Facility Charge Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and the PFC Audit Guide

**Independent Auditor's Report**

To the Board of Directors  
Gerald R. Ford International Airport Authority

**Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program**

***Opinion on Each Major Federal Program and the Passenger Facility Charge Program***

We have audited the Gerald R. Ford International Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2021. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration and the requirements in 14 CFR 158.63 (collectively, the "Guide"), for the year ended December 31, 2021. The passenger facility charge program is identified in the schedule of passenger facility charges.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program and passenger facility charge program for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program and Passenger Facility Charge Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"); and the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration and the requirements in 14 CFR 158.63. Our responsibilities under those standards, the Uniform Guidance, and the Guide are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program and the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's major federal program and the passenger facility charge program.

To the Board of Directors  
Gerald R. Ford International Airport Authority

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program and the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as Finding 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

*Governmental Auditing Standards* require the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

### ***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

To the Board of Directors  
Gerald R. Ford International Airport Authority

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2021-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Guide. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

May 25, 2022

**Gerald R. Ford International Airport Authority**

**Schedule of Expenditures of Federal Awards**

**Year Ended December 31, 2021**

Federal Agency/Pass-through Agency/Program Title	ALN	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Airport Improvement Program:				
Master Plan Update	20.106	3-26-0039-053-2016	\$ -	\$ 7,123
Terminal Apron Reconstruction - Phase 2	20.106	3-26-0039-056-2018	-	10,417
Terminal Apron Reconstruction - Phase 3	20.106	3-26-0039-057-2019	-	579,312
Terminal Apron Expansion	20.106	3-26-0039-058-2019	-	34,107
Expand Terminal Building/Reconstruct Service Road	20.106	3-26-0039-059-2020	-	344,075
Federal Inspection Station	20.106	3-26-0039-061-2021	-	4,880,318
COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	20.106	3-26-0039-062-2021	-	5,509,118
Eastside FBO Apron	20.106	3-26-0039-063-2021	-	4,814,981
Total			<b>\$ -</b>	<b>\$ 16,179,451</b>

## Gerald R. Ford International Airport Authority

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# Notes to Schedule of Expenditures of Federal Awards

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Year Ended December 31, 2021

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Gerald R. Ford International Airport Authority (the "Authority") under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

**Gerald R. Ford International Airport Authority**

**Schedule of Findings and Questioned Costs**

**Year Ended December 31, 2021**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   None reported

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?   X   Yes        No

Identification of major programs:

ALN	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?        Yes   X   No

## Gerald R. Ford International Airport Authority

### Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2021

#### Section II - Financial Statement Audit Findings

Reference Number	Finding
2021-001	<p><b>Finding Type - Material weakness</b></p> <p><b>Criteria</b> - The Gerald R. Ford International Airport Authority (the "Authority") should maintain adequate segregation of duties, including preventive and detective controls to safeguard assets and ensure timely and accurate financial reporting.</p> <p><b>Condition</b> - During 2021, the internal controls of the Authority lacked adequate segregation of duties related to certain account reconciliations, additions, deletions, or modifications of vendors in the accounting software and uploading of vendor payment information. Further details regarding these internal control deficiencies are as follows:</p> <p>(a) Cash account and disbursement reconciliation functions were reviewed by one individual who was not restricted from accessing cash receipts, cash disbursements, and journal entry functions.</p> <p>(b) Changes to vendor properties in the accounting software do not require dual authorization. In addition, the uploading of vendor payment information from the accounting software to the online bank portal is done using an unsecured manual file.</p> <p><b>Context</b> - No audit adjustments were identified, and no unsupported disbursements or journal entries were detected as a result of our sampling procedures. However, the lack of adequate segregation of duties in these areas could result in a material misappropriation of assets that could be concealed in the financial records, making the likelihood of detection remote.</p> <p><b>Cause</b> - The Authority did not adequately revise internal control procedures to maintain adequate segregation of duties after temporary workforce reductions.</p> <p><b>Effect</b> - While no audit adjustments or misappropriation of assets were detected as a result of audit procedures, the lack of adequate segregation of duties could result in a material error in financial reporting or material misappropriation of assets not being detected timely.</p> <p><b>Recommendation</b> - The Authority should implement adequate segregation of duties (including preventive and detective controls) to eliminate or restrict the ability of a single individual to initiate disbursements without secondary approval and handle all functions, including reconciliations, receipts, disbursements, and journal entry functions.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The Authority agrees that the functions noted above should be segregated to mitigate the risk of financial reporting errors or misappropriation of assets. As a result, the Authority will implement the following actions in response to the internal control deficiency noted:</p> <p>(a) The Authority filled the CFO position with a new permanent FTE in April 2022, allowing for more segregation of duties related to review and approvals of disbursement activity. In addition, the Authority has added a position of staff accountant to the department in order to fulfill adequate segregation of duties related to cash and disbursement account reconciliation. This position is expected to be filled during Q2 of 2022. With the addition of these two FTE positions, the Authority will also properly limit the system access of all current employees in order to further mitigate risk of fraudulent activity.</p> <p>(b) We will work with our software provider to further limit the access of vendor payment information to users. Any changes to vendor information will be documented with proper reviews and approvals.</p>

## Gerald R. Ford International Airport Authority

### Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2021

#### Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2021-002	<p><b>ALN, Federal Agency, and Program Name</b> - 20,106, Federal Aviation Administration, Airport Improvement Program</p> <p><b>Federal Award Identification Number and Year</b> - 3-26-0039-061-2021; 2021</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - According to the wage rate requirements under 40 U.S.C. Sections 3141 to 3148, employees who perform work on federally funded construction projects in excess of \$2,000 are required to be paid no less than the prevailing wages and fringe benefits specified by the Department of Labor. Organizations that authorize such projects and finance them with federal funds are required to monitor the contractor's or subcontractor's compliance with such wage requirements.</p> <p><b>Condition</b> - During the audit, it was noted that the Authority does not have a process in place to ensure compliance with these requirements whether the responsibility is performed by the Authority directly or delegated to construction managers with required monitoring by the Authority.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The Authority did not have a control in place to ensure review of certified payrolls was being performed to monitor wage rate requirements applicable to federally funded construction projects. In our testing population of one out of nine projects, we found no instances where certified payrolls were not prepared.</p> <p><b>Cause and Effect</b> - No control was in place at the Authority for monitoring of the wage rate requirements. This lack of review could result in noncompliance with grant requirements or questioned costs.</p> <p><b>Recommendation</b> - We recommend the Authority obtain and review documentation demonstrating that wage rates paid by contractors or subcontractors for construction projects were authorized by the Authority and paid for with federal funds.</p> <p><b>Views of Responsible Officials and Corrective Action Plan</b> - The Authority will ensure that all future contracts for third-party construction administration include the stipulation that the awarded firm is responsible for obtaining and reviewing certified payrolls of all contractors working on applicable federally funded projects. In addition, the Authority's staff will periodically audit this function and document that it is being performed.</p>	None

**Gerald R. Ford International Airport Authority**

**Schedule of Passenger Facility Charges**

**Year Ended December 31, 2021**

<b>Collections</b>	<b>Amount Approved for Use</b>	<b>Cumulative Total - December 31, 2020</b>	<b>Quarter 1 January - March</b>	<b>Quarter 2 April - June</b>	<b>Quarter 3 July - September</b>	<b>Quarter 4 October - December</b>	<b>Year Ended December 31, 2021</b>	<b>Cumulative Total - December 31, 2021</b>
Passenger facility charge collections		\$ 103,561,647	\$ 904,466	\$ 1,421,510	\$ 1,749,768	\$ 1,663,574	\$ 5,739,318	\$ 109,300,965
Interest earned		<u>2,767,827</u>	<u>95</u>	<u>95</u>	<u>134</u>	<u>71</u>	<u>395</u>	<u>2,768,222</u>
Total passenger facility charge collections received		<b><u>\$ 106,329,474</u></b>	<b><u>\$ 904,561</u></b>	<b><u>\$ 1,421,605</u></b>	<b><u>\$ 1,749,902</u></b>	<b><u>\$ 1,663,645</u></b>	<b><u>\$ 5,739,713</u></b>	<b><u>\$ 112,069,187</u></b>
Application 95-02-U-00-GRR	\$ 94,359,802	\$ 76,604,623	\$ 631,092	\$ 632,136	\$ 632,136	\$ 632,136	\$ 2,527,500	\$ 79,132,123
Application 05-03-I-00-GRR	2,133,827	2,133,827	-	-	-	-	-	2,133,827
Application 07-04-C-00-GRR	7,403,893	7,403,893	-	-	-	-	-	7,403,893
Application 14-06-C-00-GRR	2,214,234	2,214,234	-	-	-	-	-	2,214,234
Application 17-07-C-00-GRR	<u>14,053,939</u>	<u>14,053,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,053,939</u>
Total passenger facility charge collections expended	<b><u>\$ 120,165,695</u></b>	<b><u>\$ 102,410,516</u></b>	<b><u>\$ 631,092</u></b>	<b><u>\$ 632,136</u></b>	<b><u>\$ 632,136</u></b>	<b><u>\$ 632,136</u></b>	<b><u>\$ 2,527,500</u></b>	<b><u>\$ 104,938,016</u></b>

See independent auditor's report and notes to  
schedule of passenger facility charges.

**Notes to Schedule of Passenger Facility Charges**

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**Year Ended December 31, 2021**

**Note 1 - General**

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. PFCs may be used for airport projects that meet at least one of the following criteria:

- Preserve or enhance safety, security, or capacity of the national air transportation system.
- Reduce noise or mitigate noise impacts resulting from an airport.
- Furnish opportunities for enhanced competition between or among carriers.

Since 1995, the Federal Aviation Administration (FAA) has approved nine PFC applications and amendments submitted by the Gerald R. Ford International Airport Authority (the "Authority"). The Authority is currently authorized to collect PFCs in the amount of \$4.50 per enplaned passenger up to a total for approved collections of \$120.2 million. Project expenditures may include amounts for the payment of principal, interest, and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of December 31, 2021, the Authority had received approximately \$109.3 million of PFC revenue and \$2.8 million of interest earnings. The Authority had expended approximately \$104.9 million on approved projects.

**Note 2 - Basis of Presentation**

The accompanying schedule of passenger facility charges has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). Debt expenditures incurred by the Authority represent payments into a sinking fund.

## APPENDIX E

### SUMMARY OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Resolution, to which reference is hereby made and copies of which are available from the Authority.

#### Certain Definitions

The following are definitions in summary form of certain terms contained in the Resolution:

“2022 Project” means improvements to the Airport consisting of acquiring, constructing, furnishing and equipping (i) improvements to the existing terminal, including but not limited to terminal expansion and the construction of a new in-line checked baggage inspection system and related improvements, (ii) a new parking facility for rental cars and (iii) modifications to the existing public parking facility.

“Act 94” means Act 94, Public Acts of Michigan, 1933, as amended.

“Act 95” means Act 95, Public Acts of Michigan, 2015.

“Act 327” means Act 327, Public Acts of Michigan, 1945, as amended.

“Act 354” means Act 354, Public Acts of Michigan, 1972, as amended.

“Additional Bonds” means any Bonds of equal standing with the Outstanding Obligations, including the Series 2023A Bonds, issued pursuant to the Resolution for the purposes set forth therein.

“Airport” means the Gerald R. Ford International Airport and all aeronautical facilities owned by the County and leased and operated by the Authority pursuant to the County Agreement, and shall be construed to include all real property now or hereafter owned by the County or the Authority in connection therewith and the terminal building, airport facilities and all other improvements and equipment now or hereafter located, constructed, installed or situated thereon.

“Airport Consultant” means a person, firm or corporation which is a nationally recognized professional consultant selected by the Authority and having the skill and experience necessary to render the particular report required by the provisions of the Resolution and which is neither an employee nor an officer of the County or the Authority.

“Authority” means the Gerald R. Ford International Airport Authority established pursuant to Act 95.

“Authority Bonds” means the Authority’s Revenue Refunding Bonds, Series 2018, the Authority’s Revenue Bonds, Series 2021, the Authority’s Revenue Refunding Bonds, Series 2021 and the Series 2023A Bonds, together with any other Additional Bonds issued by the Authority pursuant to the Resolution.

“Authorized Officer” means the Chief Executive Officer of the Authority or any other officer designated by the Authority Board or the designee of any of them.

“Board” means the Board of the Authority.

“Bond” or “Bonds” means, collectively, the Outstanding Obligations and any Authority Bonds.

“Bond Registrar” means the bank selected by the Board to be the bond registrar and paying agent for the Bonds pursuant to the Resolution, or any other bond registrar and paying agent substituted in its place pursuant to the Resolution.

“Bond Reserve Account” means the account established within the Redemption Fund pursuant to the Resolution.

“Bond Reserve Requirement” means the lesser of (i) the Maximum Annual Debt Service on any outstanding Bonds or (ii) 10% of the aggregate principal amount of all Outstanding Bonds.

“Cash Equivalent” means a Credit Facility (i) provided by an institution which has received a rating of its claims paying ability from a Rating Agency at least equal to A (or such higher rating as is necessary to maintain the then existing rating on the Bonds) or whose unsecured debt securities are rated at least A (or such higher rating as is necessary to maintain the then existing rating on the Bonds) by a Rating Agency and (ii) which provides for a draw down in the full amount thereof upon its expiration date at the option of the Authority in the absence of a renewal of such Credit Facility or if the Authority does not deliver to the Bond Registrar a replacement Credit Facility that qualifies as a Cash Equivalent.

“Chief Executive Officer” means the Chief Executive Officer of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Construction Fund” means, with respect to any Additional Bonds issued to finance improvements, renovations, enlargements and/or extensions to the Airport, a fund established pursuant to a resolution supplemental to the Resolution authorizing the issuance of such Additional Bonds, into which the Authority shall deposit proceeds of such Additional Bonds in accordance with such supplemental resolute on.

“County” means the County of Kent, Michigan.

“County Bonds” means, collectively, the County’s Airport Revenue Bonds, Series 1995, Airport Revenue Bonds, Series 1998, Airport Revenue Refunding Bonds, Series 1999, Airport Revenue Bonds, Series 2007, Airport Revenue Refunding Bonds, Series 2009, Revenue Refunding Bonds, Series 2011, Revenue Refunding Bonds, Series 2015, and Revenue Bonds, Series 2015.

“County Resolution” means, collectively, the resolution adopted by the Board of Commissioners of the County on March 23, 1995, as supplemented on January 6, 1998, December 17, 1998, August 23, 2007, February 12, 2009, March 12, 2009, September 8, 2011, December 18, 2014 and February 12, 2015, pursuant to Act 327 and Act 94, authorizing the issuance of revenue bonds and revenue refunding bonds for lawful purposes relating to the Airport.

“Credit Facility” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution, and which provides security or liquidity in respect of Bonds.

“Credit Facility Obligations” means repayment or other obligations of the Authority under an agreement or similar instrument with a provider of a Credit Facility in respect of draws or other payments or disbursements made under such Credit Facility and used to pay principal of or interest on Bonds or to purchase Bonds, which obligations shall have a lien on the Net Revenues of the Airport on a parity with the lien thereon of the Bonds.

“Debt Service Requirement” means for any period the sum of: (1) the amount required to pay the interest on any Bonds during such period; (2) the amount required to pay the principal or Redemption Price of any Bonds

during such period, whether at stated or extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the Authority has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (3) the amount of any Credit Facility Obligations required to be paid during such period and not included in (1) or (2); provided that any payments described in (1), (2) and (3) above due on the first day of any Fiscal Year shall be deemed for purposes of this definition to be due on the last day of the immediately preceding Fiscal Year. No payment required for any Bonds or Credit Facility Obligations which may be tendered or otherwise presented for payment at the option or demand of the holders thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or extended maturity dates or otherwise certain due dates. Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the Resolution, Variable Rate Bonds, and Credit Facility Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds or Credit Facility Obligations on the date of computation; provided that in any computation (i) of the Bond Reserve Requirement, (ii) relating to the issuance of Additional Bonds required by the Resolution, or (iii) required by the rate covenant set forth in the Resolution, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (A) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation, or (B) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance. Further, in any computation relating to the issuance of Additional Bonds required by the Resolution and any computation required by the rate covenant set forth in the Resolution, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make such payments during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Redemption Fund to pay capitalized interest.

“Escrow Account” means any special and separate account established with a bank or trust company and in which is deposited cash or securities or both, for the express purpose of providing for the payment of principal of, premium, if any, and interest on any Bonds.

“Fiscal Year” means the fiscal year and operating year of the Authority which begins on January 1 and ends on the following December 31.

“Government Obligations” means any bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America or obligations the principal and interest on which are guaranteed by the United States of America, including U.S. Treasury Trust Receipts.

“Investment Obligations” means the following: Government Obligations; certificates of deposit or bankers’ acceptances of any bank that is a member of the Federal Deposit Insurance Corporation and has capital and surplus of at least \$50,000,000; repurchase agreements with a term not exceeding sixty (60) days with a bank with capital and surplus of at least \$50,000,000 which bank is a member of the Federal Reserve System or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, that are secured by Government Obligations, having a market value (inclusive of accrued interest) at least equal to 102% of the full amount of the repurchase agreement and which Government Obligations shall be valued at intervals of no less than monthly, shall not be subject to any other pledge or security interest and shall be held by a third party custodian which is a bank or trust company pursuant to a third party custodial agreement; commercial paper rated in the highest category by a Rating Agency the issuers of which have long-term or senior debt rated in one of the highest two categories by a Rating Agency; any collective investment fund maintained or managed by a bank or trust company with capital and surplus of at least \$50,000,000 which invests solely in Government Obligations; direct and general obligations of any state of the United States of America, or any direct obligations of any political

subdivision of a state which, in each case, are rated in one of the highest two categories by a Rating Agency; and any other investments hereafter authorized by Act 94 or other applicable law.

“Issue Date” means the date on which the Authority’s Revenue Refunding Bonds, Series 2018 were issued and delivered to the original purchasers upon receipt of payment therefor.

“Mandatory Redemption Date” means each of the several dates upon which Term Bonds in the principal amount of the applicable Mandatory Redemption Requirement are required to be redeemed under the resolution authorizing the issuance or sale of such Term Bonds.

“Mandatory Redemption Requirements” means with respect to any Term Bonds, the principal amount of such Bonds required to be called for redemption prior to their stated maturity as provided in the resolution authorizing the issuance or sale of such Term Bonds. For all purposes of the Resolution, Term Bonds shall be deemed to come due at the times and in the amounts of the Mandatory Redemption Requirements therefor and the principal amounts due on Term Bonds on the dates of their stated maturities shall be reduced by the Mandatory Redemption Requirements theretofore becoming due prior to the stated maturities for such Term Bonds.

“Maximum Annual Debt Service” means, at any point in time, with respect to Bonds then outstanding, the maximum amount of Debt Service Requirements becoming due in the then current or any future Fiscal Year.

“Net Revenues” means Revenues remaining after deducting the reasonable expenses of administration, operation and maintenance of the Airport.

“Operation and Maintenance Expenses” means the reasonable, necessary current expenses of the Authority paid or accrued in operating, maintaining, and repairing the Airport. The term includes without limitation : (i) costs of collecting Revenues and making refunds; (ii) engineering, audit, legal and administrative expenses; (iii) salaries, wages and other compensation; (iv) costs of routine repairs, replacements and renewals; (v) costs of utility services; (vi) general administrative overhead of the Authority; (vii) material and supplies used in the ordinary course of business; (viii) contractual and professional services; (ix) costs of insurance and fidelity bonds; (x) costs of carrying out provisions of the Resolution; (xi) the costs for any single item of \$50,000 or less with a useful life of less than five years; and (xii) all other routine costs and expenses or costs and expenses required to be paid by the Authority by law. The term “Operation and Maintenance Expenses” shall not include any allowance for depreciation, any debt service, nor any operation and maintenance expenses incurred by any lessee of Special Purpose Facilities leased from the Authority for industrial, governmental or non-aviation purposes.

“Outstanding Obligations” means all obligations of the County with respect to the outstanding County Bonds.

“Rating Agency” means any nationally recognized rating service then rating any of the Bonds.

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to the Resolution, including accrued interest thereon.

“Refund” or “Refunded” means with respect to Bonds, or any portion thereof specified, the payment thereof, or the provision for payment thereof by the deposit in trust of Sufficient cash or Sufficient Government Obligations, or any combination thereof.

“Resolution” means the Resolution adopted by the Board on September 26, 2018, as amended and supplemented on February 26, 2020, supplemented on May 26, 2021, amended on August 25, 2021, further amended on October 27, 2021, and as supplemented on August 31, 2022, and any other resolution amendatory to

or supplemental to the Resolution and shall include any resolution authorizing the issuance or sale of a series of Bonds.

“Revenues” means (i) the income derived from the rates charged for the services, facilities and commodities furnished by the Airport, (ii) the earnings derived from the investment of moneys in the various funds and accounts established by the Resolution, (iii) any passenger taxes or other passenger charges imposed for the use of the Airport, but only to the extent permitted by applicable law and specifically included as Revenues by the terms of a resolution supplementing the Resolution, and (iv) payments made by the County pursuant to the County Resolution or a limited tax full faith and credit pledge to advance sufficient funds from its general funds for payment of principal of and interest on the Bonds (a “County Advance”); provided, however that Net Revenues for purposes of the pledge of Net Revenues as security for the Bonds and the use of Net Revenues to repay a County Advance, shall not include such earnings on the Construction Fund.

“Serial Bonds” means Bonds that are designated Serial Bonds in the Resolution or in a resolution supplemental to the Resolution authorizing the sale of any Authority Bonds.

“Series 2023 Bonds” means the Revenue Bonds, Series 2023, authorized by the Resolution.

“Special Purpose Facilities” means facilities which are leased from the Authority pursuant to which the lessee agrees to pay to the Authority rentals or fees sufficient to pay the principal and interest on bonds issued to pay the cost of construction of the Special Purpose Facility plus such further rentals or fees necessary to maintain all reserves or pay necessary administrative expenses required for Special Purpose Facilities.

“Special Purpose Facilities Bonds” means bonds issued by the Authority to finance any Special Purpose Facilities.

“Subordinate Bonds” means each series of bonds or other obligations permitted to be issued by the Authority pursuant to the Resolution secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues securing payment of the Outstanding Obligations, any Additional Bonds and any related Credit Facility Obligations.

“Sufficient” means with respect to (i) cash or (ii) Government Obligations, or any combination thereof, not redeemable at the option of the issuer, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts, as to be fully sufficient to pay the interest as it comes due on the Bonds or any portion thereof and the principal and redemption premium, if any, on the Bonds or any portion thereof as they come due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations or cash shall be placed in trust with a bank or trust company, and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds for redemption shall be given to the Bond Registrar.

“Term Bonds” means Bonds that are designated Term Bonds by the Resolution, or a resolution supplemental to the Resolution authorizing the sale of any Authority Bonds.

“U.S. Treasury Trust Receipts” means evidence of ownership of rights to payment of portions of the principal of or interest on Government Obligations held by a bank or trust company organized under the laws of the United States acting as custodian of such obligations. “Variable Rate Bond” means a Bond the interest rate on which may, in accordance with its terms, vary periodically so that the interest for a part or all of the period remaining to its stated maturity or redemption date cannot accurately be calculated.

## **Replacement of Authority Bonds**

If any Authority Bond shall become mutilated, the Authority, at the expense of the registered owner of the Authority Bond, shall execute, and the Bond Registrar shall authenticate and deliver, a new bond of like tenor in exchange and substitution for the mutilated Authority Bond, upon surrender to the Bond Registrar of the mutilated Authority Bond. If any Authority Bond shall be lost, destroyed or stolen, evidence of ownership of the Authority Bond and of the loss, destruction or theft may be submitted to the Bond Registrar and, if the evidence is satisfactory to an Authorized Officer and the Bond Registrar and indemnity satisfactory to the Bond Registrar and the Authorized Officer shall be given, and if all requirements of any applicable law including Act 354 have been met, the Authority at the expense of the owner, shall execute, and the Bond Registrar shall thereupon authenticate and deliver, a new bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Authority Bond so lost, destroyed or stolen. If any such Authority Bond shall have matured or shall be about to mature, instead of issuing a substitute bond the Bond Registrar may pay the same without surrender thereof as authorized by Act 354.

## **Security for the Bonds and Credit Facility Obligations; Defeasance**

(a) Except as hereinafter provided in paragraphs (a) and (b) under this caption, the principal of and interest on the Bonds shall be payable solely from the Net Revenues (except to the extent payable from the proceeds of a Credit Facility or from the proceeds of Bonds). To secure the payment of the principal of and interest on the Bonds and all Credit Facility Obligations, the Resolution creates in favor of the holders of the Bonds and each provider of a Credit Facility, equally and ratably, a first lien, by Act 94 made a statutory lien, upon the whole of the Net Revenues. If the Net Revenues and amounts on deposit in the Bond Reserve Account are not sufficient to pay the principal of and interest on the Outstanding Obligations or Credit Facility Obligations relating to the Outstanding Obligations when due, the County is obligated to advance sufficient funds out of its general funds to make such payment. If the Net Revenues and amounts on deposit in the Bond Reserve Account are not sufficient to pay the principal of and interest on any Additional Bonds or Credit Facility Obligations relating to any such Additional Bonds when due and the County has pledged its limited tax full faith and credit when due on any such Additional Bonds, the County shall be obligated to advance sufficient funds out of its general funds to make such payment. If the County pays principal of or interest on the Outstanding Obligations or any Additional Bonds to which it has pledged its limited tax full faith and credit or Credit Facility Obligations relating to the Outstanding Obligations or any such Additional Bonds from taxes or general funds pursuant to its agreement to advance in the preceding two sentences, it shall be reimbursed from the Net Revenues subsequently received as provided in the resolution. The County's ability to levy taxes to advance such funds is subject to constitutional and statutory limitations on the taxing power of the County.

(b) The lien on the Net Revenues shall continue until payment in full of the principal of and interest on all Bonds and all Credit Facility Obligations payable from the Net Revenues, or, until Sufficient cash, Sufficient Government Obligations or any combination thereof shall have been deposited in trust for payment in full of the principal of and the interest on all Bonds and all Credit Facility Obligations to be paid to their maturity, or, if called or if irrevocable instructions have been given to call for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. Upon deposit of Sufficient cash, Sufficient Government Obligations or any combination thereof, as provided in the previous sentence, the statutory lien herein created shall be terminated with respect to the Bonds and Credit Facility Obligations to be paid, the holders of these Bonds and the provider of the related Credit Facility shall have no further rights under the Resolution except for payment from the deposited funds and for rights of replacement, registration and transfer, and such Bonds and Credit Facility Obligations shall no longer be considered to be outstanding under the Resolution.

## **Bondholders' Rights; Receiver**

The registered owner or owners of the Bonds representing in the aggregate not less than twenty per cent (20%) of the entire principal amount thereof then outstanding, may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of all officials of the County under the Resolution, Act 94 and any other applicable provisions of law, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the Airport or any part thereof.

If there is a default in the payment of the principal of or interest upon the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the Airport on behalf of the County and, under the direction of the court and by and with the approval of the court, to perform all of the duties of the officials of the County more particularly set forth in the Resolution and in Act 94.

The registered owner or owners of the Bonds shall have all other rights and remedies given by Act 94 and law for the payment and enforcement of the Bonds and the security therefor.

## **Credit Facilities**

The Board may obtain a Credit Facility in respect of all or part of the Authority Bonds or any Additional Bonds or in respect of any required deposit to the Bond Reserve Account which, if obtained, shall be provided for in the resolution authorizing the sale of the Authority Bonds or any Additional Bonds. Such Credit Facility may secure only certain Bonds and may or may not benefit or secure any other series of Bonds or any part thereof. The provider of such Credit Facility may be afforded certain rights and remedies to direct the proceedings with respect to the enforcement of payment of the Bonds as shall be provided in the applicable Sale Order.

## **Fixing and Revising Rates; Rate Covenant**

The Authority covenants and agrees at all times to fix and maintain rates and charges for use of the Airport as shall produce the greater of (i) amounts sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the Airport as are necessary to preserve the same in good repair and working order, to provide for the payment of the principal of and interest on all Bonds payable therefrom and for the creation and maintenance of a reserve therefor as required by the Resolution, and to provide for such other requirements, expenditures and funds for the Airport as the Resolution and Act 94 may require or (ii) an amount so as to produce during each Fiscal Year Net Revenues equal to the sum of (a) 100% of the Debt Service Requirements for such Fiscal Year, plus (b) the amount by which the amount on deposit in the Surplus Fund on the last day of the immediately preceding Fiscal Year was less than 25% of Maximum Annual Debt Service as of such day. The rates and charges shall be revised from time to time as may be necessary to produce these amounts, provided that any rate or charge fixed and established pursuant to a lease or contract shall not be revised except in the manner provided in the lease or contract.

## **No Free Service or Use**

No free service or use of the Airport, or service or use of the Airport at less than cost, shall be furnished by the Airport to any person, firm or corporation, public or private, or to any public agency or instrumentality including the Authority, the County or any other municipality.

## **Operating and Fiscal Year**

The Airport shall be operated on the basis of the Fiscal Year.

## **Funds and Accounts; Flow of Funds**

The Authority has established an AIRPORT RECEIVING FUND (the "Receiving Fund" ), which consists of the Receiving Fund established by the County Resolution and all moneys to be deposited into the Receiving Fund pursuant to the County Resolution and the Resolution. Commencing on the Issue Date, all Revenues shall be set aside as collected and credited to the Receiving Fund. After the Issue Date, the Revenues credited to the Receiving Fund are pledged for the purpose of the following funds and shall be transferred or debited from the Receiving Fund periodically in the manner and at the times and in the order of priority hereinafter specified:

(a) **OPERATION AND MAINTENANCE FUND:**

Out of the Revenues credited to the Receiving Fund there shall be first set aside in, or credited to, a fund designated OPERATION AND MAINTENANCE FUND (the "Operation and Maintenance Fund " ), monthly, commencing with the month in which the Issue Date occurs, a sum sufficient to provide for the payment of the next month's Operation and Maintenance Expenses.

(b) **BOND AND INTEREST REDEMPTION FUND:**

The Authority has established a fund designated BOND AND INTEREST REDEMPTION FUND (the "Redemption Fund"), which shall consist of the Redemption Fund, and any accounts within said fund, established by the County Resolution and all moneys to be deposited into the Redemption Fund pursuant to the County Resolution and the Resolution. The moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of, interest and redemption premiums, if any, on the Bonds and any Credit Facility Obligations. The moneys on deposit in the Redemption Fund (including moneys, securities and any Cash Equivalents in the Bond Reserve Account) shall be kept on deposit with the Bond Registrar.

Out of the Revenues remaining in the Receiving Fund, after provision for the Operation and Maintenance Fund, there shall first be paid to the County an amount sufficient to reimburse the County for any amounts advanced from its general funds to pay principal of and/or interest on the Outstanding Obligations and any Additional Bonds for which the County has agreed to make a County Advance and any Credit Facility Obligations relating thereto pursuant to the Resolution. There shall then be set aside monthly in the Redemption Fund from Revenues and from other amounts deposited in the Redemption Fund which are irrevocably committed to pay principal of and interest on the Bonds a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds, less any amount in the Redemption Fund representing accrued or capitalized interest on the Bonds. Commencing the month in which the Issue Date occurs, the amount set aside each month for interest, after taking into account moneys in the Redemption Fund as above provided, shall be 1/6 of the total amount of interest on the Bonds next coming due or such greater or lesser amount in approximately equal monthly installments necessary to accumulate the amount of interest next coming due by the date such interest is to be paid. Commencing the month in which the Issue Date occurs, the amount set aside each month for principal shall be 1/12 of the total principal amount of the Bonds (including a mandatory redemption of Term Bonds) next coming due or such greater or lesser amount in approximately equal monthly installments necessary to accumulate the principal amount next coming due by the date such principal is to be paid. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the next succeeding month's requirements.

The Authority has established in the Redemption Fund a separate account to be known as the Bond Reserve Account, into which shall be deposited on the date of issue of any series of Bonds such moneys or securities or Cash Equivalents, as determined by the Authority Board in the resolution authorizing the sale of such series of Bonds, that will cause the amount on deposit in the Bond Reserve Account to equal the Bond Reserve Requirement. Thereafter, from the Revenues remaining in the Receiving Fund after provision has been made for the Operation and Maintenance Fund and the Redemption Fund, there shall be deposited in the Bond Reserve Account each month an amount equal to the balance in the Receiving Fund or the amount necessary to accumulate and maintain in the Bond Reserve Account a sum equal to the Bond Reserve Requirement, whichever is lesser. Except as otherwise provided in the Resolution, moneys in the Bond Reserve Account shall be used solely for the payment of the principal of and interest on Bonds as to which there would otherwise be a default.

No further payments need be made into the Redemption Fund after enough of the Bonds have been retired so that the amount then held in the Redemption Fund, including the Bond Reserve Account, is equal to the entire amount of principal and interest which will be payable at the time of maturity of all the then outstanding Bonds.

If at any time, the amount on deposit in or credited to the Bond Reserve Account exceeds the Bond Reserve Requirement, the amount of such excess shall be transferred therefrom and deposited in or credited to the Receiving Fund.

There shall be deposited in the Bond Reserve Account either from the proceeds of the sale of each issue of Additional Bonds or a Cash Equivalent with respect to such Additional Bonds an amount equal to the amount which, when added to the amount on deposit therein on the date of delivery of such issue of Additional Bonds will equal the Bond Reserve Requirement for all Bonds then outstanding including such Additional Bonds.

If any of the Bonds are issued as Term Bonds, there shall be established in the Redemption Fund an account to be designated "Term Bond Sinking Fund Account" (the "Sinking Fund Account"). There shall be credited to the Sinking Fund Account the amounts required to be deposited in the Redemption Fund to meet the next due Mandatory Redemption Requirement for the Bonds that are Term Bonds becoming due within the next twelve months.

A Mandatory Redemption Requirement for the Term Bonds of a series may be satisfied by the call of Term Bonds of the same maturity in the principal amount of the Mandatory Redemption Requirement at par and accrued interest or by the purchase and surrender to the Bond Registrar of Term Bonds of the same maturity from moneys allocated therefor in the Sinking Fund Account of the Redemption Fund, as provided herein, or purchased with other funds legally available therefor. The Authority shall elect the manner in which it intends to satisfy a Mandatory Redemption Requirement not less than forty days prior to the due date of each Mandatory Redemption Requirement.

The moneys so credited to the Sinking Fund Account shall be used to satisfy the next Mandatory Redemption Requirement for Bonds that are Term Bonds either by (A) redeeming the Term Bonds on the following Mandatory Redemption Date, or (B) by purchasing Term Bonds of the same series and maturity with respect to which the Mandatory Redemption Requirement applies and surrendering the same to the Bond Registrar for cancellation on or prior to the required Mandatory Redemption Date. In the event that after any Mandatory Redemption Date moneys remain in the Redemption Fund credited to the Sinking Fund Account as a result of the purchase of Term Bonds at less than par, the amount of such excess may be transferred to the Receiving Fund.

(c) SUBORDINATE BOND AND INTEREST REDEMPTION FUND:

If the Authority shall ever issue Subordinate Bonds, there shall be established and maintained a fund, designated the Subordinate Bond and Interest Redemption Fund, for the purpose of paying the principal,

redemption premiums, if any, and interest on such Subordinate Bonds as they come due. Revenues remaining in the Receiving Fund after provision for the requirements of the Operation and Maintenance Fund and the Redemption Fund including the Bond Reserve Account shall be set aside, but not more often than monthly, in such fund for the Subordinate Bonds in accordance with the resolution authorizing the issuance or sale of the Subordinate Bonds. Additionally, a separate account also may be established within such fund as a bond reserve account to be funded on a subordinate lien basis in accordance with the resolution authorizing the issuance or sale of the Subordinate Bonds. The detail of the establishment and maintenance of such fund shall be provided in the resolution of the Board authorizing the issuance of such Subordinate Bonds.

(d) **SURPLUS FUND:**

Money remaining in the Receiving Fund at the end of any Fiscal Year, after satisfaction of the requirements of the foregoing funds, may be transferred to a fund designated the SURPLUS FUND. Moneys from time to time on hand in the Surplus Fund, at the option of the Authority Board, may be used and applied for any of the purposes related to the Airport for which the foregoing funds and accounts were established or for any other lawful purpose of the Airport; provided, however, that if there should be any deficit in the Operation and Maintenance Fund or the Redemption Fund (including the Bond Reserve Account), then transfers shall be made from the Surplus Fund to such funds in the priority and order named, to the extent of any such deficit.

**Depository and Funds on Hand**

Moneys in the several funds and the accounts established pursuant to the Resolution, except moneys in the Redemption Fund (including the Bond Reserve Account) and any Construction Fund established by supplemental resolution to the Resolution, may be kept in one or more bank accounts at a bank or banks designated by the Board, and if kept in one bank account the moneys shall be allocated on the books and records of the Authority in the manner and at the times provided in the Resolution. The depository of all funds and accounts, except as otherwise specifically provided for in the Resolution, shall be those banks or trust companies designated from time to time as such by the Board.

**Priority of Funds**

In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund and the Redemption Fund, any moneys or securities in other funds of the Airport established under the Resolution (except moneys in a Construction Fund) shall be credited or transferred first, to the Operation and Maintenance Fund and second, to the Redemption Fund, to the extent of any deficit therein.

**Investments**

Except as otherwise provided in the Resolution, moneys in the funds and accounts established in the Resolution and moneys derived from the proceeds of sale of the Authority Bonds may be invested by the Authority in Investment Obligations. Investment of moneys in the Redemption Fund being accumulated for payment of the next maturing principal or interest payment of the Bonds shall be limited to Government Obligations or other Investment Obligations which are permitted under Act 94 bearing maturity dates on or prior to the date of the next maturing principal and/or interest payment date on the Bonds. Investment of the proceeds of Additional Bonds shall be in Investment Obligations in the manner established in the resolution authorizing the issuance of such Additional Bonds. Investment of moneys in the Bond Reserve Account shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than ten years from the date of the investment. In the event investments are made, any securities representing the same shall be kept on deposit with the bank or trust company having on deposit the fund or funds or account from which the purchase was made. Profit realized or interest income earned on investment of funds in the Receiving Fund, Operation and

Maintenance Fund and Redemption Fund (including the Bond Reserve Account) shall be deposited in or credited to the Receiving Fund. Profit realized or interest earned on investments of moneys in the Construction Fund shall be deposited in or credited as received to the Construction Fund. Except as otherwise in the Resolution provided, investments shall mature at such times as it is estimated the funds therefrom will be required, but shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than five years from the date of investment. Investments credited to the Bond Reserve Account shall be valued at least annually on each January 1 beginning the first January 1 after the Issue Date at par or at amortized value if purchased at other than par. Amortized value when used with respect to an obligation purchased at a premium above or discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase or transfer and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. The Authority shall withdraw from the Bond Reserve Account any excess immediately and, in the event of a deficit, budget such additional deposits for the next Fiscal Year in amounts necessary to restore the Bond Reserve Account to the Bond Reserve Requirement and there shall be credited to the Bond Reserve Account after providing for the current requirements of the Operation and Maintenance Fund and the Redemption Fund all Revenues remaining in the Receiving Fund until the amount credited to the Bond Reserve Account is equal to the Bond Reserve Requirement.

## **Covenants**

The Authority covenants that so long as any Bonds remain outstanding and unpaid as to either principal or interest:

(a) The Authority leases and operates the Airport pursuant to the County Agreement, the Airport is free from any and all liens and encumbrances, and the Authority has good right and lawful authority to encumber and pledge the Revenues of the Airport as such Revenues are in the Resolution encumbered and pledged.

(b) The Authority shall maintain the Airport in good repair and working order and shall operate it efficiently and shall faithfully and punctually perform all duties with reference to the Airport required by the constitution and laws of the State of Michigan, including the making and collecting of sufficient rates for use of the Airport and the segregation and application of the revenues of the Airport in the manner provided in this Resolution. The Authority from time to time shall make all needed and proper repairs, replacements, additions and betterments to the Airport so that the Airport at all times may be operated properly and advantageously.

(c) The Authority covenants to adopt, prior to the commencement of each Fiscal Year, a budget for the Airport demonstrating that for such Fiscal Year, the projected Revenues are sufficient to cover the Operation and Maintenance Expenses of the Airport and Debt Service Requirements for such Fiscal Year and any other financial obligations of the County under the Resolution or relating to the Airport for such Fiscal Year. The Authority shall make such budget available to the registered or beneficial owners of any of the Bonds upon request.

(d) The Authority shall maintain and keep proper books of record and account separate from all other records and accounts in which shall be made full and correct entries of all transactions relating to the Airport. Not later than six (6) months after the close of each Fiscal Year, the Authority shall cause to be prepared an annual audit of (i) such books of record and account, showing the income and expenses of the Airport during such Fiscal Year, and the assets and liabilities of the Airport at the beginning and close of the Fiscal Year, and (ii) the books of record and account of the Authority for such Fiscal Year. Such audit shall be made by an independent certified public accountant who shall comment on the manner in which the Authority has complied with the requirements of the Resolution. The Authority shall file such audit with the Michigan Department of Treasury, each nationally recognized municipal securities information repository established for such purpose under SEC Rule 15c2-12 (the

“Rule”) and the appropriate state information repository, if any, established under the Rule and shall make such audit available to the registered or beneficial owners of any of the Bonds upon request.

(e) The Authority will not sell, lease or dispose of its interest in the Airport or any substantial part thereof until all of the Bonds have been paid in full as to both principal and interest. This covenant shall not be construed to prohibit the disposition or lease of any property comprising part of the Airport which is no longer necessary, appropriate or required for the use of the Airport, or which is no longer necessary to the proper operation and maintenance thereof, or which may be sold and leased back to the extent such arrangement is permitted by law; provided, however, that the provision of this sentence shall not be construed to authorize or permit the sale, lease or disposition of any substantial part of the Airport. The Authority at all times in its discretion shall be permitted to alter, repair or replace any buildings or structures or any part of the Airport and appurtenances thereto as the Board determines to be necessary for the Airport.

(f) The Authority shall not, and to the extent permitted by law will not permit others to, operate an airport that will compete with the Airport.

(g) The Authority shall not issue any Bonds or incur any indebtedness with a claim on Net Revenues prior to the lien of the Bonds.

(h) The Authority shall promptly comply with all of its obligations, covenants and duties required by the Resolution, the County Resolution and law with respect to the Airport.

(i) The Authority shall take all action, and refrain from taking any action, that is necessary, including paying any rebates to the United States government that may be required by the Code, which are hereby authorized to be paid from the Operation and Maintenance Fund as an expense of the Airport, so as not to impair the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

### **Additional Bonds**

The Authority reserves the right to issue under Act 94, for any lawful purpose pertaining to the Airport, one or more series of Additional Bonds payable from and secured by a lien on the Net Revenues on a parity with the Outstanding Obligations; provided, however, that no such Additional Bonds shall be issued unless:

(a) An Authorized Officer certifies that, upon the issuance of such series of Additional Bonds, the Authority will not be in default under any term or provision of any Additional Bonds then Outstanding or the Resolution or any other resolution pursuant to which any of such Additional Bonds were issued.

(b) An Authorized Officer certifies that, upon the issuance of such series of Additional Bonds, the Redemption Fund and the Subordinate Bond and Interest Redemption Fund will have the required amounts on deposit therein, including the applicable Bond Reserve Requirement or so much thereof as is required to be funded at such time.

(c) Either (i) an Authorized Officer shall certify that, for either the most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months, the Net Revenues of the Airport were equal to at least:

(A) 125% of the Debt Service Requirements for all Bonds for such period; plus

(B) 110% of the Debt Service Requirements for all Subordinate Bonds for such period; or

(ii) the Airport Consultant shall provide a written report setting forth projections which indicate that the estimated Net Revenues of the Airport for each of three (3) consecutive Fiscal Years beginning in the earliest of:

(A) the first Fiscal Year following the estimated date of completion and initial use of all revenue producing facilities to be financed with such series of Additional Bonds, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities; or

(B) the first Fiscal Year in which the Authority will have scheduled payments of interest on or principal of the series of Additional Bonds to be issued for the payment of which provision has not been made as indicated in the report of such Airport Consultant from proceeds of such series of Additional Bonds, investment income thereon or from other appropriated sources (other than Net Revenues), are equal to at least:

(1) 125% of the Debt Service Requirements for all Bonds; plus

(2) 110% of the Debt Service Requirements for all Subordinate Bonds;

scheduled to occur during each such respective Fiscal Year after taking into consideration the additional Debt Service Requirements for the series of Additional Bonds to be issued.

#### **Amendments; Consent of Bondholders**

(a) The Authority, from time to time and at any time, subject to the conditions and restrictions in the Resolution, may enact one or more supplemental or amendatory resolutions which thereafter shall form a part thereof, for any one or more or all of the following purposes:

(i) To issue Additional Bonds;

(ii) To add to the covenants and agreements of the Authority contained in the Resolution, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power therein reserved to or conferred upon the Authority;

(iii) To cure any ambiguity in the Resolution or to cure, correct or supplement any defective provision contained in the Resolution, provided that such supplemental or amendatory resolution shall not be inconsistent with the Resolution and shall not have a material, adverse affect on the interests of the owners of the Bonds;

(iv) To increase the size or scope of the Airport; and

(v) To make such modifications in the provisions thereof as may be deemed necessary by the Board to accommodate the issuance of Additional Bonds which (A) are "Capital Appreciation Bonds" or "Zero Coupon Bonds" to the extent permitted by law or (B) are Variable Rate Bonds or which are payable as to principal on dates other than January 1 or as to interest on dates other than January 1 and July 1, but only if such modifications, in the written opinion of nationally recognized bond counsel filed with the Board, do not result in materially diminishing the security hereby granted to the owners of any Bonds at the time outstanding.

Any amendment or supplemental resolution or resolution authorized by the provisions of this paragraph

(a) may be enacted by the Board without the consent of or notice to the owners of any of the Bonds at the time outstanding, notwithstanding any of the provisions of paragraph (b) below.

(b) With the consent of the owners of not less than 51% in principal amount of the Bonds then outstanding, the Board from time to time and at any time may adopt a resolution or resolutions supplemental to the Resolution for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall (i) extend the fixed maturity of any Bond, change a Mandatory Redemption Requirement or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce or extend the time for payment of any premium payable on the redemption thereof, without the consent of the owner of each Bond so affected, or (ii) reduce the aforesaid percentage of owners of the Bonds required to approve any such supplemental resolution, or (iii) deprive the owners of the Bonds (except as aforesaid) of the right to payment of the Bonds from the Net Revenues, without the consent of the owners of all the Bonds then outstanding. No amendment may be made under this paragraph (b) which affects the rights or duties of the insurer of any of the Bonds without its consent.

It shall not be necessary for the consent of the Bondholders under this paragraph (b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the enactment by the Board of any supplemental resolution pursuant to the provisions of this paragraph (b), the Authority shall cause the Bond Registrar to mail a notice by registered or certified mail to the registered owners of all Bonds outstanding at their addresses shown on the registration books, or at such other address as is furnished in writing by such registered owner to the Bond Registrar, setting forth in general terms the substance of such supplemental resolution.

## APPENDIX F

### FORM OF LEGAL OPINION

April 12, 2023

Gerald R. Ford International  
Airport Authority  
County of Kent, Michigan

Ladies and Gentlemen:

We have acted as bond counsel to the Gerald R. Ford International Airport Authority, County of Kent, State of Michigan (the “Authority”) in connection with the issuance by the Authority of its Revenue Bonds, Series 2023A, dated as of April 12, 2023 in the aggregate principal amount of \$159,390,000 (the “Bonds”). The Bonds are subject to redemption prior to maturity as stated therein.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the resolution authorizing the issuance of the Bonds adopted by the Board of the Authority on September 26, 2018, as amended and supplemented on February 26, 2020, as further amended on August 25, 2021, as further amended on October 27, 2021, as supplemented on May 26, 2021, and as further supplemented on August 31, 2022 (collectively, the “Bond Resolution”) and in the order authorizing the sale of the Bonds adopted by the President and Chief Executive Officer of the Authority on March 16, 2023, and on the certified proceedings and other certifications furnished to us, without undertaking to verify the same by an independent investigation.

The Bonds have been issued under and pursuant to Act 327, Public Acts of Michigan, 1945, as amended, and Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”), for the purpose of paying the costs of acquiring, constructing, furnishing and equipping improvements to the Gerald R. Ford International Airport.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bond Resolution has been duly adopted by the Authority and constitutes a valid and legally binding obligation of the Authority.
2. Pursuant to Act 94, the Bond Resolution creates a valid lien on the Net Revenues of the Airport (as defined therein) as security for the Bonds.
3. The limited tax full faith and credit of the County have been pledged as additional security for the payment of the principal of and interest on the Bonds when due. If the Net Revenues of the Airport and the amounts on deposit in the Bond Reserve Account established under the Bond Resolution are not sufficient to pay the principal of and interest on the Bonds when due, the County is obligated to advance sufficient funds out of its general funds to make such payment. The County’s ability to levy taxes to advance such funds is subject to constitutional and statutory limitations on the taxing power of the County.
4. The Bonds have been duly authorized and executed, and when authenticated and delivered, will be valid and binding obligations of the Authority, payable solely from the sources provided in the Bond Resolution.

5. The Bonds and the interest thereon are free and exempt from all taxation in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof and franchise taxes.

6. The interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX G

### FORM OF AUTHORITY CONTINUING DISCLOSURE CERTIFICATE

#### CONTINUING DISCLOSURE CERTIFICATE GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

**\$159,390,000**

#### **Revenue Bonds, Series 2023A**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Gerald R. Ford International Airport Authority, County of Kent (the “County”), Michigan (the “Issuer”) in connection with the issuance by the Issuer of its Revenue Bonds, Series 2023A (the “Bonds”). The Issuer covenants and agrees as follows:

#### **Section 1. Purpose of the Disclosure Certificate.**

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

#### **Section 2. Definitions.** The following capitalized terms shall have the following meanings:

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Annual Report” shall mean any Annual Report of the Issuer provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Bondholder” shall mean the registered owner of any Bonds.

“Dissemination Agent” shall mean the Issuer or any successor Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 1000  
Washington, D.C. 20005  
Tel: (202) 838-1500  
Fax: (202) 898-1500

“Official Statement” shall mean the final Official Statement for the Bonds dated March 16, 2023.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Michigan.

### **Section 3. Provision of Annual Reports.**

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than the date six months after the end of the Issuer’s fiscal year commencing with the Issuer’s Annual Report for its fiscal year ending December 31, 2022, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). Currently, the Issuer’s fiscal year commences on January 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Issuer shall be included in the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report of the Issuer by the date required in subsection (a), the Issuer shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Issuer’s fiscal year changes, the Issuer shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Issuer) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

**Section 4. Content of Annual Reports.** The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Issuer of the same nature as that contained in the following tables in the main body of the Official Statement: Historical Enplaned Passengers; Domestic Passenger Origin-Destination Patterns; Historical Airline Market Share of Enplaned Passengers; Daily Scheduled Nonstop Departures; Air Cargo; Historical Operating Airport Results; and Historical Debt Service Coverage.

The Issuer's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.**

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (16) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For the purpose of the events set forth in clauses (16) and (17) above, the term “financial obligation” means: (i) a debt obligation; (ii) 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 (iii) a guarantee of a debt obligation or a derivative instrument described in clause (ii) above; provided, however, the term “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15) or (16), the Issuer shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Issuer covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12), (13) or (17) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15) or (16) would be material under applicable federal securities laws, the Issuer shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event,

together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Issuer shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Issuer acknowledges that the “rating changes” referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Issuer is liable.

(f) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

#### **Section 6. Mandatory Electronic Filing with EMMA.**

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

#### **Section 7. Termination of Reporting Obligation.**

(a) The Issuer’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the Issuer’s obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

**Section 8. Dissemination Agent.** The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

#### **Section 9. Amendment; Waiver.**

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or type of business conducted by the Issuer;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Issuer shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Issuer or the Dissemination Agent (if other than the Issuer) at the written direction of the Issuer with the MSRB.

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Failure to Comply.** In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the

actions described above before the Issuer shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

**Section 12. Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

**Section 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

**Section 14. Transmission of Information and Notices.** Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

**Section 15. Additional Disclosure Obligations.** The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

**Section 16. Governing Law.** This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

**[SIGNATURE PAGE FOLLOWS]**

**GERALD R. FORD INTERNATIONAL  
AIRPORT AUTHORITY**

By: \_\_\_\_\_  
Torrance Richardson  
Its: President and Chief Executive Officer

Dated: April 12, 2023

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Gerald R. Ford International Airport Authority, County of Kent,  
Michigan

Name of Bond Issue: Revenue Bonds, Series 2023A

Date of Bonds: April 12, 2023

**NOTICE IS HEREBY GIVEN** that the Gerald R. Ford International Airport Authority has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Gerald R. Ford International Airport Authority anticipates that the Annual Report will be filed by \_\_\_\_\_.

**GERALD R. FORD INTERNATIONAL  
AIRPORT AUTHORITY**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT B**

**NOTICE OF CHANGE IN AUTHORITY'S FISCAL YEAR**

Name of Issuer: Gerald R. Ford International Airport Authority

Name of Bond Issue: Revenue Bonds, Series 2023A

Date of Bonds: April 12, 2023

**NOTICE IS HEREBY GIVEN** that the Gerald R. Ford International Airport Authority's fiscal year has changed. Previously, the Gerald R. Ford International Airport Authority's fiscal year ended on \_\_\_\_\_. It now ends on \_\_\_\_\_.

**GERALD R. FORD INTERNATIONAL  
AIRPORT AUTHORITY**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT C**

**ANNUAL REPORT COVER SHEET**

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's/Other Obligated Person's Name: Gerald R. Ford International Airport Authority

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: \_\_\_\_\_

Number of pages of the attached Annual Report or portion thereof: \_\_\_\_\_

Name of Bond Issue to which the attached Annual Report relates: Revenue Bonds, Series 2023A

Date of such Bonds: April 12, 2023

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Employer: Gerald R. Ford International Airport Authority

Address: 5500 44th Street SE

County, State, Zip Code: Grand Rapids, Michigan 49512

Voice Telephone Number: (616) 233-6000

**EXHIBIT D**

**MATERIAL EVENT NOTICE COVER SHEET**

This cover sheet and the attached Material Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: Gerald R. Ford International Airport Authority

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which the attached Material Event Notice relates: \_\_\_\_\_

\_\_\_\_\_

Number of pages of the attached Material Event Notice: \_\_\_\_\_

Description of the attached Event Notice (Check One): \_\_\_\_\_

- 1. \_\_\_\_\_ Principal and interest payment delinquencies
- 2. \_\_\_\_\_ Non-payment related defaults, if material
- 3. \_\_\_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
- 4. \_\_\_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties
- 5. \_\_\_\_\_ Substitution of credit or liquidity providers, or their failure to perform
- 6. \_\_\_\_\_ Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- 7. \_\_\_\_\_ Modifications to rights of securities holders, if material
- 8. \_\_\_\_\_ Bond calls, if material
- 9. \_\_\_\_\_ Defeasances
- 10. \_\_\_\_\_ Release, substitution, or sale of property securing repayment of the securities, if material
- 11. \_\_\_\_\_ Rating changes
- 12. \_\_\_\_\_ Tender offers
- 13. \_\_\_\_\_ Bankruptcy, insolvency, receivership or similar event of the obligated person
- 14. \_\_\_\_\_ The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- 15. \_\_\_\_\_ Appointment of a successor or additional trustee, or the change of name of a trustee, if material
- 16. \_\_\_\_\_ Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material
- 17. \_\_\_\_\_ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.
- 18. \_\_\_\_\_ Failure to provide annual financial information as required
- 19. \_\_\_\_\_ Other material event notice (specify) \_\_\_\_\_

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: Gerald R. Ford International Airport Authority

Address: 5500 44th Street SE

County, State, Zip Code: Grand Rapids, Michigan 49512

Voice Telephone Number: (616) 233-6000

**Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 838-1330 with questions regarding this form or the dissemination of this notice.**

## APPENDIX H

### FORM OF COUNTY CONTINUING DISCLOSURE CERTIFICATE

#### CONTINUING DISCLOSURE CERTIFICATE COUNTY OF KENT

**\$159,390,000**

#### **GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY Revenue Bonds, Series 2023A**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the County of Kent, Michigan (the “County”) in connection with the issuance by the Gerald R. Ford International Airport Authority (the “Issuer”) of its Revenue Bonds, Series 2023A (the “Bonds”). The County covenants and agrees as follows:

#### **Section 1. Purpose of the Disclosure Certificate.**

(a) This Disclosure Certificate is being executed and delivered by the County for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the County and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

#### **Section 2. Definitions.** The following capitalized terms shall have the following meanings:

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Annual Report” shall mean any Annual Report of the County provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Bondholder” shall mean the registered owner of any Bonds.

“Dissemination Agent” shall mean the County or any successor Dissemination Agent appointed in writing by the County and which has filed with the County a written acceptance of such appointment.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 1000  
Washington, DC 20005  
Tel: (202) 838-1500  
Fax: (202) 898-1500

“Official Statement” shall mean the final Official Statement for the Bonds dated March 16, 2023.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Michigan.

### **Section 3. Provision of Annual Reports.**

(a) Each year, the County shall provide, or shall cause the Dissemination Agent to provide, not later than the date six months after the end of the County’s fiscal year commencing with the County’s Annual Report for its fiscal year ending December 31, 2022, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). Currently, the County’s fiscal year commences on January 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the County are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the County shall be included in the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report of the County by the date required in subsection (a), the County shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the County's fiscal year changes, the County shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the County) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

**Section 4. Content of Annual Reports.** The County's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the County for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the County of the same nature as that contained in the following tables in Appendix B to the Official Statement: Population; Property Tax Levy History; State Equalized and Taxable Valuation; Valuation Composition; Property Tax Collection History; Major Taxpayers; Revenues from the State of Michigan; Labor Force; Retirement Plans; Other Postemployment Benefits (OPEB); Debt Statement; Legal Debt Margin; Schedule of Long-Term Bond Maturities; and Major Employers.

The County's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.**

(a) The County covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (16) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For the purpose of the events set forth in clauses (16) and (17) above, the term “financial obligation” means: (i) a debt obligation; (ii) 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 (iii) a guarantee of a debt obligation or a derivative instrument described in clause (ii) above; provided, however, the term “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15) or (16), the County shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The County covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the County determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12), (13) or (17) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8),

(10), (14), (15) or (16) would be material under applicable federal securities laws, the Issuer shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the County shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the County), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The County acknowledges that the “rating changes” referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the County is liable.

(f) The County acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the County does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

#### **Section 6. Mandatory Electronic Filing with EMMA.**

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

#### **Section 7. Termination of Reporting Obligation.**

(a) The County’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the County’s obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the County, and the County shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the County (i) receives an opinion of Securities Counsel, addressed to the County, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

**Section 8. Dissemination Agent.** The County, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the County) shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

## **Section 9. Amendment; Waiver.**

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County, or type of business conducted by the County;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the County or the Dissemination Agent (if other than the County) at the written direction of the County with the MSRB.

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Failure to Comply.** In the event of a failure of the County or the Dissemination Agent (if other than the County) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the County or the Dissemination Agent (if

other than the County) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the County to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the County shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

**Section 12. Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

**Section 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

**Section 14. Transmission of Information and Notices.** Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the County or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the County or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices

**Section 15. Additional Disclosure Obligations.** The County acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the County, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

**Section 16. Governing Law.** This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

[SIGNATURE PAGE FOLLOWS]

**COUNTY OF KENT**

By: \_\_\_\_\_  
Peter MacGregor  
Its: County Treasurer

Dated: April 12, 2023

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligated Person: County of Kent, Michigan

Name of Bond Issue: Gerald R. Ford International Airport Authority Revenue Bonds, Series 2023

Date of Bonds: April 12, 2023

**NOTICE IS HEREBY GIVEN** that the County of Kent has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The County of Kent anticipates that the Annual Report will be filed by \_\_\_\_\_.

**COUNTY OF KENT**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT B**

**NOTICE OF CHANGE IN COUNTY'S FISCAL YEAR**

Name of Obligated Person: County of Kent

Name of Bond Issue: Gerald R. Ford International Airport Authority Revenue Bonds, Series 2023A

Date of Bonds: April 12, 2023

**NOTICE IS HEREBY GIVEN** that the County of Kent's fiscal year has changed. Previously, the County of Kent's fiscal year ended on \_\_\_\_\_. It now ends on \_\_\_\_\_.

**COUNTY OF KENT**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT C**

**ANNUAL REPORT COVER SHEET**

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's/Other Obligated Person's Name: County of Kent

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: \_\_\_\_\_

Number of pages of the attached Annual Report or portion thereof: \_\_\_\_\_

Name of Bond Issue to which the attached Annual Report relates: Gerald R. Ford International Airport Authority Revenue Bonds, Series 2023A

Date of such Bonds: April 12, 2023

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Employer: County of Kent

Address: 300 Monroe Avenue, N.W.

County, State, Zip Code: Grand Rapids, Michigan 49503

Voice Telephone Number: (616) 632-7692

**EXHIBIT D**

**MATERIAL EVENT NOTICE COVER SHEET**

This cover sheet and the attached Material Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: County of Kent  
Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which the attached Material Event Notice relates: \_\_\_\_\_

Number of pages of the attached Material Event Notice: \_\_\_\_\_  
Description of the attached Event Notice (Check One):

- 1. \_\_\_\_\_ Principal and interest payment delinquencies
- 2. \_\_\_\_\_ Non-payment related defaults, if material
- 3. \_\_\_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
- 4. \_\_\_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties
- 5. \_\_\_\_\_ Substitution of credit or liquidity providers, or their failure to perform
- 6. \_\_\_\_\_ Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- 7. \_\_\_\_\_ Modifications to rights of securities holders, if material
- 8. \_\_\_\_\_ Bond calls, if material
- 9. \_\_\_\_\_ Defeasances
- 10. \_\_\_\_\_ Release, substitution, or sale of property securing repayment of the securities, if material
- 11. \_\_\_\_\_ Rating changes
- 12. \_\_\_\_\_ Tender offers
- 13. \_\_\_\_\_ Bankruptcy, insolvency, receivership or similar event of the obligated person
- 14. \_\_\_\_\_ The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- 15. \_\_\_\_\_ Appointment of a successor or additional trustee, or the change of name of a trustee, if material
- 16. \_\_\_\_\_ Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material
- 17. \_\_\_\_\_ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.
- 18. \_\_\_\_\_ Failure to provide annual financial information as required
- 19. \_\_\_\_\_ Other material event notice (specify) \_\_\_\_\_

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: County of Kent

Address: 300 Monroe Avenue, N.W.

County, State, Zip Code: Grand Rapids, Michigan 49503

Voice Telephone Number: (616) 632-7692

**Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 838-1330 with questions regarding this form or the dissemination of this notice.**

**APPENDIX I**

**FORM OF MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY**

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# MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER:

Policy No.:

BONDS:

Effective Date:

Premium: \$

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100

Form 501 NY (6/90)



