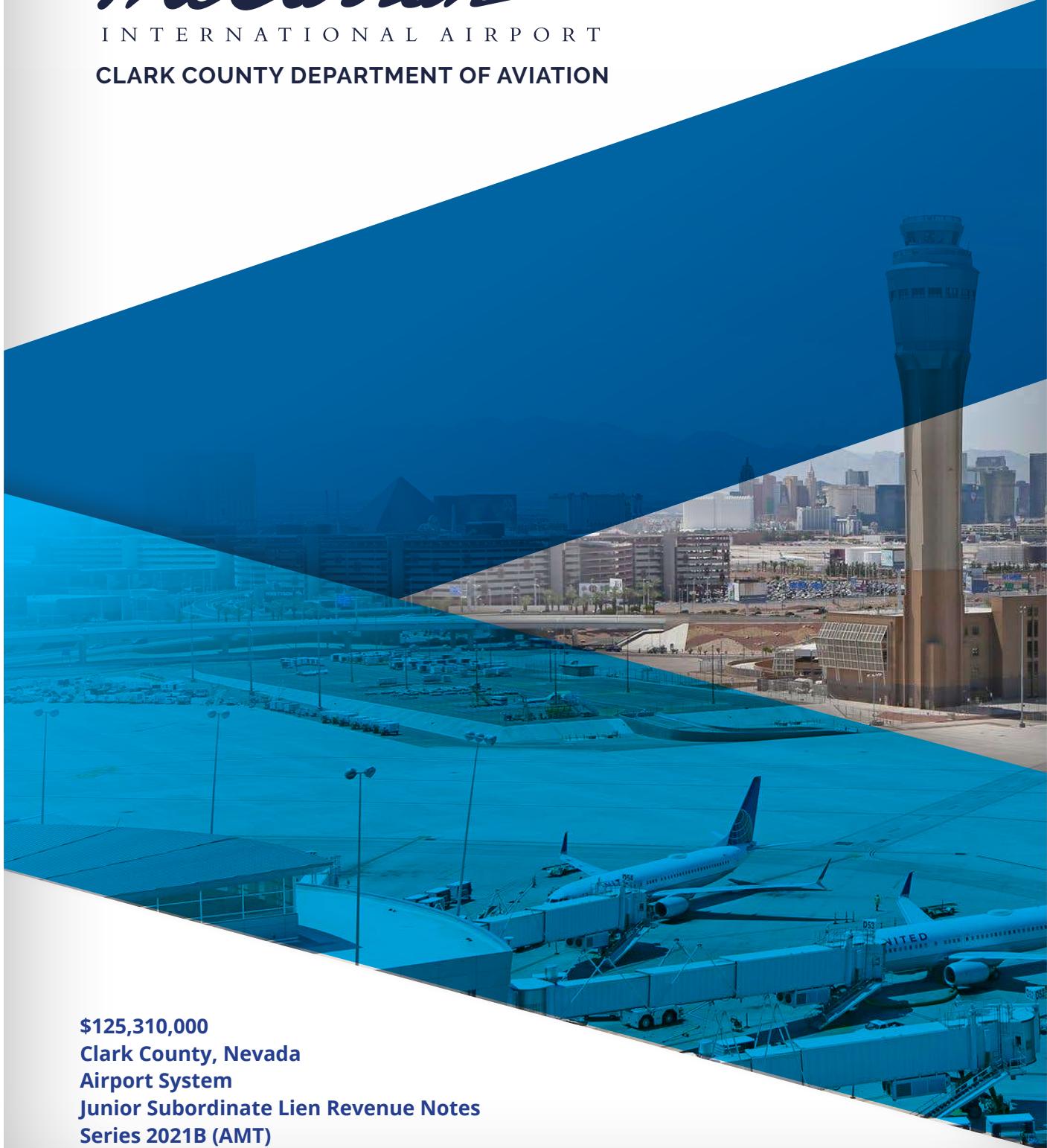


McCarran

INTERNATIONAL AIRPORT

CLARK COUNTY DEPARTMENT OF AVIATION



\$125,310,000
Clark County, Nevada
Airport System
Junior Subordinate Lien Revenue Notes
Series 2021B (AMT)

THE CLARK COUNTY DEPARTMENT OF AVIATION



Rosemary A. Vassiliadis
Director of Aviation



Ralph LePore
Deputy Director of Aviation



James Chrisley
Deputy Director of Aviation



Joseph Piurkowski
Chief Financial Officer

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2021B Notes (other than interest on any 2021B Note for any period during which it is held by a “substantial user” of the facilities financed with the 2021B Notes or a “related person,” as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2021B Notes (the “Tax Code”), is excluded from gross income pursuant to Section 103 of the Tax Code; however, interest on the 2021B Notes is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. Also, in the opinion of Bond Counsel, under present laws of the State of Nevada, the 2021B Notes, their transfer, and the income thereon are free and exempt from taxation by the State of Nevada or any subdivision thereof except the tax on estates imposed pursuant to Chapter 375A of Nevada Revised Statutes (“NRS”) and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS. See the caption “TAX MATTERS.”



\$125,310,000
CLARK COUNTY, NEVADA
Airport System Junior Subordinate Lien Revenue Notes
Series 2021B
(AMT)

Dated: Date of Delivery

The 2021B Notes are being issued by Clark County, Nevada to pay the principal of the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2017C at maturity and to pay certain costs of issuance thereof. The 2021B Notes are secured by a third lien on and are payable from Net Revenues of the Airport System, subordinate to outstanding Senior Bonds and Second Lien Subordinate Securities and on a parity with other Third Lien Subordinate Securities, as described herein.

The 2021B Notes will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the 2021B Notes will not receive physical certificates representing their interests in the 2021B Notes purchased. DTC will act as securities depository for the 2021B Notes. The principal of and interest on the 2021B Notes, which interest is payable on January 1 and July 1 of each year, commencing January 1, 2022, are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., as trustee. Upon receipt of payments of such principal and interest, DTC is to remit such principal and interest to the participants in DTC for subsequent disbursement to the Beneficial Owners of the 2021B Notes. Individual purchases will be made in principal amounts of \$5,000 and integral multiples thereof.

The 2021B Notes are not subject to redemption prior to maturity.

Maturity Date	Principal Amount	Interest Rate	Priced to Yield	CUSIP†
July 1, 2022	\$10,000,000	5.00%	0.18%	18085P SQ8
July 1, 2023	17,835,000	5.00	0.25	18085P SR6
July 1, 2024	18,670,000	5.00	0.39	18085P SS4
July 1, 2025	19,465,000	5.00	0.57	18085P ST2
July 1, 2026	20,215,000	5.00	0.72	18085P SU9
July 1, 2027	39,125,000	5.00	0.88	18085P SV7

The 2021B Notes do not constitute an obligation of the general revenues of the County, including but not limited to a debt within the meaning of any constitutional or statutory provision or limitation, and neither the full faith and credit nor the taxing power of the County is pledged to the payment thereof.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE TERMS OF OR SECURITY FOR THE 2021B NOTES. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. CAPITALIZED TERMS THAT ARE USED ON THE COVER OF THIS OFFICIAL STATEMENT HAVE THE MEANINGS ASCRIBED THERETO HEREIN.

The 2021B Notes are offered when, as and if issued, subject to the approval of their validity and enforceability by Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel. Certain legal matters will be passed upon for the County by the County District Attorney, Las Vegas, Nevada, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Las Vegas, Nevada, Disclosure Counsel. Kutak Rock LLP, Denver, Colorado is serving as counsel to the Underwriters. It is expected that the 2021B Notes in book-entry form will be available for delivery through the facilities of The Depository Trust Company on or about June 30, 2021.

Citigroup

Morgan Stanley

Dated: June 8, 2021

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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations by the County or the Underwriters, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2021B Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2021B Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

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

The information set forth herein has been furnished by the County and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expression of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

IN CONNECTION WITH THIS OFFERING OF THE 2021B NOTES, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2021B NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2021B NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE 2021B NOTES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “FINANCIAL FACTORS,” “THE AIRPORT SYSTEM” and “OPERATING RESULTS.”

The County maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2021B Notes.

This Official Statement does not contain an “Investment Considerations,” “Risk Factors” or similar section; such matters are discussed throughout this Official Statement, which should be read in its entirety.

CLARK COUNTY, NEVADA
500 South Grand Central Parkway
Las Vegas, Nevada 89106

BOARD OF COUNTY COMMISSIONERS

Marilyn Kirkpatrick, Chair
James B. Gibson, Vice Chair
Justin Jones
William McCurdy, II
Ross Miller
Michael Naft
Tick Segerblom

COUNTY OFFICIALS

Yolanda T. King, County Manager/Chief Executive Officer
Laura B. Fitzpatrick, Treasurer
Jessica Colvin, Chief Financial Officer
Lynn Marie Goya, Clerk
Steven B. Wolfson, District Attorney

DEPARTMENT OF AVIATION OFFICIALS

Rosemary A. Vassiliadis, Director of Aviation
James Chrisley, Deputy Director of Aviation
Ralph LePore, Deputy Director of Aviation
Joseph Piurkowski, Chief Financial Officer

MUNICIPAL ADVISORS

Hobbs, Ong & Associates, Inc.
Las Vegas, Nevada

PFM Financial Advisors LLC
San Francisco, California

BOND COUNSEL

Sherman & Howard L.L.C.
Las Vegas, Nevada

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
Las Vegas, Nevada

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

VERIFICATION AGENT

Causey, Demgen & Moore P.C.
Denver, Colorado

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** To be updated annually pursuant to the County's Continuing Disclosure Certificate.

* These tables contain both historical and projected information. Only historical information is to be updated pursuant to the County's Continuing Disclosure Certificate.

Only the full Fiscal Year information set forth in this table will be updated pursuant to the County's Continuing Disclosure Certificate.

\$125,310,000
Clark County, Nevada
Airport System Junior Subordinate Lien Revenue Notes
Series 2021B
(AMT)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to furnish information concerning Clark County (the “County”), Nevada (the “State”), the County’s McCarran International Airport (the “Airport”), as well as four smaller airfields owned and operated by the County used primarily for private aircraft known as North Las Vegas Air Terminal, Henderson Executive Airport, Overton Airport and Jean Airport (collectively with the Airport, the “Airport System,” as more fully described herein), and certain other information in connection with the sale of \$125,310,000 aggregate principal amount of Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2021B (the “2021B Notes”).

Issuance of the 2021B Notes is authorized pursuant to the Nevada Municipal Airports Act (Nevada Revised Statutes § 496.010 *et seq.*) (the “Project Act”), the Nevada Local Government Securities Law (Nevada Revised Statutes § 350.500 *et seq.*) (the “Bond Act”) and the Nevada Registration of Public Securities Law (Nevada Revised Statutes § 348.010 *et seq.*) (the “Supplemental Bond Act”). The 2021B Notes are to be issued and secured pursuant to the Master Indenture of Trust dated as of May 1, 2003 (as amended, the “Master Indenture”), by and between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and the 2021 Series B Indenture, dated as of June 1, 2021 (the “Series Indenture”), by and between the County and the Trustee.

Under the Series Indenture, the 2021B Notes are secured by a lien on and are payable from Net Revenues of the Airport System as described under the caption “SECURITY FOR THE 2021B NOTES—Pledge of Airport Revenues.”

The 2021B Notes are being issued to pay the principal of the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2017C (the “2017C Notes”) at maturity and to pay certain costs of issuance thereof. The 2017C Notes are currently outstanding in the principal amount of \$146,295,000 and mature on July 1, 2021. See the captions “THE FINANCING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The 2021B Notes are secured by and are payable from Net Revenues of the Airport System (as described under the caption “SECURITY FOR THE 2021B NOTES—Pledge of Airport Revenues”): (a) subordinate and junior to certain obligations currently outstanding in the aggregate principal amount of approximately \$778,630,000 (together with future obligations issued on a parity therewith in accordance with the Master Indenture, the “Senior Bonds”); and (b) subordinate and junior to: (i) \$1,907,990,000 aggregate principal amount of currently outstanding second lien subordinate securities (together with future second lien subordinate securities hereafter issued, the “Second Lien Subordinate Securities”); (ii) amounts which are payable by the County to reimburse banks for drawings under a credit or liquidity facility to pay regularly scheduled principal and interest with respect to certain Second Lien Subordinate Securities; (iii) certain amounts payable by the County with respect to certain interest rate swap agreements, all as more particularly described under the captions “SECURITY FOR THE 2021B NOTES,” “FINANCIAL FACTORS—Credit or Liquidity Facilities” and “FINANCIAL FACTORS—Interest Rate Swap Agreements;” and (iv) any additional Second Lien Subordinate Securities which may be issued in the future.

The 2021B Notes are also secured by a lien on and payable from Net Revenues of the Airport System on a parity with the \$60,675,000 outstanding aggregate principal amount of Clark County, Nevada, Jet Aviation Fuel Tax Refunding Revenue Bonds (Additionally Secured by Pledged Airport System Revenues) Series 2013A (AMT) (the “2013A Bonds”) and certain obligations under certain bank credit and liquidity

agreements described under the caption “FINANCIAL FACTORS—Credit or Liquidity Facilities,” together with future obligations issued on a parity therewith (collectively, the “Third Lien Subordinate Securities”).

The County has entered into a purchase contract with respect to the issuance of the County’s Airport System Subordinate Lien Refunding Revenue Bonds, Series 2021A (the “2021A Bonds”). The 2021A Bonds are expected to be issued on or about the date of issuance of the 2021B Notes in the initial aggregate principal amount of \$71,270,000. Proceeds of the 2021A Bonds, if issued, will be applied to pay the principal of the Clark County, Nevada Airport System Junior Subordinate Lien Revenue Notes, Series 2018A (the “2018A Notes”) at maturity on July 1, 2021. The 2018A Notes, which are Third Lien Subordinate Securities like the 2021B Notes, are outstanding in the aggregate principal amount of \$95,545,000. If issued, the 2021A Bonds will be Second Lien Subordinate Securities payable from Net Revenues of the Airport System on a senior basis to the 2021B Notes.

The Master Indenture and the series indentures pursuant to which the Senior Bonds and the Second Lien Subordinate Securities were issued permit the issuance of additional obligations payable from Net Revenues of the Airport System on a superior basis to the 2021B Notes. The Master Indenture and the Series Indenture also permit the issuance of additional obligations payable from Net Revenues of the Airport System on a parity with the 2021B Notes. See the captions “SECURITY FOR THE 2021B NOTES—Issuance of Additional Senior Securities and Second Lien Subordinate Securities” and “SECURITY FOR THE 2021B NOTES—Issuance of Third Lien Subordinate Securities.”

The Bank of New York Mellon Trust Company, N.A. has been appointed as Trustee with respect to the 2021B Notes.

The 2021B Notes are special obligations of the County payable solely from Net Revenues of the Airport System (subject to the prior lien of the Senior Bonds and Second Lien Subordinate Securities) as described herein. Except as described in the previous sentence, the 2021B Notes do not constitute an indebtedness or a debt of the County for any purpose, including but not limited to constituting an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation, and the 2021B Notes are not considered or held to be general obligations of the County. Neither the full faith and credit nor the taxing power of the County is pledged to the payment thereof.

The outbreak of the viral disease known as COVID-19 and governmental actions in response to the outbreak are having a significant negative impact on the operations, passenger traffic and revenues of the Airport. See the caption “OPERATING RESULTS—COVID-19 Outbreak” for a full discussion of the effect of the COVID-19 outbreak and associated governmental orders on the Airport.

Brief descriptions of the 2021B Notes, the security for the 2021B Notes, the County and the Airport, among other topics, are included in this Official Statement, together with summaries of the Master Indenture, the Series Indenture and certain other documents. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Master Indenture, the Series Indenture, the 2021B Notes and other documents and instruments are qualified in their entirety by reference to such documents or instruments or the forms thereof, copies of which are available for inspection at the office of the Chief Financial Officer, Clark County Department of Aviation (the “Department”), telephone (702) 261-6029. Certain capitalized terms used herein and not defined herein have the meaning given such terms in Appendix C.

Changes have been made to this Official Statement since the Preliminary Official Statement dated May 28, 2021: (a) under the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges” to make certain clarifying edits to the disclosure relating to the Department’s Airline Agreements with signatory airlines; and (b) under the caption LITIGATION AND OTHER LEGAL MATTERS AFFECTING THE AIRPORT—General Litigation” to reflect updated information with respect to the *Adkins* litigation described therein.

DESCRIPTION OF THE 2021B NOTES

General

The 2021B Notes will be dated the date of initial delivery thereof and will bear interest at the rate set forth on the cover of this Official Statement to the maturity date set forth on the cover of this Official Statement. Interest on the 2021B Notes will be payable on January 1 and July 1 of each year, commencing January 1, 2022 (each, an “Interest Payment Date”). Individual purchases of the 2021B Notes will be made in principal amounts of \$5,000 and integral multiples thereof.

The principal of any 2021B Note will be payable to the registered Owner thereof as shown on the registration records kept by the Registrar upon maturity thereof and upon presentation and surrender at the office of the Registrar in Los Angeles, California. If any 2021B Note is not paid upon presentation and surrender at or after maturity or prior redemption, it will continue to draw interest at the interest rate borne by said 2021B Note until the principal thereof is paid in full. Except as provided in Appendix E, payment of interest on any 2021B Note will be made to the registered Owner thereof by check or draft mailed by first class mail by the Paying Agent on each Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the next succeeding Business Day) to the registered Owner thereof at its address as shown on the registration records kept by the Registrar at the close of business on the last day of the calendar month next preceding such Interest Payment Date, whether or not a business day (the “Regular Record Date”), except that in the case of such an Owner of \$1,000,000 or more in aggregate principal amount of 2021B Notes, upon the written request of such Owner to the Trustee at least two Business Days before the Regular Record Date, specifying the account or accounts in the continental United States to which such payment will be made, such payments will be made by wire transfer of immediately available funds on the applicable payment date following such Regular Record Date. Any request referred to in the preceding sentence will remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. Any such interest not so timely paid or duly provided for will cease to be payable to the Person who is the registered Owner thereof at the close of business on the Regular Record Date and shall be payable to the Person who is the registered Owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a “Special Record Date”). Such Special Record Date will be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date will be given to the registered Owners of the 2021B Notes not less than ten days prior thereto by first class mail to each such registered Owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2021B Note by such alternative means as may be mutually agreed to between the Owner of such 2021B Note and the Paying Agent (but, if such alternative means increase any cost to the County, the Paying Agent will obtain the County’s consent prior to agreeing to such alternative means). All such payments will be made in lawful money of the United States of America. Interest on the 2021B Notes will accrue on the basis of a 360-day year comprised of twelve 30-day months.

No Redemption of the 2021B Notes

The 2021B Notes are *not* subject to redemption prior to their respective maturities.

Book-Entry Only System

The 2021B Notes will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2021B Notes. The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC, and the County and the Trustee take no responsibility for the accuracy thereof. Capitalized terms used under this caption and not otherwise defined have the respective meanings given to such terms in Appendix E. A fully-registered 2021B Note certificate will be issued in a denomination equal to the aggregate principal amount of the 2021B Notes and

will be deposited with DTC. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their interest in the 2021B Notes purchased. So long as Cede & Co. is the registered owner of the 2021B Notes, as nominee of DTC, references herein to the owners of the 2021B Notes or 2021B Noteholders mean Cede & Co. and not the actual purchasers of the 2021B Notes (the “Beneficial Owners”). The principal of and interest on each 2021B Note will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See Appendix E for a further description of DTC and its book-entry system.

In connection with any proposed transfer outside the book-entry system, the County or DTC will provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and has no responsibility to verify or ensure the accuracy of such information.

The transferor of a 2021B Note will also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and has no responsibility to verify or ensure the accuracy of such information.

THE FINANCING PLAN

General

Concurrently with the delivery of the 2021B Notes, a portion of the proceeds thereof, together with other legally available funds deposited by the County, will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), pursuant to the Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2021B, Refunding Deposit Agreement, dated as of June 1, 2021 (the “Escrow Agreement”), by and between the County and the Escrow Agent.

The Escrow Agent will hold the moneys deposited in the escrow fund established under the Escrow Agreement (the “Escrow Fund”) uninvested as set forth in the Escrow Agreement. From the moneys on deposit in the Escrow Fund, the Escrow Agent will pay on July 1, 2021 the principal of the 2017C Notes maturing on July 1, 2021 and the interest thereon.

Sufficiency of the money deposited in the Escrow Fund for such purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the “Verification Agent”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided above, the 2017C Notes will be defeased pursuant to the provisions of the Master Indenture and the 2017 Series C Indenture, dated as of June 1, 2017, by and between the County and The Bank of New York Mellon Trust Company, N.A., as trustee for the 2017C Notes, as of the date of issuance of the 2021B Notes.

Verification

Upon issuance of the 2021B Notes, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriters relating to the adequacy of the moneys deposited in the Escrow Fund to pay the 2017C Notes when due.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds from proceeds of the 2021B Notes.

Sources⁽¹⁾	
Par Amount	\$ 125,310,000
Plus Original Issue Premium	21,796,790
County Contribution ⁽²⁾	<u>3,657,375</u>
Total Sources	<u><u>\$ 150,764,165</u></u>

Uses⁽¹⁾	
Transfer to 2017C Trustee ⁽³⁾	\$ 149,952,375
Underwriters' Discount	357,220
Costs of Issuance ⁽⁴⁾	<u>454,570</u>
Total Uses	<u><u>\$ 150,764,165</u></u>

⁽¹⁾ Amounts rounded to nearest dollar. Totals may not add due to rounding.

⁽²⁾ Reflects funds held in accounts created with respect to the 2017C Notes, and additional moneys delivered by County, to pay interest on 2017C Notes.

⁽³⁾ Reflects application of 2021B Note proceeds to pay principal of 2017C Notes and application of County contribution to pay interest on 2017C Notes.

⁽⁴⁾ Includes fees of Municipal Advisors, Trustee, Bond Counsel, rating agencies and miscellaneous fees and expenses.

SECURITY FOR THE 2021B NOTES

Pledge of Airport Revenues

The Master Indenture defines the following terms:

“Net Revenues” means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses of the Airport System, or any other facilities with which the defined term is used.

“Gross Revenues” means all income and revenues derived directly or indirectly by the County from the operation and use of and otherwise pertaining to the Airport System, or any other facilities in connection with which any such defined term is used, or any part thereof, whether resulting from extensions, enlargements, repairs, betterments, or other improvements to the Airport System, or otherwise, and includes all revenues received by the County from the Airport System, including, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the County in the operation thereof, revenues from any gaming at the Airport System, interest and other realized gain from any investment of moneys accounted for in various accounts of the Airport System Fund, and to the extent provided in the Master Indenture, the Debt Service Reserve Fund, or other account into which revenues are transferred from the Revenue Fund, but excluding: (a) any Senior Bond proceeds and any other money credited to any construction or like account for financing the acquisition of capital improvements and pertaining to any Additional Project, other than any surplus bond proceeds of Senior Bonds or other unrestricted surplus moneys in such account after the completion of and payment for the improvement project pertaining thereto; (b) any moneys received as grants, appropriations or gifts from the United States, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Airport Facilities, except to the extent any such moneys are received as payments for the use of the Airport Facilities; (c) any revenues derived from any Special Facilities other than ground lease rentals pertaining to such Special Facilities and any moneys paid to the County in lieu of such ground rentals; (d) Insurance Proceeds other than loss of use or business interruption insurance proceeds; (e) interest and other gain from any investment of moneys in the Debt Service Reserve Fund so long as the amount of such Fund is less than the Maximum Aggregate Debt Service Requirements for the Senior Bonds and all Parity Securities (as such term is defined in

the Master Indenture); (f) the proceeds of any passenger head tax or other per-passenger charge fixed and collected by the County in accordance with law; and (g) any amounts paid to the County pursuant to a Qualified Swap.

Specifically excluded from “Gross Revenues” are passenger facility charges collected by the County. The County may, in its absolute discretion, use revenues from any such passenger facility charges (“PFC Revenues”) that are legally available for the purpose, if such use would be in conformity with federal law, to pay the principal of, premium, if any, and interest on Senior Securities (as such term is defined in Appendix C) and Subordinate Revenue Securities (as such term is defined in Appendix C) other than PFC Bonds (as such term is defined in Appendix C); provided, however, that such PFC Revenues are not pledged for such purpose, and neither the Owners of the 2021B Notes nor the Trustee on their behalf have any lien on any such PFC Revenues, which are pledged solely for payment of the PFC Bonds and other projects which are authorized to be funded with PFC Revenues.

“Operation and Maintenance Expenses,” or any phrase of similar import, means all reasonable and necessary current expenses of the County, paid or accrued, of operating, maintaining, and repairing the Airport System or any other designated facilities in connection with which such term is used; and the term includes, without limitation: (a) engineering, auditing, reporting, legal and other overhead expenses of the various departments of the County relating to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums pertaining to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the County, the Airport System, revenues derived therefrom, or the County’s income from or operations of any properties under its control and pertaining to the Airport System, or any privilege in connection with the Airport System or its operation; (e) the reasonable charges of paying agents and any other depository bank pertaining to the Senior Bonds and any other Revenue Securities (as such term is defined in Appendix C) payable from Pledged Revenues (as such term is defined in Appendix C) or otherwise pertaining to the Airport System; (f) contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, pertaining to the Airport System or to the issuance of the Senior Bonds or any other Securities relating to the Airport System, including, without limitation, the expenses and compensation of the Trustee, any receiver, or other fiduciary under the Bond Act (except to the extent paid from Revenue Securities proceeds); (g) the costs incurred by the Board of County Commissioners (the “Board”) in the collection and in making any refunds of all or any part of the Gross Revenues of the Airport System; (h) any costs of utility services furnished to the Airport System by the County or otherwise; (i) cost of reimbursing the provider of a surety bond providing for the payment of fees of a liquidity facility provider in connection with variable rate bonds, for payments made under such surety bond; (j) any lawful refunds of any Gross Revenues; (k) and all other administrative, general, and commercial expenses, but excluding: (i) any allowance for depreciation; (ii) any costs of extensions, enlargements, betterments, and other improvements, or any combination thereof; (iii) any reserves for major capital replacements, other than normal repairs; (iv) any reserves for operation, maintenance, or repair of the Airport System; (v) any allowance for the redemption of any Senior Bond or other Revenue Security evidencing a loan or other obligation, or the payment of any interest thereon, or any prior redemption premium due in connection therewith; (vi) any liabilities incurred in the acquisition or improvement of any properties comprising any Project or any existing facilities, or any combination thereof, pertaining to the Airport System; (vii) any expenses incurred by lessees or licensees under Net Rent Leases pertaining to the Airport System; (viii) any Operation and Maintenance Expenses as hereinbefore delineated in this paragraph but pertaining to Special Facilities; and (ix) any liabilities imposed on the County for any ground of legal liability not based on contract, including, without limitation, negligence in the operation of the Airport System.

“Airport Facilities” or “Airport System” means all of the County’s airport facilities, including, without limitation: (a) (i) the presently existing airport system consisting of the McCarran International Airport, also

known as the McCarran Airfield; (ii) Henderson Executive Airport; (iii) North Las Vegas Air Terminal; (iv) Overton Airfield; and (v) Jean Airfield; (b) all land, buildings, structures, and other facilities of such airports or related thereto of whatsoever character and wherever situated, within the County, and all future enlargements thereof and other improvements thereto, however financed and wherever located, including, without limitation, any airport facility of the County for use by Airlines in substitution for the presently existing Airport or being complementary thereto, as provided in the Master Indenture; and (c) all properties, real, personal, mixed, or otherwise, now owned or later acquired by the County, through purchase, construction, or otherwise, and used in connection with the Airport Facilities and in any way pertaining thereto; but excluding: (i) Special Facilities until the end of the respective terms of the Net Rent Leases pertaining to such Special Facilities; and (ii) any additional airfields or other independent airport facilities (other than the Airport System or any part thereof) which are excluded from the Airport Facilities at the option and by order of the Governing Body pursuant to the Master Indenture.

Senior Bonds

Pursuant to the Series Indenture, the 2021B Notes are Third Lien Subordinate Securities payable from the Net Revenues of the Airport System subordinate and junior to the Senior Bonds.

The Senior Bonds consist of: (a) (i) the Clark County, Nevada, Airport System Revenue Bonds, Senior Series 2010C (Taxable Direct Payment Build America Bonds) (the “2010C Bonds”); (ii) the Clark County, Nevada, Airport System Revenue Bonds, Senior Series 2015A (the “2015A Bonds”); (iii) the Clark County, Nevada Airport System Revenue Bonds, Senior Series 2019B (the “2019B Bonds”); and (iv) the Clark County, Nevada Airport System Revenue Bonds, Senior Series 2019C (the “2019C Bonds”), of which approximately \$778,630,000 aggregate principal amount was outstanding as of April 1, 2021; and (b) future obligations issued on a parity therewith in accordance with the Master Indenture. The facilities comprising the Airport System, however, have not been pledged to secure payment of the Senior Bonds or the Second Lien Subordinate Securities. The Senior Bonds are also secured by a pledge of all funds and accounts held under the Master Indenture, subject to the provisions of the Master Indenture permitting disbursements of such amounts at the times and in the manner described therein.

Set forth below are the outstanding principal amounts of Senior Bonds and the final maturity of each series of Senior Bonds as of April 1, 2021.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION **Senior Bonds**

Name of Bonds	Principal Amount Outstanding⁽¹⁾	Final Maturity (July 1)
2010C Bonds ⁽²⁾	\$ 454,280,000	2045
2015A Bonds	59,915,000	2040
2019B Bonds	240,800,000	2042
2019C Bonds	<u>23,635,000</u>	2021
Total	\$ 778,630,000	

⁽¹⁾ As of April 1, 2021.

⁽²⁾ These obligations are Build America Bonds. See the caption “OPERATING RESULTS—Management Discussion of Operating Results and Projections—Reduction in BAB Credits.”

Source: Clark County Department of Aviation.

The Senior Bonds are special obligations of the County payable solely from Net Revenues generated by the Airport System. The Senior Bonds do not constitute an obligation of the general revenues of the County, including but not limited to a debt within the meaning of any constitutional or statutory provision or limitation, or a pledge of the full faith, credit and taxing power of the County.

The Master Indenture creates a special fund designated the Revenue Fund, to which the County is required to set aside and credit all Gross Revenues of the Airport System upon receipt thereof by the County. The Master Indenture requires that moneys or deposits in the Revenue Fund will be applied solely in accordance with the order of priorities established by the Master Indenture. The first such priority and charge against the Revenue Fund is the payment of Operation and Maintenance Expenses budgeted and approved pursuant to the Master Indenture. See the caption “—Application of Revenues.”

The Master Indenture and the series indentures pursuant to which the Senior Bonds were issued permit the issuance of additional Senior Bonds payable from Net Revenues on a superior basis to the 2021B Notes. See the caption “—Issuance of Additional Senior Securities and Second Lien Subordinate Securities—Additional Senior Bonds.”

Second Lien Subordinate Securities

Pursuant to the Series Indenture, the 2021B Notes are Third Lien Subordinate Securities payable from the Net Revenues of the Airport System subordinate and junior to the Second Lien Subordinate Securities.

As of April 1, 2021, outstanding Second Lien Subordinate Securities included the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2008A-2 (the “2008A-2 Bonds”), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2008B-2 (the “2008B-2 Bonds”), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2008C (the “2008C Bonds”), the Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series 2008D (collectively, the “2008D Bonds”), the Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2014A-1 (the “2014A-1 Bonds”), the Clark County, Nevada Airport System Subordinate Lien Revenue Bonds, Series 2014A-2 (the “2014A-2 Bonds”), the Clark County, Nevada Airport System Subordinate Lien Refunding Revenue Bonds, Series 2017A-1 (the “2017A-1 Bonds”), the Clark County, Nevada Airport System Subordinate Lien Refunding Revenue Bonds, Series 2017A-2 (the “2017A-2 Bonds”), the Clark County, Nevada Airport System Subordinate Lien Refunding Revenue Bonds, Series 2017D (the “2017D Bonds”), the Clark County, Nevada Airport System Subordinate Lien Refunding Revenue Bonds, Series 2019A (the “2019A Bonds”) and the Clark County, Nevada Airport System Subordinate Lien Refunding Revenue Bonds Series 2019D (the “2019D Bonds”).

In addition, the following PFC Bonds are also Second Lien Subordinate Securities: the Clark County, Nevada, Las Vegas-McCarren International Airport Passenger Facility Charge Refunding Revenue Bonds, 2012 Series B (the “2012B PFC Bonds”), the Clark County, Nevada, Las Vegas-McCarren International Airport Passenger Facility Charge Refunding Revenue Bonds, 2015 Series C (the “2015C PFC Bonds”), the Clark County, Nevada, Las Vegas-McCarren International Airport Passenger Facility Charge Refunding Revenue Bonds, 2017 Series B (the “2017B PFC Bonds”) and the Clark County, Nevada Las Vegas-McCarren International Airport Passenger Facility Charge Refunding Revenue Bonds Series 2019E (the “2019E PFC Bonds” and together with the 2012B PFC Bonds, the 2015C PFC Bonds and the 2017B PFC Bonds, the “Parity PFC Bonds”).

For a discussion of certain interest rate swap agreements of the County, the payments under which are secured by a pledge of Net Revenues on a parity with the Second Lien Subordinate Securities, see the caption “**FINANCIAL FACTORS—Interest Rate Swap Agreements.**”

Set forth below are the outstanding principal amounts of Second Lien Subordinate Securities and the final maturity of each series of Second Lien Subordinate Securities as of April 1, 2021.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Second Lien Subordinate Securities

<i>Name of Bonds</i>	<i>Principal Amount Outstanding⁽¹⁾</i>	<i>Final Maturity (July 1)</i>
2008A-2 Bonds ⁽²⁾⁽³⁾	\$ 16,895,000	2022
2008B-2 Bonds ⁽²⁾⁽³⁾	16,910,000	2022
2008C Bonds ⁽²⁾	236,450,000	2040
2008D Bonds ⁽²⁾	368,035,000	2040
2014A-1 Bonds	14,410,000	2024
2014A-2 Bonds	221,870,000	2036
2017A-1 Bonds	29,080,000	2022
2017A-2 Bonds	47,800,000	2040
2017D Bonds ⁽³⁾	33,815,000	2022
2019A Bonds	107,530,000	2026
2019D Bonds	<u>296,155,000</u>	2032
Subtotal	\$ 1,388,950,000	
2012B PFC Bonds	\$ 55,075,000	2033
2015C PFC Bonds	77,690,000	2027
2017B PFC Bonds	51,640,000	2025
2019E PFC Bonds	<u>334,635,000</u>	2033
Subtotal	\$ 519,040,000	
Total	\$ 1,907,990,000	

⁽¹⁾ As of April 1, 2021.

⁽²⁾ These obligations constitute variable rate demand obligations. See the caption “FINANCIAL FACTORS—Credit or Liquidity Facilities” for certain disclosures with respect to credit or liquidity facilities supporting such obligations.

⁽³⁾ The Board has approved a proposal for an early payment and defeasance of these obligations, which the Department expects to undertake in early Fiscal Year 2022. See the caption “—COVID-19 Outbreak—Liquidity and Financial Position.”

Source: Clark County Department of Aviation.

The Second Lien Subordinate Securities are special obligations of the County payable solely from Net Revenues generated by the Airport System, subordinate and junior to the Senior Bonds. The Second Lien Subordinate Securities do not constitute an obligation of the general revenues of the County, including but not limited to a debt within the meaning of any constitutional or statutory provision or limitation, or a pledge of the full faith, credit and taxing power of the County.

The Master Indenture and the series indentures pursuant to which the Second Lien Subordinate Securities were issued permit the issuance of additional Second Lien Subordinate Securities payable from Net Revenues on a superior basis to the 2021B Notes. See the caption “—Issuance of Additional Senior Securities and Second Lien Subordinate Securities—Additional Second Lien Subordinate Securities.”

See the caption “INTRODUCTION” for a discussion of the expected issuance of the 2021A Bonds in the initial aggregate principal amount of \$71,270,000 on or about the issuance of the 2021B Notes. If issued, the 2021A Bonds will be Second Lien Subordinate Securities payable from Net Revenues on a superior basis to the 2021B Notes.

Third Lien Subordinate Securities – Including the 2021B Notes

Upon the issuance of the 2021B Bonds, the payment of the 2017C Notes at their maturity on July 1, 2021, as described under the caption “THE FINANCING PLAN,” and the payment of the 2018A Notes at their maturity on July 1, 2021, as described under the caption “INTRODUCTION,” the 2021B Notes in the

initial aggregate principal amount of \$125,310,000 and the 2013A Bonds, which are currently outstanding in the aggregate principal amount of \$60,675,000, will be the only Third Lien Subordinate Securities outstanding. The third lien on Net Revenues of the 2021B Notes will be on a parity with the 2013A Bonds and certain obligations under certain bank credit and liquidity agreements and will be on a parity with other Third Lien Subordinate Securities that may be issued in the future.

Set forth below are the outstanding principal amounts of Third Lien Subordinate Securities and the final maturity of each series of Third Lien Subordinate Securities as of April 1, 2021.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Third Lien Subordinate Securities

<i>Name of Bonds</i>	<i>Principal Amount Outstanding⁽¹⁾</i>	<i>Final Maturity (July 1)</i>
2013A Bonds	\$ 60,675,000	2029
2017C Notes ⁽²⁾	146,295,000	2021
2018A Notes ⁽³⁾	95,545,000	2021
Total	\$ 302,515,000	

⁽¹⁾ As of April 1, 2021.

⁽²⁾ These obligations are being paid in full on July 1, 2021 from proceeds of the 2021B Notes and other moneys. See the caption "THE FINANCING PLAN."

⁽³⁾ These obligations are expected to be paid in full on July 1, 2021 from proceeds of the 2021A Bonds and other moneys. See the caption "INTRODUCTION."

Source: Clark County Department of Aviation.

The County's pledge of Net Revenues to the payment of the 2021B Notes is valid and binding from and after the date of the initial delivery of any 2021B Notes; and the moneys, as received by the County and pledged pursuant to the Series Indenture, are to be immediately subject to the lien of the pledge without any further act. The lien of such pledge and the obligation to perform the contractual provisions made by the Series Indenture have priority over any or all other obligations and liabilities of the County except as described above; and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County (except as provided in the Series Indenture or in the Master Indenture) irrespective of whether such parties have notice thereof.

The Series Indenture does not limit the issuance by the County of securities payable on a parity with or subordinate to the 2021B Notes. See the caption "—Issuance of Third Lien Subordinate Securities."

No Reserve Fund

Neither the Master Indenture nor the Series Indenture establish a reserve fund for the 2021B Notes.

No Acceleration

The 2021B Notes are not subject to acceleration in the event of default. See Appendix C under the caption "MASTER INDENTURE—Remedies of Senior Lien Revenue Bondholders" for a discussion of remedies available to 2021B Noteholders in the event of a default under the Master Indenture or the Series Indenture.

Budgetary Procedures

The Master Indenture requires the Director to annually submit for each Budget Year to the Board in accordance with the budget calendar estimates of Gross Revenues and expenditure requirements for the Airport System for the Budget Year, i.e., the next ensuing fiscal year of the County (July 1 to June 30) (each,

a “Fiscal Year”), including, without limitation, as a part of such expenditure requirements the Operation and Maintenance Expenses for the Budget Year and the Aggregate Debt Service Requirements for the Comparable Bond Year (but none other). The estimates of expenditures in connection with the Airport System will be classified so as to set forth the data by accounts, including those designated in the Master Indenture, character, and object of expenditures, work programs and other details requested by the Board. The estimates of the Gross Revenues will be classified as to accounts and sources of income in such detail as requested by the Board. Such estimates, in addition, will be so prepared as to permit an analysis of the Gross Revenues of the Airport System and of the Operation and Maintenance Expenses of the Airport System under definitions therefor set forth in the Master Indenture.

The amount of the Net Revenues, as shown by the foregoing analysis for each Fiscal Year, shall be at least equal to the sum required for the Fiscal Year by the rate maintenance covenant described under the caption “—Rate Maintenance Covenants—Master Indenture.” After adoption of the annual Airport System budget by the Board, the total expenditures for operating and maintaining the Airport System in any Fiscal Year (other than expenses for the purchase of commodities for resale) are not to exceed the total expenditures as set forth in such budget except upon the approving vote of a majority of the Board.

See the caption “THE AIRPORT SYSTEM—Budget Process” for further information with respect to the Department’s budget process.

Rate Maintenance Covenants

Master Indenture. Pursuant to the Master Indenture, the County has covenanted to at all times fix, charge, and collect rentals, rates, fees and other charges for the use of the Airport System, and, from time to time and as so often as it appears necessary, to revise such as may be necessary or appropriate, in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds (as such term is defined in Appendix C), will at all times be at least sufficient: (a) to provide for the payment of Operation and Maintenance Expenses for such Fiscal Year; and (b) to provide for the larger of either: (1) the amounts needed for making the required cash deposits in such Fiscal Year to the credit of the several subaccounts in the Bond Fund (including amounts necessary to pay debt service on the Senior Bonds) and to the credit of the Debt Service Reserve Fund, the Subordinate Securities Fund (including amounts necessary to pay debt service on the Second Lien Subordinate Securities and on Third Lien Subordinate Securities such as the Series 2021B Bonds), the Working Capital and Contingency Reserve Fund and the Capital Fund established under the Master Indenture; or (2) an amount not less than 125% of the Aggregate Debt Service Requirements to be accumulated in such Fiscal Year and expended in the Comparable Bond Year for the Senior Bonds, any Parity Bonds and any other Senior Securities.

In any computation required by the above rate maintenance covenant, there will be excluded from Gross Revenues any surplus Senior Bond proceeds or the Revenue Security proceeds and any capital gain resulting from any sale or revaluation of investments in Investment Securities or bank deposits, or both such securities and such deposits. Nothing in the above rate maintenance covenant requires the County to take any action in violation of any applicable requirements imposed by law.

In calculating the amount required to be deposited in the Bond Fund and Subordinate Securities Fund in clause (b)(i) above: (a) in the case of any Term Securities (as defined in Appendix C) which constitute Senior Guaranteed Obligations (as defined in Appendix C), the amount required to be deposited in the Bond Fund in the Fiscal Year immediately preceding the maturity date of the Senior Guaranteed Obligations shall equal the Guaranteed Obligation Requirements (as defined in Appendix C) for such Senior Guaranteed Obligations (as defined in Appendix C) for the Comparable Bond Year (as defined in Appendix C); and (b) in the case of any Term Securities (as defined in Appendix C) which constitute Subordinate Guaranteed Obligations (as defined in Appendix C), the amount required to be deposited in the Subordinate Securities Fund in the Fiscal Year immediately preceding the maturity date of the Subordinate Guaranteed Obligations

shall equal the Guaranteed Obligation Requirements (as defined in Appendix C) for such Subordinate Guaranteed Obligations for the Comparable Bond Year.

If Gross Revenues in any Fiscal Year, together with any Other Available Funds, are less than the amounts specified above, the County, upon receipt of the annual audit for such Fiscal Year, shall revise its rentals, rates, fees and other charges, its Operation and Maintenance Expenses or the method of operation of the Airport System in order to satisfy as quickly as practicable the foregoing requirements.

If the County complies in good faith with the requirement of the preceding paragraph, it will not constitute an Event of Default pertaining to the County's non-performance of its duties under the Master Indenture if the resulting Gross Revenues, together with any Other Available Funds, are not sufficient to satisfy the Rate Maintenance Covenant. If, however, the County fails to comply in good faith with such requirements, the Trustee may, and upon the request of the owners of not less than 10% in aggregate principal amount of the Senior Bonds of any series then Outstanding and upon being indemnified to its satisfaction, is required to institute and prosecute in a court of competent jurisdiction an appropriate action to compel the County to satisfy such requirements. The County has covenanted that it will adopt and charge rentals, rates, fees and charges and revise its Operation and Maintenance Expenses or the method of operation of the Airport System in compliance with any final order, decree or judgment entered in any such proceeding or any modification thereof.

Series Indenture. Pursuant to the series indentures for the Second Lien Subordinate Securities, the County has covenanted to fix, charge and collect rentals, rates, fees and other charges for the use of the Airport System, and that, from time to time and as often as it appears necessary, it will revise such as may be necessary or appropriate, in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds, will at all times be at least equal to the greater of the amount required by the Master Indenture (as described above under the caption "—Master Indenture") or an amount sufficient to provide for: (A) the payment of Operation and Maintenance Expenses for the Fiscal Year; and (B) an amount equal to 110% of the Aggregate Debt Service Requirements to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for any Senior Securities and any other Subordinate Securities with a lien on the Net Revenues (other than Third Lien Subordinate Securities such as the 2021B Notes) on a parity with the lien thereon of the Second Lien Subordinate Securities which are not secured by and expected to be paid from PFC Revenues.

Certain adjustments are permitted under the series indentures for other Second Lien Subordinate Securities in order to satisfy the rate maintenance covenants contained therein, all as described in Appendix C.

Application of Revenues

Pursuant to the Master Indenture, the County is required to set aside and credit all Gross Revenues upon receipt to the Revenue Fund. In addition to the Revenue Fund and the Operation and Maintenance Fund (including the Rebate Account of the Operation and Maintenance Fund established by the Series Indenture), which are held by the County, the Master Indenture creates the following additional funds and accounts held by the County or the Trustee, as the case may be:

<i>Fund or Account</i>	<i>Held By</i>
Bond Fund	Trustee
Interest Account	
Principal Account	
Sinking Fund Account	
Redemption Account	
Debt Service Reserve Fund.....	Trustee
Subordinate Securities Fund.....	County
Working Capital and Contingency Reserve Fund.....	County
Capital Fund.....	County
Construction Fund	County

After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to 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 Interest Account of the Bond Fund, an amount, together with other moneys available therefor from whatever source, including moneys in the Capitalized Interest Account set aside for such payment, in substantially equal installments to pay the next maturing installment of interest on the Senior Securities then outstanding;

(ii) Monthly, to the Principal Account of the Bond Fund, an amount in substantially equal installments to pay, together with any other moneys from time to time available therefor from whatever source, the next maturing installment of principal on the Serial Senior Securities then outstanding;

(iii) Monthly, commencing or recommencing in any Fiscal Year one year next prior to the due date of each installment of principal of any Senior Securities that are Term Securities to the Sinking Fund Account of the Bond Fund, an amount equal to 1/12 of the next Sinking Fund Requirement for the Comparable Bond Year for the Senior Securities that are Term Securities then outstanding;

(iv) Monthly, to the Redemption Account of the Bond Fund, an amount sufficient to pay the Debt Service Requirements on the redemption date on which the County has called for prior redemption of Senior Securities;

(v) Monthly, to the Debt Service Reserve Fund, an amount which (except as provided in the following paragraph), if made as one of 60 equal monthly installments, is sufficient to make the sum of the amount on deposit in the Debt Service Reserve Fund plus the amount of any Qualified Surety Bonds on deposit therein equal the Maximum Aggregate Debt Service Requirements for the then outstanding Senior Securities; provided that if any moneys are withdrawn from the Debt Service Reserve Fund (other than any amounts the withdrawal of which does not reduce the reserve to an amount less than the Maximum Aggregate Debt Service Requirements) or if payment is made under any Qualified Surety Bond in the Debt Service Reserve Fund to pay the Securities Requirements of any Senior Securities, the amount so withdrawn, except to the extent that any such Qualified Surety Bond is reinstated as may be provided therein or in connection therewith, will be restored therein from Net Revenues available therefor over a 60 month period;

Pursuant to the Second Supplement to Master Indenture, dated as of September 24, 2009 (the "Second Supplement"), the Reserve Requirement for any Senior Securities subsequently issued will be established in the applicable series indenture. The County may elect to secure any Senior Securities subsequently issued with the Debt Service Reserve Fund, so long as the Reserve Requirement for such bonds is equal to the maximum aggregate debt service.

The Reserve Requirement for the 2010C Bonds, which were issued after the date of the Second Supplement, has been set at \$0 and the election described in the previous sentence has not been made.

The Reserve Requirement for the 2015A Bonds has been set at the least of the following: (a) initially \$5,991,500; and (b) thereafter, as of the date of computation, the lesser of the amount stated in clause (a) above and the least of: (i) the maximum annual Debt Service Requirements for the 2015A Bonds; (ii) 125% of the average annual Debt Service Requirements for the 2015A Bonds; or (iii) 10% of the aggregate principal amount of the 2015A Bonds.

The Reserve Requirement for the 2019B Bonds has been set at the least of the following: (a) initially \$23,151,535.33; and (b) thereafter, as of the date of computation, the lesser of the amount stated in clause (a) above and the least of: (i) the maximum annual Debt Service Requirements for the 2019B Bonds; (ii) 125% of the average annual Debt Service Requirements for the 2019B Bonds; or (iii) 10% of the aggregate principal amount of the 2019B Bonds.

The Reserve Requirement for the 2019C Bonds has been set at the least of the following: (a) initially \$7,295,757.71; and (b) thereafter, as of the date of computation, the lesser of: (i) the amount stated in clause (a) above; and (ii) the least of: (A) the maximum annual Debt Service Requirements for the 2019C Bonds; (B) 125% of the average annual Debt Service Requirements for the 2019C Bonds; or (C) 10% of the proceeds of the 2019C Bonds. For purposes of clause (C) of the immediately preceding sentence, the term "proceeds" means the aggregate stated principal amount of the 2019C Bonds, unless there is more than a de minimis amount (as defined in Section 1.148-1(b) of the Treasury Regulations) of original issue discount or premium, in which case "proceeds" means issue price (determined without regard to pre-issuance accrued interest).

The County did not elect to secure the 2015A Bonds, the 2019B Bonds or the 2019C Bonds with the Debt Service Reserve Fund and the reserve funds for the 2015A Bonds, the 2019B Bonds and the 2019C Bonds are maintained separately therefrom;

(vi) Monthly, to the Subordinate Securities Fund, which includes an amount which is required to provide for the payment of the principal of and interest due on Subordinate Securities (including the 2021B Notes) as the same become due, including any reasonable reserves for such securities. Debt service reserve funds are maintained for all of the Second Lien Subordinate Securities except for the 2008C Bonds, the 2008D Bonds, the 2012B PFC Bonds and the 2017D Bonds. No debt service reserve funds are maintained for any of the Third Lien Subordinate Securities;

(vii) Monthly, to the Working Capital and Contingency Reserve Fund, an amount equal to 1/12 of 8.333 percent of the amount designated in the annual Airport System budget then in effect as the annual Operation and Maintenance Expenses for the current Fiscal Year (the "Minimum Working Capital Reserve") less any money available in such Fund. If the Governing Body, after consultation with the Airport Management Consultant, determines at any time that the aforesaid percentage provides insufficient or excessive revenues for the purpose for which the Working Capital and Contingency Reserve Fund is established, the Chief Financial Officer of the Department will adjust the percentage referred to above as directed by the Governing Body, but in no event will such percentage be reduced below 8.333 percent. No payment need be made into the Working Capital and Contingency Reserve Fund so long as the moneys therein will then equal not less than the Minimum Working Capital Reserve. The moneys in the Working Capital and Contingency Reserve Fund will be accumulated or reaccumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due. If at any time the moneys credited to the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses, the County acting by and through the Chief Financial Officer of the Department may withdraw such moneys from the Working Capital and Contingency Reserve Fund and transfer them to the credit of the Operation and Maintenance Fund. Any moneys in the Working Capital and Contingency Reserve Fund exceeding the Minimum Working Capital Reserve will be transferred to the Revenue Fund; and

(viii) To the Capital Fund, from any remaining moneys in the Revenue Fund each Fiscal Year: (a) substantially equal monthly installments or such greater amounts as required to provide for the payment of the General Obligation Requirements (i.e., an amount derived from Pledged Revenues (as such term is defined in Appendix C) sufficient to pay the principal of, any prior redemption premiums due in connection with, and interest on any General Obligation Securities (as such term is defined in Appendix C)) of any General Obligation Securities, as the same, if any, become due, and payable from Net Revenues of the Airport System, but the payment of which securities is not secured by a pledge and lien on the Net Revenues, or by both such a pledge and lien, and amount at least equal to such amount as is required to pay or provide for the payment of the General Obligation Requirements due in any Comparable Bond Year; and (b) not less infrequently than annually by the end of each Fiscal Year an amount, but in any event not more than \$100,000, necessary to accumulate or to reaccumulate in the Capital Fund a reserve in an amount of not less than \$1,000,000 (the "Minimum Capital Reserve").

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Governing Body may from time to time determine:

A. *Payment of General Obligation Securities.* To pay General Obligation Requirements of any such General Obligation Securities;

B. *Capital Costs.* To pay the costs of constructing or otherwise acquiring any betterments of, enlargements of, extensions of or any other improvements at the Airport System, or any part thereof, authorized by law;

C. *Maintenance Costs.* To pay any Securities payable from the Net Revenues of the Airport System, if such payment is necessary to prevent any default in the payment of such Securities, or otherwise; and

D. *Securities Requirements.* To pay any securities payable from the Net Revenues, if such payment is necessary to prevent any default in the payment of such securities, or otherwise.

If any monthly payment required to be made into any fund or account of the Bond Fund (as described in clauses (i) through (iv) set forth above) is deficient, the County is required to include the amount of such deficiency in the next monthly deposit into such fund or account.

At the end of any Fiscal Year or whenever in any Fiscal Year there has been credited to the above funds and accounts all amounts required to be deposited in those funds or accounts for all of that Fiscal Year and in satisfaction of any deficiencies in any prior Fiscal Year, any remaining Net Revenues in the Revenue Fund may be used for any lawful purposes pertaining to the Airport System, as the Governing Body may from time to time determine.

In accordance with the Series Indenture, there will be transferred into the Rebate Fund from the Airport Fund such amounts as are required to be deposited therein to meet the County's obligations under its covenant in the Series Indenture to comply with Section 148(f) of the Tax Code.

Issuance of Additional Senior Securities and Second Lien Subordinate Securities

Additional Senior Bonds. The Master Indenture permits, and in instances where the County has covenanted to complete a project requires, the County to issue additional Senior Bonds payable from the Net Revenues of the Airport System on a parity with the Senior Bonds (the "Senior Securities," defined by the Master Indenture include "Senior Completion Bonds," "Senior Additional Bonds" and "Senior Refunding Bonds," all as described below) for the following purposes:

(1) paying the Cost of completing the Terminal Improvement Project or any Additional Project (as such term is defined below) for which any series of Senior Securities has been issued (see the caption “—Senior Completion Bonds”);

(2) paying the Cost of any additions, betterments, extensions, other improvements or equipment of or related to the Airport System (an “Additional Project”) (see the caption “—Senior Additional Bonds”); and

(3) refunding all outstanding Senior Bonds or Senior Securities of one or more series, or one or more outstanding Senior Bonds or Senior Securities of one or more series, or one or more maturities within a series, or refunding any Subordinate Securities (see the caption “—Senior Refunding Bonds”).

In connection with the issuance of additional series of Senior Securities, the “Cost” of any Project or Additional Project includes, among other items, the costs of surveys or other plans or specifications, builder’s insurance, consultant’s fees, construction contingencies, property acquisition costs, the costs of issuance of such series of Senior Securities, capitalized interest to a date not exceeding one year following the estimated completion date of the Project and the funding of reserves for the payment of the series of Senior Securities.

Senior Completion Bonds. The County may issue one or more series of Senior Bonds or other Senior Securities (“Senior Completion Bonds”) to pay the cost of completing the Terminal Improvement Project or any Additional Project.

Prior to the issuance of any series of Senior Completion Bonds, the County is required to have delivered to the Trustee, among other documents:

A. A certificate by the Consulting Engineer stating that the Terminal Improvement Project or Additional Project, as the case may be, subject to the provisions of the Master Indenture permitted modifications to the Terminal Improvement Project or Additional Project, has not materially changed from the description of the Terminal Improvement Project in the original Consulting Engineer’s report with respect thereto or from the description of the Additional Project as described in any Series Indenture relating to the series of additional Senior Securities issued to finance the Additional Project, and setting forth the aggregate Cost of the Project which, in the opinion of the signer, has been or will be incurred and cannot be paid with the moneys available at the date of the certificate in the account within the related construction fund or other like account (other than any capitalized interest account therein) applicable to the Project; and stating that, in the opinion of the signer, issuance of the Senior Completion Bonds is necessary to provide funds for completion of the Project; and

B. A certificate by the Director stating that the previous series of Senior Securities issued in connection with the Project for which the Senior Completion Bonds are being issued were issued to pay all or the balance of the Costs of such Project.

Senior Additional Bonds. The County may issue one or more series of Senior Bonds or other Parity Senior Securities for the purpose of paying the Cost of any Additional Project (“Senior Additional Bonds”) if, among other conditions, the County has delivered to the Trustee, among other documents:

A. A certificate of the Director or Chief Financial Officer of the Department stating that the Net Revenues, together with any Other Available Funds received: (i) in the last audited Fiscal Year preceding the delivery of the series of Senior Additional Bonds; or (ii) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of the series of Senior Additional Bonds, were at least sufficient to pay an amount equal to the larger of either: (a) the amounts needed for making the required cash deposits in the 12-month period to the credit of the several accounts in the Bond Fund and to the credit of the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund (such required deposits to the Bond Fund and

Subordinate Securities Fund to be adjusted for Parity and Subordinate Guaranteed Obligations, respectively, in the manner described under the caption “—Rate Maintenance Covenants”); or (b) an amount not less than 125% of the Maximum Aggregate Debt Service Requirements (calculated for the period beginning on the date of issuance of the proposed Senior Additional Bonds and ending on the final maturity date of the then Outstanding Senior Bonds and the proposed Senior Additional Bonds) of the Outstanding Senior Bonds and the Senior Additional Bonds proposed to be issued; or

B. A certificate of the Airport Management Consultant setting forth for each of the Fiscal Years following the earlier of either: (i) the Fiscal Year in which the Consulting Engineer estimates that such Additional Project will be completed; or (ii) the last Fiscal Year in which there are no Debt Service Requirements for such Senior Additional Bonds, and ending with the Fiscal Year which is five years after that Fiscal Year in which the Consulting Engineer estimates such Additional Project will be completed, estimates of: (a) the Gross Revenues; and (b) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the accounts and subaccounts established under the Master Indenture and each Series Indenture supplemental thereto, and demonstrating that the Net Revenues in each such Fiscal Year will at least equal the larger of either: (1) the amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Debt Service Reserve Fund, the Subordinate Securities Fund, the Working Capital and Contingency Reserve Fund and the Capital Fund (such required deposits to the Bond Fund and Subordinate Securities Fund to be adjusted for any Parity Guaranteed Obligations and Subordinate Guaranteed Obligations, respectively, among other adjustments required or permitted in the manner provided by the definition of “Guaranteed Obligation Requirements”); or (2) an amount not less than 125% of the Aggregate Debt Service Requirements for the Senior Bonds and Parity Securities of each series then outstanding for the Comparable Bond Year for each such Fiscal Year, in each case after giving effect to, among other factors, the completion of the Additional Project or any completed portion thereof, the increase in rates, fees, rentals or other charges (or any combination thereof) under the Rate Maintenance Covenant required by the Master Indenture as a result of the completion of such Additional Project or any such completed portion thereof, and the Debt Service Requirements on the series of Senior Additional Bonds then to be issued and the Debt Service Requirements, as estimated by the Financial Consultant, with respect to future series of Senior Additional Bonds which the Director and the Chief Financial Officer of the Department estimate (based on the estimate of the Consulting Engineer of the Cost of such Additional Project) will be required to complete payment of the Cost of such Additional Project; and

C. If the test described in paragraph (B) is used in connection with the issuance of Senior Additional Bonds, a certificate of the Consulting Engineer setting forth: (i) the estimated date of completion of the Additional Project for which such series of Senior Additional Bonds is being issued and for any other uncompleted Project for which the Senior Additional Bonds are not being issued; and (ii) an estimate of the Cost of such Additional Project and of any other uncompleted Project; and

D. A certificate of the Director and Chief Financial Officer of the Department that at the time of the execution and delivery of the supplemental instrument authorizing the Senior Additional Bonds as provided in the Master Indenture, the County is not in default in making any payments required by the Master Indenture.

Senior Refunding Bonds. Prior to the issuance of any series of Senior Bonds or Senior Securities to refund one or more series of Senior Bonds or Senior Securities or one or more Senior Bonds or Senior Securities within a series, or one or more maturities of a series of Senior Bonds or any series of Senior Securities (“Senior Refunding Bonds”), other than for redeeming at their maturity the Term Bonds or Term Securities of a series which mature within one year of such refunding, the County will deliver to the Trustee, among other documents, either of the following: (i) a certificate of the Treasurer setting forth: (1) the Aggregate Debt Service Requirements for the then current and each future Bond Year to and including the Bond Year ending on the date of the latest maturity of any series of Senior Bonds or Senior Securities to be refunded of each Series then Outstanding: (a) with respect to the series of Senior Bonds and Senior Securities of all series outstanding immediately prior to the date of delivery of such Senior Refunding Bonds; and (b)

with respect to the series of Senior Bonds and Senior Securities to be Outstanding immediately thereafter; and (2) that the Aggregate Debt Service Requirements set forth for each Bond Year pursuant to clause (1)(b) above is no greater than that set forth for such Bond Year pursuant to clause (1)(a) above; or (ii) the certificates required by clauses A through D under the caption “—Senior Additional Bonds” above evidencing that such series of Senior Refunding Bonds meets the tests provided for all purposes of such certificate and tests applied as if such series of Senior Refunding Bonds was a series of Senior Additional Bonds. Senior Refunding Bonds of each series issued to refund Subordinate Securities may be delivered in a principal amount sufficient, together with other moneys available therefor (including investment income thereon), to accomplish such refunding provided that the County delivers, among other documents, the certificates required by clauses A through D under the caption “—Senior Additional Bonds” above if the Subordinate Securities were originally issued to fund an Additional Project or the certificates required by clauses A and B under the caption “—Senior Completion Bonds” above if such Subordinate Securities were originally issued to fund completion of a Project, such certificates to be prepared as if such series of Senior Refunding Bonds was a series of Senior Additional Bonds or Senior Completion Bonds, as the case may be.

Additional Second Lien Subordinate Securities. The supplemental bond ordinances or series indentures authorizing the issuance of Second Lien Subordinate Securities permit the County to issue additional Second Lien Subordinate Securities upon delivery of certificates described below.

While PFC Bonds are Outstanding: Tests Contained in PFC Instruments. While any PFC Bonds remain Outstanding under the series indentures authorizing the issuance of the County’s various series of PFC Bonds (the “PFC Instruments”), the County may issue Second Lien Subordinate Securities secured by a pledge of the Net Revenues of the Airport System that is senior to the pledge in favor of the 2021B Notes only to the extent that the County is in compliance with certain additional debt tests included in the PFC Instruments and described below (provided that the requirements of the PFC Instruments to be met through the final maturity of the Outstanding PFC Bonds are required to be met through the final maturity of any Outstanding PFC Bonds or any Outstanding Second Lien Subordinate Securities):

Absence of Default. A certification of the Director or Chief Financial Officer of the Department that at the date of the issuance of the additional bonds: (i) the County is not in default in making any payments required by the PFC Instruments with respect to the PFC Bonds; and (ii) the County is in compliance with the rate maintenance covenant in the Master Indenture; and

Earnings Test. (1) A certification of the Director or Chief Financial Officer of the Department that: (a) the PFC Revenues (adjusted as described below) received: (i) in the most recent Fiscal Year preceding the date of the issuance of the additional PFC Bonds for which audited financial statements are available; or (ii) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the additional PFC Bonds, were at least sufficient to pay an amount equal to 135% of the average annual principal and interest requirements (calculated for the period beginning on the date of issuance of the proposed additional PFC Bonds and ending on the final maturity date of the Outstanding additional PFC Bonds and the proposed additional PFC Bonds), of the Outstanding additional PFC Bonds and the additional PFC Bonds proposed to be issued (excluding the reserves therefor); and (b) the aggregate approved PFC Revenues to be received after the issuance of the additional PFC Bonds plus the amount of PFC Revenues then held in the Bond Fund and any applicable debt service reserve fund (and any similar funds for Outstanding additional PFC Bonds) and the unencumbered balance in the Capital Fund exceeds the aggregate unpaid Bond Requirements of the Outstanding additional PFC Bonds and the additional PFC Bonds proposed to be issued, accrued and unaccrued to maturity, but less any such Bond Requirements which were capitalized from the proceeds of any additional PFC Bonds; or

(2) A certification of the Director or Chief Financial Officer of the Department setting forth: (a) the Net Revenues and any Other Available Funds for; and (b) the PFC Revenues (adjusted as provided below) received in: (i) the most recent Fiscal Year preceding the date of the issuance of such additional bonds for which audited financial statements are available; or (ii) any period of 12 consecutive

calendar months out of the 18 calendar months next preceding the date of the issuance of such additional bonds and demonstrating:

(x) that such Net Revenues and Other Available Funds at least equal 110% of the maximum amount of Bond Requirements payable in any Bond Year (occurring from the date of calculation through the final maturity of Outstanding PFC Bonds) of the then Outstanding Senior Securities, the Outstanding PFC Bonds, any additional Second Lien Subordinate Securities to be issued having a lien on the Net Revenues on a parity with the lien thereon of the PFC Bonds which are not secured by and expected to be paid from PFC Revenues, and any other Outstanding Second Lien Subordinate Securities having a lien on the Net Revenues on a parity with the lien thereon of the PFC Bonds (provided that the Bond Requirements of the Outstanding PFC Bonds or other Outstanding Second Lien Subordinate Securities need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Bond Requirements of the Outstanding PFC Bonds or other Outstanding Second Lien Subordinate Securities); and

(y) that the sum of such Net Revenues and Other Available Funds plus such PFC Revenues equals at least 135% of the maximum amount of Bond Requirements payable in any Bond Year (occurring from the date of calculation through the final maturity of the Outstanding PFC Bonds) of the then Outstanding Senior Securities, any Outstanding PFC Bonds which are Second Lien Subordinate Securities and any additional PFC Bonds to be issued which are Second Lien Subordinate Securities; or

(3) A certification of the Airport Management Consultant setting forth: (a) the PFC Revenues (adjusted as provided below) received: (i) in the most recent Fiscal Year preceding the date of issuance of such additional bonds for which audited financial statements are available; or (ii) for any 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the additional bonds; and (b) for each of the five Fiscal Years following the date of issuance of the additional bonds (or, if interest is capitalized on such bonds, following the last Fiscal Year for which any of such interest is capitalized), estimates of the Net Revenues and Other Available Funds, and concluding that for each such Fiscal Year:

(x) the estimated Net Revenues and Other Available Funds for that Fiscal Year equal at least 110% of the Aggregate Debt Service Requirements or the Bond Requirements, as the case may be, to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for the then Outstanding Senior Securities, the Outstanding PFC Bonds, any additional Second Lien Subordinate Securities to be issued having a lien on the Net Revenues on a parity with the lien thereon of the PFC Bonds which are not secured by and expected to be paid from PFC Revenues, and any other Outstanding Second Lien Subordinate Securities having a lien on the Net Revenues on a parity with the lien thereon of the PFC Bonds (provided that the Bond Requirements of the Outstanding PFC Bonds or other Outstanding Second Lien Subordinate Securities need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Bond Requirements of the Outstanding PFC Bonds or other Outstanding Second Lien Subordinate Securities), after giving effect, among other factors, to the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenant in the Master Indenture; and

(y) the sum of such PFC Revenues plus the estimated Net Revenues and Other Available Funds for that Fiscal Year at least equal 135% of the Aggregate Debt Service Requirements or the Bond Requirements, as the case may be, to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for the then Outstanding Senior Securities, the Outstanding PFC Bonds which are Second Lien Subordinate Securities and any additional PFC Bonds to be issued which are Second Lien Subordinate Securities, after giving effect, among other factors, to the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenant in the Master Indenture.

Paragraphs (2) or (3) of the foregoing earnings test may be used only if the additional PFC Bonds to be issued are additionally secured by a subordinate pledge of the Net Revenues of the Airport System. In the computation of any earnings test under paragraphs (1), (2) or (3) above as to whether or not additional PFC Bonds may be issued, the amount of the PFC Revenues for the computation period will be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Director or Chief Financial Officer of the Department, which loss or gain results from any change in the rate of the levy of passenger facility charges constituting a part of the PFC Revenues which change took effect during the computation period or thereafter prior to the issuance of such additional PFC Bonds, as if such modified rate has been in effect during the entire computation period.

In the computation of either earnings test above as to whether or not additional bonds may be issued, the amount of the PFC Revenues for the computation period will be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Director or Chief Financial Officer of the Department, which loss or gain results from any change in the rate of the levy of passenger facility charges constituting a part of the PFC Revenues which change took effect during the computation period or thereafter prior to the issuance of such PFC Bonds, as if such modified rate has been in effect during the entire computation period.

Notwithstanding the above paragraph, on and after the date on which no PFC Bonds remain Outstanding under the PFC Instruments, the County may issue Second Lien Subordinate Securities which constitute Refunding Bonds having a lien on the Net Revenues that is senior to the lien in favor of the 2021B Notes (including Second Lien Subordinate Securities which are issued to refund other Second Lien Subordinate Securities which have a lien on Net Revenues that is senior to the lien thereon of the 2021B Notes, but not including any Subordinate Securities with a lien on Net Revenues which is on a parity with the lien thereon of the 2021B Notes), upon the filing by the County with the Trustee of a certificate of the Treasurer setting forth: (i) the Debt Service Requirements of the Refunding Bonds proposed to be issued for each Bond Year while Second Lien Subordinate Securities are Outstanding; and (ii) the Debt Service Requirements of the Securities refunded by the proposed Refunding Bonds for each of those Bond Years, and showing that for each of those Bond Years the Debt Service Requirements described in clause (i) are not greater than the Debt Service Requirements described in clause (ii).

When No PFC Bonds Are Outstanding: Tests Contained in Second Lien Subordinate Securities Series Indentures. The supplemental bond ordinances or series indentures for the Second Lien Subordinate Securities (the “Second Lien Subordinate Series Indentures”) provide that, on and after the date on which no PFC Bonds remain Outstanding under the PFC Instruments, the County may issue Second Lien Subordinate Securities with a lien on Net Revenues of the Airport System that is on a senior to the lien in favor of the 2021B Notes so long as the County files with the Trustee:

Absence of Default. A certification of the Director or Chief Financial Officer of the Department that at the date of issuance of the additional Second Lien Subordinate Securities: (i) the County is not in default in making any payments required by the Second Lien Subordinate Series Indentures; and (ii) the County is in compliance with the rate maintenance covenants in the Master Indenture and the Second Lien Subordinate Series Indentures; and

Earnings Test. (1) A certification of the Director or Chief Financial Officer of the Department setting forth the Net Revenues of the Airport System and any Other Available Funds for: (i) the most recent Fiscal Year preceding the date of the issuance of such additional Second Lien Subordinate Securities for which audited financial statements are available; or (ii) any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of the issuance of such additional Second Lien Subordinate Securities, and demonstrating that such Net Revenues and Other Available Funds equal at least 110% of the maximum amount of Debt Service Requirements payable in any Bond Year (occurring from the date of the calculation through the final maturity of the Outstanding Bonds) of the then Outstanding Senior Securities and the then Outstanding Second Lien Subordinate Securities with a lien on the Net Revenues on a

parity with the lien thereon of the Second Lien Subordinate Securities which are not secured by and expected to be paid from PFC Revenues; provided that the Debt Service Requirements of any Outstanding Subordinate Securities need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Debt Service Requirements of such Outstanding Second Lien Subordinate Securities; or

(2) A certification of the Airport Management Consultant setting forth: (i) the Net Revenues received: (a) in the most recent Fiscal Year preceding date of issuance of the additional Second Lien Subordinate Securities for which audited financial statements are available; or (b) for any 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the additional Second Lien Subordinate Securities; and (ii) for each of the five Fiscal Years following the date of issuance of the additional Subordinate Securities (or, if interest is capitalized on such Second Lien Subordinate Securities, following the last Fiscal Year for which any of such interest is capitalized), estimates of the Net Revenues and Other Available Funds and concluding that for each such Fiscal Year, the estimated Net Revenues and other Available Funds for that Fiscal Year equal at least 125% of the Aggregate Debt Service Requirements to be accumulated in the Fiscal Year and expended in the Comparable Bond Year for the then Outstanding Senior Securities, and the then Outstanding Second Lien Subordinate Securities with a lien on the Net Revenues on a parity with the lien thereon of the Second Lien Subordinate Securities which are not secured by and expected to be paid from PFC Revenues, after giving effect, among other factors, to the increase in rates, fees, rentals or other charges (or any combination thereof) under the rate maintenance covenant in the Master Indenture; provided, that the Debt Service Requirements of any Outstanding Second Lien Subordinate Securities need not be taken into account in the foregoing calculation to the extent that Net Revenues and any Other Available Funds were not used in the most recent Fiscal Year to pay the Debt Service Requirements of such Outstanding Second Lien Subordinate Securities.

Notwithstanding the above paragraph, on and after the date on which no PFC Bonds remain Outstanding under the PFC Instruments, the County may issue Second Lien Subordinate Securities which constitute Refunding Bonds having a lien on the Net Revenues that is senior to the lien in favor of the 2021B Notes (including Second Lien Subordinate Securities which are issued to refund other Second Lien Subordinate Securities which have a lien on Net Revenues that is senior to the lien thereon of the 2021B Notes, but not including any Subordinate Securities with a lien on Net Revenues which is on a parity with the lien thereon of the 2021B Notes), upon the filing by the County with the Trustee of a certificate of the Treasurer setting forth: (i) the Debt Service Requirements of the Refunding Bonds proposed to be issued for each Bond Year while such Second Lien Subordinate Securities are Outstanding; and (ii) the Debt Service Requirements of the Securities refunded by the proposed Refunding Bonds for each of those Bond Years, and showing that for each of those Bond Years the Debt Service Requirements described in clause (i) are not greater than the Debt Service Requirements described in clause (ii).

Issuance of Third Lien Subordinate Securities

The Series Indenture does not limit the issuance by the County of securities payable on a parity with or subordinate to the 2021B Notes. For information regarding obligations payable on a parity with the 2021B Notes, see the caption “OUTSTANDING AIRPORT INDEBTEDNESS—Third Lien Subordinate Securities.”

Issuance of Special Facilities Bonds

The Master Indenture includes provisions under which the County may issue Special Facilities Bonds for the purpose of constructing Special Facilities at the Airport for lease on a net rent basis. Any such Special Facilities Bonds will be payable solely from rentals payable to the County pursuant to such net rent leases, and will not be a charge or claim against the Revenue Fund or any other account designated in the Master Indenture.

Market Access

It is possible that the County may not have sufficient Net Revenues or unrestricted reserves to pay the principal of the 2021B Notes upon the maturity thereof. As a result, the County's ability to pay the principal of the 2021B Notes could be dependent upon the County's ability to issue and sell refunding obligations prior to the maturity of the 2021B Notes. A variety of events could prevent access to the municipal securities market, prohibit the County from issuing such bonds, notes or other obligations or make the issuance of such bonds, notes or other obligations prohibitively expensive. Also, additional authorization for the issuance of such bonds, notes or other obligations must be obtained by the County prior to the issuance thereof. No assurance can be given that such a financing will be available to the County on sufficiently favorable terms.

Limited Liability

THE OBLIGATION OF THE COUNTY TO PAY DEBT SERVICE ON THE 2021B NOTES DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE SERIES 2021B BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE GENERAL REVENUES OF THE COUNTY, INCLUDING BUT NOT LIMITED TO A DEBT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, OR A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY.

The 2021B Notes are not secured by, and the 2021B Noteholders have no security interest in or mortgage on, the Airport System or any other real property of the County. Default by the County will not result in loss of the Airport System.

OUTSTANDING AIRPORT INDEBTEDNESS

Set forth below is a discussion of outstanding Airport indebtedness, including Senior Bonds, Second Lien Subordinate Securities, PFC Bonds, Third Lien Subordinate Securities and general obligation bonds relating to the Airport.

Senior Bonds

As of April 1, 2021, the County had outstanding approximately \$778,630,000 principal amount of Senior Bonds, which are the only Senior Securities currently outstanding. See the caption "SECURITY FOR THE 2021B NOTES—Senior Bonds" for a description of each series of Senior Bonds.

Second Lien Subordinate Securities

As of April 1, 2021, the County had outstanding approximately \$1,388,950,000 principal amount of Second Lien Subordinate Securities, excluding the Parity PFC Bonds. Such obligations, the Parity PFC Bonds and certain interest rate swap agreements described under the caption "—Interest Rate Swap Agreements" are the only Second Lien Subordinate Securities currently outstanding. See the caption "SECURITY FOR THE 2021B NOTES—Second Lien Subordinate Securities" for a description of each series of Second Lien Subordinate Securities. See also the caption "INTRODUCTION" for a discussion of the expected issuance of the 2021A Bonds on or about the date of issuance of the 2021B Notes.

PFC Bonds

As of April 1, 2021, the County had outstanding approximately \$519,040,000 principal amount of Parity PFC Bonds, debt service on which is secured by a lien on and payable from the Airport's PFC revenues, and which are also secured by a lien on and payable from Net Revenues of the Airport System on parity with

the Second Lien Subordinate Securities. See the caption “SECURITY FOR THE 2021B NOTES—Second Lien Subordinate Securities” for a description of each series of Parity PFC Bonds.

The Department is currently evaluating the possibility of restructuring a portion of its outstanding Parity PFC Bonds given the decline in passenger facility charge collections that is described under the caption “OPERATING RESULTS—Historical PFC Revenues.” The series and maturities that may be subject to such a restructuring have not been determined, nor has the Department sought the approval of the Board to undertake any restructuring, and there can be no assurance as to the outcome or timing of the Department’s evaluation of the Parity PFC Bonds.

Third Lien Subordinate Securities

As of April 1, 2021, the County had outstanding approximately \$302,515,000 aggregate principal amount of 2013A Bonds, 2017C Notes and 2018A Notes, which along with certain obligations under certain bank credit and liquidity agreements, are the only Third Lien Subordinate Securities outstanding.

See the caption “THE FINANCING PLAN” for a discussion of the payment of the 2017C Notes at their maturity on July 1, 2021 from proceeds of the 2021B Notes. See the caption “INTRODUCTION” for a discussion of the payment of the 2018A Notes at their maturity on July 1, 2021.

General Obligation Bonds

As of April 1, 2021, the County had outstanding \$32,915,000 aggregate principal amount of Clark County, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Airport System Revenues) Refunding Airport Bonds, Series 2013B (the “2013B GO Bonds”), and \$43,105,000 aggregate principal amount of Clark County, Nevada General Obligation (Limited Tax) (Additionally Secured by Pledged Airport System Revenues) Airport Bonds, Series 2008A (the “2008A GO Bonds”), which are payable from Net Revenues subordinate to the payment of the Third Lien Subordinate Securities.

FINANCIAL FACTORS

Credit or Liquidity Facilities

General. In connection with the issuance of certain Second Lien Subordinate Securities, the County has arranged for standby bond purchase agreements or irrevocable direct-pay letters of credit (the “Credit or Liquidity Facilities”) to be entered into or issued, as applicable. The following information is applicable to all Credit or Liquidity Facilities of the Airport System.

If a Credit or Liquidity Facility expires, or in certain cases, if the rating of a Credit or Liquidity Facility provider is withdrawn or lowered, the County must replace the Credit or Liquidity Facility. If the County is unable to secure a replacement credit or liquidity facility, the related Second Lien Subordinate Securities will be subject to mandatory tender for purchase by the holders thereof upon such expiration. In addition, the related Credit or Liquidity Facility will be drawn upon to pay the purchase price of such tendered Second Lien Subordinate Securities. See the caption “—Renewal of Credit or Liquidity Facilities” below.

In connection with such Credit or Liquidity Facilities, the County has entered into certain agreements with the banks providing such Credit or Liquidity Facilities. Under such agreements, the County is generally required to reimburse the related bank for any amounts paid by such bank under the related Credit or Liquidity Facility on the same day such amount is paid. Amounts owed to each bank bear interest at a specified rate. The County is also required to pay certain fees to the banks, including establishment, facility, drawing and transfer fees, in addition to the banks’ costs, expenses and certain taxes.

In the event that there is a drawing on any Credit or Liquidity Facility to purchase any related Second Lien Subordinate Securities which are tendered for purchase by the holders thereof, the agreements generally provide that the related bank become the holder of such obligations (“Bank Bonds”). In addition, the County is required to repay such Bank Bonds over a period that is less than the remaining term to maturity of the related Second Lien Subordinate Securities (generally five years or less, and in some circumstances immediately upon the purchase of such obligations by the related bank), at an increased interest rate.

The agreements contain a number of covenants and representations on the part of the County and specify events of default (which may include failure of the County to maintain credit ratings at specified levels), and remedies. Remedies of the banks generally include the right to cause a mandatory tender of the related Second Lien Subordinate Securities. The obligation of the County pursuant to the agreements to reimburse a bank for drawings under a related Credit or Liquidity Facility to pay regularly scheduled principal and interest is payable from Net Revenues on a parity with the Second Lien Subordinate Securities. The obligation of the County pursuant to the agreements to reimburse a bank for advances secured by Bank Bonds for amounts in excess of the amounts needed to pay regularly scheduled principal and interest on related Second Lien Subordinate Securities and for any fees due and owing to such bank is typically payable from Net Revenues on a subordinate basis to Second Lien Subordinate Securities and on a parity with the 2021B Notes.

Renewal of Credit or Liquidity Facilities. As described above, in connection with certain variable rate obligations, the County has obtained Credit or Liquidity Facilities which expire prior to the maturity dates of the obligations to which they relate. If the Credit or Liquidity Facilities expire and the County is unable to secure replacement credit or liquidity facilities, the related Second Lien Subordinate Securities will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the related Credit or Liquidity Facilities will be drawn upon to pay the purchase price of such tendered obligations. In such circumstances, the County is required to repay banks providing Credit or Liquidity Facilities over a period that is less than the remaining term to maturity of the related obligations (generally five years or less and in some circumstances immediately upon the purchase of such obligations by the related bank), at an increased interest rate.

Ratings of Issuers of Credit or Liquidity Facilities. From time to time rating agencies change the ratings of banks that have issued Credit or Liquidity Facilities. In the event that the rating of a bank that has executed or issued a Credit or Liquidity Facility is reduced, such reduction may result in the related Second Lien Subordinate Securities bearing interest at a higher than projected interest rate or result in the downgrade of the rating of such Second Lien Subordinate Securities, or both.

Both Moody’s and Standard & Poor’s have in the past downgraded and may in the future downgrade certain banks which have executed and issued existing or prior Credit or Liquidity Facilities securing certain Second Lien Subordinate Securities. There can be no assurance that future rating reductions or other factors perceived to have an effect on, or to reflect, the credit quality of the banks that have issued Credit or Liquidity Facilities will not result in a material increase in interest payments on the Second Lien Subordinate Securities. See the caption “SECURITY FOR THE 2021B NOTES—Rate Maintenance Covenants.”

A brief description of the County’s outstanding Credit or Liquidity Facilities is set forth in the below table:

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Credit or Liquidity Facilities as of April 1, 2021⁽¹⁾

<i>Name of Bonds</i>	<i>Principal Amount Outstanding</i>	<i>Credit or Liquidity Facility Provider</i>	<i>Scheduled Expiration Date</i>
2008A GO Bonds ⁽²⁾	\$43,105,000	State Street Bank and Trust Company (“State Street”)	2/14/2024
2008A-2 Bonds ⁽³⁾	16,895,000	State Street	7/1/2022
2008B-2 Bonds ⁽³⁾	16,910,000	State Street	7/1/2022
2008C-1 Bonds ⁽³⁾	122,900,000	Bank of America, N.A.	6/6/2022
2008C-2 Bonds ⁽³⁾	56,775,000	State Street	2/14/2023
2008C-3 Bonds ⁽³⁾	56,775,000	Sumitomo Mitsui Banking Corporation (“SMBC”)	2/14/2024
2008D-1 Bonds ⁽³⁾	48,670,000	SMBC	1/26/2022
2008D-2A Bonds ⁽³⁾	100,000,000	Wells Fargo Bank, National Association	2/24/2023
2008D-2B Bonds ⁽³⁾	99,605,000	Barclays Bank PLC	3/1/2024
2008D-3 Bonds ⁽³⁾	<u>119,760,000</u>	Bank of America, N.A.	6/2/2023
TOTAL	\$681,395,000		

⁽¹⁾ See Note 8(b) to the Financial Statements set forth in Appendix B for more information with respect to the Credit or Liquidity Facilities.

⁽²⁾ Supported by a liquidity facility.

⁽³⁾ Supported by a credit facility.

Source: Clark County Department of Aviation.

Interest Rate Swap Agreements

Outstanding Interest Rate Swap Agreements. The County, on behalf of the Airport, has entered into several swap transactions. A brief description of the County’s swap agreements related to the Airport that are currently outstanding is provided below:

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Interest Rate Swap Agreements as of April 1, 2021⁽¹⁾

<i>Name of Swap</i>	<i>Counterparty</i>	<i>Outstanding Notional Amount</i>	<i>Nature of Swap</i>
2001 Basis Swap Agreement	Citigroup Financial Products Inc.	\$ 63,888,416	Variable to variable (basis swap)
2003 Fixed Spread Basis Swap Agreement	Citigroup Financial Products Inc.	71,815,349	Variable to variable (basis swap)
2005C Swap Agreements ⁽²⁾	Citigroup Financial Products Inc., JPMorgan Chase Bank, N.A., UBS AG	186,750,000	Variable to fixed
2005D Swap Agreements ⁽²⁾	JPMorgan Chase Bank, N.A., UBS AG	59,870,000	Variable to fixed
2005E Swap Agreements ⁽²⁾	Citigroup Financial Products Inc., JPMorgan Chase Bank, N.A.	48,670,000	Variable to fixed
2008 Swap Agreements ⁽²⁾⁽³⁾	JPMorgan Chase Bank, N.A., UBS AG	101,400,000	Variable to fixed
2009 Swap Agreements	Citigroup Financial Products Inc.	200,000,000	Variable to fixed
TOTAL		\$732,393,765	

⁽¹⁾ See Note 9 of the Financial Statements set forth in Appendix B for more information with respect to the Airport swap agreements.

⁽²⁾ The distribution of the notional amount of this swap agreement among the counterparties is described in Note 9 of the Financial Statements set forth in Appendix B.

⁽³⁾ The County has authorized the early termination of the swap agreement associated with the 2008D-1 Bonds. There can be no assurance that such swap agreement will actually be terminated, or as to the timing thereof.

Source: Clark County Department of Aviation.

As of March 31, 2021, the fair value (as such term is defined under Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*) of the above-described interest rate swap agreements was approximately negative \$37.6 million. See Note 9 to the Financial Statements attached hereto as Appendix B for further information with respect to the Airport's interest rate swap agreements.

The County has entered into International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements with the counterparties to the swap agreements. Each of these Master Agreements is supported a Credit Support Annex (each, a "CSA"). Under each CSA, if the rating of the counterparty falls to an established threshold defined within the CSA, then the counterparty is required to post collateral with a third party custodian, which collateral is pledged to the County. As of March 31, 2021, the total posted collateral was in the form of cash in the amount of approximately \$2.53 million.

The above-described interest rate swap transactions entail risk to the County. For example, the swap agreement counterparties may fail or be unable to perform, interest rates may vary from assumptions, the County may be required to post collateral in certain circumstances or the County may be required to make significant payments (on a senior basis to the 2021B Notes) in the event of an early termination of one or more swap agreements. The County cannot predict if any of the foregoing events will occur with respect to one or more of the swap agreements. However, the County does not anticipate that any such event would have a material adverse effect on the County's ability to pay the principal of and interest on the 2021B Notes.

Termination of LIBOR. Certain of the County's swap agreements related to the Airport call for payments based on the United States Dollar ("USD") London Interbank Offered Rate ("LIBOR"). LIBOR is

an interest rate benchmark index, calculated from estimates submitted by certain banks in London, England of the lending rate between banks for short-term loans. LIBOR is a widely used benchmark in the global financial services industry and is referenced in a variety of financial contracts, including interest rate swap transactions.

LIBOR is currently administered by the Intercontinental Exchange Benchmark Administration (the “IBA”), an independent administrator authorized and regulated by the Financial Conduct Authority (the “FCA”), the regulatory authority in the United Kingdom that is responsible for the supervision of LIBOR.

Central banks and regulators have been working for a number of years to coordinate the review and reform of certain global interest rate benchmarks and to address their potential discontinuation. On July 27, 2017, the FCA announced that it would no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021 (the “FCA Announcement”). As a result of the FCA Announcement, central banks, regulators and industry working groups have been preparing for a transition from the use of LIBOR to alternative reference rates for floating rate interest calculations in contracts that currently utilize LIBOR-based rates.

In response to the FCA Announcement, on October 23, 2020, the International Swaps and Derivatives Association (“ISDA”), a trade organization for derivatives market participants, released amendments to certain definitions which apply to swap agreements (including certain of the County’s swap agreements related to the Airport) that are governed by ISDA standards (the “Amendments”) as well as a LIBOR Fallback Protocol (the “Protocol”) and the form of bilateral agreements which, if adhered to or adopted by parties to a swap agreement with an effective date that is prior to the Amendments, would incorporate the Amendments therein. The Amendments took effect on January 25, 2021 and include new provisions for derivative contracts which reference an interbank offered rate (such as LIBOR) in the event that such interbank offered rate is unavailable. *The Amendments will only apply to the County’s LIBOR-based swap agreements related to the Airport if the County and its counterparties elect to adhere to the Protocol or otherwise agree to apply the Amendments to the County’s existing swaps.*

On November 30, 2020, the IBA, with the support of the Federal Reserve Board and the FCA, announced that it would commence a consultation on the timing of the cessation of publication of USD LIBOR, including the potential cessation of only certain tenors of USD LIBOR on December 31, 2021, and the possible cessation of the most widely used tenors of USD LIBOR, including one-month USD LIBOR, on June 30, 2023.

On March 5, 2021, the FCA announced (the “Termination Announcement”) that USD LIBOR will be discontinued on June 30, 2023 (the “Index Cessation Effective Date”). The date of the Termination Announcement will serve as an “Index Cessation Event” under the Amendments.

Many of the County’s swap agreements related to the Airport will not mature until well after the expected discontinuation of LIBOR. Accordingly, the County expects to amend its swap agreements related to the Airport to address the expected discontinuation of LIBOR.

The following are some of the effects of the Amendments on the County’s swap agreements related to the Airport should the County elect to adhere to the Protocol or otherwise incorporate the Amendments into such swap agreements:

- USD LIBOR will be replaced by an alternative rate (the “Fallback Rate”) after the Index Cessation Effective Date. The Fallback Rate calculation is described in the Amendments and is generally based on the Secured Overnight Financing Rate (“SOFR”), for a similar tenor (a measure of the cost of borrowing cash overnight which is secured by United States Treasury securities), plus a spread (the “Spread”) equal to the median difference between USD LIBOR of the applicable tenor and SOFR of the applicable tenor

over the five year period ending on the date of the Termination Announcement. As discussed above, the Spread for each tenor of LIBOR was announced on March 5, 2021.

- SOFR will change based on market conditions (and could change daily), while the Spread will not change. ISDA has engaged Bloomberg to calculate and publish the Fallback Rate daily. As a result of the foregoing, the rate payable by the County under each swap agreement will not be known until shortly before the conclusion of each payment period for the applicable swap agreement.

- The transition to a SOFR-based rate could change the mark-to-market value of one or more of the County's swap agreements related to the Airport, which could require the County to post collateral in favor of the swap counterparties. In addition, because SOFR-based rates will differ from LIBOR-based rates, the economic value of the swap agreements to the County could be affected.

The Governmental Accounting Standards Board has issued guidance which declares SOFR to be a "Benchmark Rate" that is eligible for hedge accounting. In addition, the Internal Revenue Service has issued guidance to the effect that transitioning derivative contracts from LIBOR-based to SOFR-based rates will not result in a reissuance or be treated as a termination of a qualified hedge.

Legislation has been enacted in New York State in connection with the discontinuance of LIBOR. As a result of this legislation, if the County and its swap counterparties do not amend the County's LIBOR-based swap agreements to incorporate the Amendments, or otherwise address the discontinuance of LIBOR, adjusted SOFR could, by operation of law, be the replacement for LIBOR. Similar legislation in the United States Congress relating to the discontinuance of LIBOR is reportedly under consideration.

The County is unable to determine at this time the ultimate effects of the discontinuation of LIBOR as a reference rate and transition to an alternate benchmark rate. The Fallback Rate is not expected to match the USD LIBOR rate that it replaces, so changes in the level of the floating rate amounts that will be due to the County and the resulting net amounts that will be payable by the County are likely to occur. The County is also unable to determine at this time whether it will be required to post collateral as a result of the cessation of LIBOR, or the effect of the cessation of LIBOR on the economic value of the swap agreements. There can be no assurance that, if the County elects to adopt the Amendments with respect to its swap agreements related to the Airport, the transition to SOFR will not have a material financial impact on the County for the reasons discussed in the foregoing sentence or otherwise.

The County is exploring the implications of the Amendments with its financial and legal advisors and has engaged in discussions with its counterparties with respect thereto. The County has not yet determined whether it will adhere to the Protocol, enter into bilateral agreements with its counterparties to implement the Amendments or take other actions with respect to the termination of LIBOR. In the event that the County elects not to adhere to the Protocol, it may be required to negotiate alternative provisions with each swap counterparty to establish the rate payable under each applicable swap agreement upon the cessation of USD LIBOR. There can be no assurance as to the timing of any decisions with respect to such matters.

Future Interest Rate Swap Agreements. The County may, from time to time, enter into additional interest rate swap agreements (or amend, modify, novate or take certain other actions with respect to existing interest rate swap agreements) with security and payment provisions as permitted under the Master Indenture, the Series Indenture and other applicable agreements. See the caption "—Debt Management Policy" for a description of the County's debt management policy.

Debt Service Requirements

The following table sets forth the annual debt service requirements for the outstanding Senior Securities, the various issues of Second Lien Subordinate Securities (other than PFC Bonds), including the 2021A Bonds, and the various issues of PFC Bonds. The debt service requirements for the 2021B Notes are

not included below because the 2021B Notes are expected to be refinanced or paid from Airport reserves rather than from Net Revenues. The debt service requirements do not reflect payments with respect to interest rate swaps not associated with specific bonds included in the following table.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Debt Service Requirements for Outstanding Senior Securities, Second Lien Subordinate Securities and
PFC Bonds

Period Ending July 1⁽¹⁾	Requirements on Outstanding Senior Securities⁽²⁾	Total Requirements on Subordinate Securities⁽³⁾⁽⁴⁾	Requirements on PFC Bonds⁽⁵⁾	Total
2021	\$ 60,608,821	\$ 136,086,905	\$ 78,324,500	\$ 275,020,226
2022	35,792,071	165,591,333	78,323,250	279,706,654
2023	35,792,071	137,677,997	78,321,000	251,791,068
2024	35,792,071	137,634,981	59,321,250	232,748,302
2025	35,792,071	137,654,675	59,322,000	232,768,746
2026	35,792,071	137,769,044	59,321,000	232,882,115
2027	50,207,071	76,244,990	59,320,750	185,772,811
2028	50,206,321	99,342,828	34,320,750	183,869,899
2029	50,209,571	98,765,192	34,325,250	183,300,013
2030	49,586,732	102,682,288	34,325,500	186,594,520
2031	49,587,482	102,746,522	34,323,500	186,657,504
2032	49,591,482	102,732,478	34,321,000	186,644,960
2033	49,586,482	91,615,430	34,324,500	175,526,412
2034	49,590,732	97,357,745	-	146,948,477
2035	49,586,482	97,329,547	-	146,916,029
2036	63,106,732	83,783,668	-	146,890,400
2037	63,124,709	43,033,743	-	106,158,452
2038	63,155,053	53,023,308	-	116,178,361
2039	63,180,538	53,361,982	-	116,542,519
2040	63,211,167	53,666,557	-	116,877,724
2041	63,243,126	-	-	63,243,126
2042	63,277,147	-	-	63,277,147
2043	111,197,861	-	-	111,197,861
2044	111,199,924	-	-	111,199,924
2045	<u>111,195,037</u>	<u>-</u>	<u>-</u>	<u>111,195,037</u>
TOTAL	\$1,463,612,830	\$2,008,101,213	\$678,194,250	\$4,149,908,288

⁽¹⁾ Totals may not add due to independent rounding. Amount shown is for the Fiscal Year ending on the prior June 30 in which principal and interest accrues.

⁽²⁾ Debt service on the 2010C Bonds reflects announced reductions in BAB Credits through July 2029. See the caption "OPERATING RESULTS—Management Discussion of Operating Results and Projections—Reduction in BAB Credits" for a discussion of announced reductions in such BAB Credits.

⁽³⁾ Exclusive of Parity PFC Bonds, 2008A GO Bonds, 2013B GO Bonds, 2013A Bonds, 2017C Notes, 2018A Notes and 2021B Notes. See the caption "OUTSTANDING AIRPORT INDEBTEDNESS." Includes debt service on 2021A Bonds. See the caption "INTRODUCTION."

⁽⁴⁾ Interest on certain variable rate Subordinate Securities that are hedged with Qualified Swaps is computed based on the fixed rate on the respective Qualified Swap plus: (i) 100 basis points (for obligations not subject to Alternative Minimum Tax); or (ii) 110 basis points (for obligations subject to Alternative Minimum Tax). Interest on certain variable rate Subordinate Securities that are not hedged with Qualified Swaps is computed based upon the prevailing forward curve for the Securities Industry and Financial Markets Association index plus: (i) 100 basis points (for obligations not subject to Alternative Minimum Tax); or (ii) 110 basis points (for obligations subject to Alternative Minimum Tax). Interest on certain Subordinate Securities consisting of interest rate swaps that are not associated with a particular series of obligations is computed based upon the net of the fixed-rate component of such swaps less the floating-rate component thereof, the latter of which is computed based upon a percentage of the prevailing forward curve of the 1-month LIBOR rate plus a fixed spread. See the caption "—Interest Rate Swap Agreements—Termination of LIBOR" for a discussion of the expected termination of LIBOR. Interest assumptions differ from interest assumptions for Subordinate Securities set forth in the table entitled "Statement of Historical and Projected Revenues and Expenses" under the caption "OPERATING RESULTS—Historical Operating Results and Projected Future Operating Results," as described in Footnote 9 to such table.

⁽⁵⁾ Secured by and payable from a portion of certain passenger facilities charges, and in the event that the portion of such passenger facilities charges is insufficient to pay the debt service requirements of the Parity PFC Bonds, then from a second lien on the Net Revenues. See Footnote 11 to the table entitled "Statement of Historical and Projected Revenues and Expenses" under the caption "OPERATING RESULTS—Historical Operating Results and Projected Future Operating Results."

Source: Clark County Department of Aviation; PFM Financial Advisors, LLC.

Future Developments

The Department continuously updates its long-range plan for development of the passenger terminal facilities and airfield areas to meet anticipated growth in airline passengers and aircraft operations. Pursuant to the five-year plan for Fiscal Years 2021 through 2025, the Department scheduled the expenditure of approximately \$404.2 million on capital improvements in such Fiscal Years, consisting of approximately \$113.5 million in airfield and apron improvements, \$122.2 million in terminal facilities enhancements, \$138.8 million in infrastructure and support facilities improvements and \$29.7 million in improvements to North Las Vegas Airport, Henderson Executive Airport, Jean Airport and Overton Airport. Any such improvements are projected by the Department to be funded from a combination of federal grants, Jet A Fuel Tax revenues and internally generated cash. The Department does not anticipate issuing additional bonds to fund the five-year capital plan for Fiscal Years 2021 through 2025. As described under the caption “OPERATING RESULTS—COVID-19 Outbreak—Future Effects Unknown,” capital projects that were not in progress at the time of the COVID-19 outbreak are currently on hold.

The County has acquired 6,500 acres of land in Ivanpah, Nevada, approximately 32 miles south of Las Vegas, for the construction of a supplemental commercial airport facility once capacity is reached at the Airport. Such facility would be in addition to the Airport and would provide facilities to accommodate approximately 30 million enplanements at ultimate buildout. In September 2018, the Board voted to resume the environmental impact study (the “EIS”) and updates to and reevaluation of supporting studies (the “Supplemental Airport Studies”) for the new facility. The Bureau of Land Management and Federal Aviation Administration will oversee the EIS process, with study costs estimated at approximately \$5 million to \$10 million. The Supplemental Airport Studies include updates to existing studies and reports as well as reevaluation of data based on current conditions. The Supplemental Airport Studies have begun and, once completed, the EIS process will commence. The County estimates that the EIS process could take approximately two years to complete. If the Supplemental Airport Studies support the construction of an airport facility at the Ivanpah location and if the EIS results in a favorable Record of Decision, then the County can elect to proceed with construction and the federal government would be obligated to give the County an additional 17,000 acres of surrounding land for industrial and commercial development that is compatible with the supplemental airport and subject to certain legal restrictions.

County Investment Policy

Nevada Revised Statutes § 355.170 sets forth investments in which the County Treasurer may invest taxes and other County monies, which currently include United States Treasury notes, bonds and bills, certain federal agency securities, bankers acceptances, commercial paper, money market mutual funds, certificates of deposit of local banks, corporate securities, collateralized mortgage obligations and repurchase agreements. Under the current investment policy approved by the Board (the “Investment Policy”), the County Treasurer is required to invest all County monies in accordance with the Investment Policy. Under the Investment Policy, the County Treasurer may invest such moneys in investments described therein, which include certain State Authorized Investments (the “County Authorized Investments”). Certain other restrictions are contained in the Investment Policy, including limitations on maturities of certain County Authorized Investments and ratings qualifications on certain categories of investments.

A large portion of the money held by the County Treasurer for investment is invested through the County Treasurer’s general pooled investment fund (the “County Pool”). Unexpected withdrawals could force the sale of some investments prior to maturity and lead to realization of losses. Such unexpected withdrawals are considered highly unlikely by the County Treasurer. The current Investment Policy allocates gains on securities in the County Pool on a pro rata basis and the County Treasurer reports that any losses would be allocated on the same basis.

Debt Management Policy

The County has integrated a debt management policy (the “Debt Policy”) with its capital planning process. The Debt Policy, which also governs management of the Department’s debt, is approved by the Board at the commencement of each Fiscal Year. The Debt Policy consists of three sections: (i) a summary of the County’s existing and proposed debt; (ii) guidelines for the issuance of debt (including permitted types of debt, optimal terms of issuance and permitted financing methods); this section also sets forth the County’s disclosure and continuing disclosure policies; and (iii) statistical information about the County’s debt, including the calculation of debt service coverage ratios. An appendix to the Debt Policy contains guidelines that govern the County’s interest rate swap agreements.

The goal of the Debt Policy is to ensure that the County has sufficient funds to meet its capital needs while maintaining the County’s credit ratings and market access. The current Debt Policy was adopted by the Board on July 7, 2020.

THE AIRPORT SYSTEM

Description of Existing Airport Facilities

The County owns and operates an Airport System that includes McCarran International Airport as well as four general aviation airports: North Las Vegas Air Terminal, Henderson Executive Airport, Jean Airport and Overton Airport.

McCarran International Airport. The Airport, which occupies approximately 2,800 acres of land, serves Las Vegas and the surrounding communities of southern Nevada, as well as segments of California, Utah and Arizona. It is located six miles south of downtown Las Vegas and one mile from the Las Vegas “Strip,” the center of the Las Vegas gambling and entertainment industry.

In 1979, the County adopted a Master Plan for ongoing Airport expansion and development (the “Master Plan”). The County continually reviews and updates the Master Plan. The County has made significant improvements to the Airport pursuant to the Master Plan.

A major expansion of the terminal structure, an automated transit system, a satellite terminal building, remodeling of the existing terminal structure, a crash/fire/rescue building and a major expansion of the roadway system and supporting facilities were completed by 1987.

Construction of a new parallel east-west runway and associated air field improvements, land acquisition for future expansion and noise compatibility and various other terminal and property improvement projects at the Airport, as well as improvements to the North Las Vegas Air Terminal, were completed by 1992.

Construction of roadway improvements and certain projects for which the Federal Aviation Administration has granted the County approval to impose and use a passenger facility charge were completed by 1994.

Construction of an approximately 6,000-space parking garage adjacent to the previously existing Airport parking garage, roadway modifications, Concourse D, an automated transit system connecting Concourse D to the main terminal, runway improvements, improvements to the international terminal and the west rotunda of the Airport, expansion of baggage handling facilities and land acquisition were completed by 1998.

In April 2005, the County completed the construction of the third wing of Concourse D, which resulted in a net increase of 10 gates.

In April 2007, the consolidated rental car facility was opened to the public. Installation of an in-line baggage screening facility to meet new security requirements was completed in Fiscal Year 2007.

During Fiscal Year 2009, a number of major capital improvements were completed, including the construction of the fourth and final wing of Concourse D, which added eight gates, the repaving of Runway 7R/25L (now called 8R/26L) and Taxiway A, a new security checkpoint to Concourse C, a new pedestrian walkway from Concourse C to Concourses A and B and a complete remodel of the baggage claim areas.

In July 2012, the County completed the \$2.4 billion Terminal 3 project, which is described in further detail under the caption “—Terminal 3 at McCarran International Airport” below. In April 2016, the County completed the rehabilitation of Runway 7L/25R (now called 8L/26R), which is the longest runway at the Airport.

In October 2020, the County commenced a renovation of Concourse C in the Main Terminal Building which will include new fixtures to create additional space for passengers, updated flooring and additional amenities. The renovation is expected to cost approximately \$14.1 million and has an anticipated completion date of August 2021.

Main Terminal Building at McCarran International Airport. The terminal building contains approximately 2,951,000 square feet of space, consisting of a seven-story structure, including ticketing and baggage claim lobbies, a bridge and rotunda, central concession area (e.g., restaurants, shops, restrooms, and other passenger amenities), two pier concourses (Concourses A and B), two satellite concourses (Concourses C and D) served by an automated transit system and public and employee parking.

The ground level of the central terminal includes an inbound baggage handling system, selected building service functions and a special entrance facility for tour group buses. The ground level of the concourses provides space for airline operations and ramp equipment storage.

The esplanade level of the terminal provides space for concession areas and other public facilities. The four building levels above the esplanade level provide covered employee parking spaces for approximately 1,550 automobiles, accessible from an elevated roadway and two helical ramps, as well as office space occupied by the Department.

Concourses A and B extend outward from the rotunda to provide aircraft parking positions and accompanying passenger boarding areas. Each concourse branches to provide access to two cluster buildings, which are used for aircraft parking and boarding. There are a total of 33 aircraft gates in Concourses A and B.

Concourse C consists of approximately 265,530 square feet of concession area, holdrooms and public circulation facilities and provides 18 aircraft gates and related support space.

Concourse D currently consists of approximately 880,062 square feet of concession area, holdrooms and public circulation facilities and provides 44 aircraft gates and related support space.

In April 2020, the Department temporarily closed all of Concourse B’s gates and retail/concession areas, the Concourse C Annex security checkpoint, certain Concourse C gates and certain parking areas in light of the COVID-19 pandemic. Such areas, with the exception of Concourse C (which remains partially closed for renovations as described above under the subcaption “—McCarran International Airport”), were reopened in or about October 2020. See the caption “OPERATING RESULTS—COVID-19 Outbreak” for a detailed discussion of the effect of the pandemic on Airport operations. The Concourse C renovations are expected to be completed in August 2021.

Terminal 3 at McCarran International Airport. The \$2.4 billion Terminal 3 project added additional ticketing, baggage claim and international facilities to the Airport. The terminal includes 14 aircraft gates and

related support space. The opening of the gates, ticketing, and baggage claim facilities occurred in two phases. The first phase, consisting of seven international gates, opened in late June 2012. The second phase, consisting of the remaining seven domestic gates, opened in late July 2012. In mid-2017, the Airport completed international capacity enhancements connecting the Northeast Wing of Concourse D to the United States Customs and Border Patrol facility in Terminal 3. Such enhancements included the construction of an approximately 995-foot long underground corridor linking seven gates which can accommodate international arrivals to the United States Customs and Border Protection facility.

The terminal building contains approximately 2,000,000 square feet of space, consisting of a two-story structure, including ticketing and baggage claim lobbies, a bridge and rotunda, a central concession area (e.g., restaurants, shops, restrooms, and other passenger amenities) served by an automated transit system connecting with the Concourse D gates and public and employee parking.

The ground level terminal includes an inbound baggage handling system and selected building service functions. The ground level also provides space for airline operations and ramp equipment storage and services for United States Customs and Border Protection for all international inbound passengers. Employee parking is accessible at this level along with 600 economy parking spaces.

The first level terminal provides covered parking spaces for approximately 6,000 automobiles, accessible from an elevated roadway and one helical ramp. The parking structure includes approximately 2,000,000 square feet, consists of eight levels and is connected to the terminal building through three pedestrian bridges.

The second level terminal provides space for concession areas, passenger drop-off, ticketing, gate access and other public facilities.

Since April 2020, the Department has temporarily closed 14 gates in Concourse E in Terminal 3 given reduced traffic at the Airport in light of the COVID-19 pandemic. See the caption “OPERATING RESULTS—COVID-19 Outbreak” for a detailed discussion of the effect of the pandemic on Airport operations.

Other Facilities at McCarran International Airport. Other landside facilities at the Airport include an air cargo facility, general aviation and small aircraft sightseeing operations, the Airport traffic control tower and flight standards district office, an aircraft rescue and firefighting station, a central heating and cooling plant, Airport maintenance and engineering buildings and a fuel storage tank area. Ground vehicular areas consist of Airport drives and roadways, public parking lots, a taxi staging area, a charter bus plaza and a rental car service and storage area.

Runways. There are four runways at the Airport: (1) Runway 8L/26R is 14,505 feet long and 150 feet wide and is the primary air carrier aircraft departure runway; (2) Runway 8R/26L is 10,525 feet long and 150 feet wide and is used primarily for air carrier aircraft arrivals; (3) Runway 1R/19L is 9,770 feet long and 150 feet wide and is used primarily for air carrier arrivals and departures; and (4) Runway 1L/19R is 9,770 feet long and 150 feet wide and is used primarily for air carrier arrivals and departures. Other airside facilities consist of related taxiways and apron parking areas. The runway system is capable of accommodating the largest widebody aircraft currently in service.

North Las Vegas Airport. In October 1987, the County acquired the North Las Vegas Airport. The North Las Vegas Airport is within the corporate limits of the City of North Las Vegas on a 920-acre site about 5 miles northwest of downtown Las Vegas. The airfield has three active runways. An approximately 15,600 square-foot terminal and administration building was dedicated in March 1992. In Fiscal Year 2020, approximately 615 aircraft were based at the North Las Vegas Air Terminal, and 189,136 aircraft operations were performed.

Henderson Executive Airport. In March 1996, the County acquired Henderson Executive Airport. Henderson Executive Airport is within the corporate limits of the City of Henderson on an approximately 570-acre site near the edge of the Henderson city limits. The airfield has two active runways, the longest of which is 6,500 feet and capable of accommodating most corporate aircraft. In June 2006, the Department opened a new 24,000 square foot terminal complex at Henderson Executive Airport, a new stand-alone air traffic control tower and 95 new private hangars. In addition, a privately funded office/hangar complex was completed in 2011 and additional third-party projects are currently under construction. In Fiscal Year 2020, approximately 287 aircraft were based at the Henderson Executive Airport, and 61,440 aircraft operations were performed.

Jean Airport. Jean Airport is a general aviation airport in Jean, Nevada, approximately 30 miles south of Las Vegas between Las Vegas and the California/Nevada state line. Jean Airport serves gliders and single-engine aircraft, with glider operations predominant. The airport occupies approximately 280 acres and consists of two parallel paved runways, 2L/20R and 2R/20L. Runway 2L/20R is 4,600 feet long and 75 feet wide and is used primarily for training and powered aircraft operations. Runway 2R/20L is 3,700 feet long and 60 feet wide and is mainly used for gliders and ultralights. Paved aircraft parking facilities for approximately 40 aircrafts are located on the west side of the airport in front of the 6,000 square foot terminal building. There is also a self-service fueling facility providing both Jet A and 100LL fuel on the south side of the parking apron.

Overton Airport. Overton Airport is a general aviation airport in Overton, Nevada, approximately 70 miles northeast of Las Vegas at the northern end of Lake Mead. The airport serves primarily single-engine general aviation aircraft for personal, recreational, and business uses. The approximately 250-acre airport has one active asphalt surface runway, which is 4,800 feet long by 75 feet wide, tiedown spaces and 15 hangers that can accommodate approximately 50 aircrafts, two shade hangars accommodating one aircraft each, a general services building providing public restrooms, telephone and radio transmission equipment and fueling facilities.

Airport Traffic

Between Fiscal Years 1980 and 2007, the annual number of airline passengers enplaned at the Airport increased from 5,406,216 to 23,628,484. Enplanements fell by approximately 15.6% between Fiscal Years 2007 and 2010. Enplanements rose by approximately 5.1% between Fiscal Years 2010 and 2012 before decreasing slightly in Fiscal Year 2013 to 20,872,526 and increasing from 21,224,639 in Fiscal Year 2014 to 25,223,715 in Fiscal Year 2019. Enplanements fell dramatically in the second half of Fiscal Year 2020 in light of the COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING RESULTS—COVID-19 Outbreak.”

In the first three quarters of Fiscal Year 2021, passenger traffic, although down by an average of over 50% from the same period in Fiscal Year 2020, held relatively steady, with between 1.5 million and 2 million passengers each month. In March 2021, Airport traffic totaled over 2.5 million passengers (more than the number of passengers in March 2020, the first month of significant governmental actions in response to the pandemic), all as set forth in the table below.

MONTHLY COMPARISON OF AIRLINE TRAFFIC – 2020/2021 TO 2019/2020
McCarran International Airport

<i>Month</i>	<i>Arriving and Departing Passengers</i>	<i>Increase/ (Decrease) from Prior Year</i>	<i>Month</i>	<i>Arriving and Departing Passengers</i>
January 2020	4,154,165	6.6%	January 2019	3,897,250
February 2020	3,864,192	6.5	February 2019	3,628,594
March 2020	2,064,393	(53.1)	March 2019	4,405,920
April 2020	152,716	(96.4)	April 2019	4,277,550
May 2020	391,712	(91.5)	May 2019	4,584,506
June 2020	1,041,823	(76.6)	June 2019	4,444,263
July 2020	1,623,377	(64.0)	July 2019	4,507,098
August 2020	1,738,064	(60.8)	August 2019	4,431,608
September 2020	1,705,813	(60.6)	September 2019	4,324,072
October 2020	1,981,310	(57.0)	October 2019	4,609,318
November 2020	1,806,909	(56.7)	November 2019	4,169,879
December 2020	1,669,768	(60.7)	December 2019	4,248,466
January 2021	1,505,422	(63.8)	January 2020	4,154,165
February 2021	1,614,130	(58.2)	February 2020	3,864,192
March 2021	2,575,582	24.7	March 2020	2,064,393

Source: Clark County Department of Aviation.

See the table entitled “Historical Airline Traffic” under the caption “—Airline Operations—Historical Passenger Traffic and Airport Operations” for historical passenger traffic over the past ten years.

According to Airports Council International, for calendar year 2019, the latest year for which numbers are available, the Airport was the ninth busiest airport in the nation in terms of total passenger volume in the United States.

Service Area

The Airport serves Las Vegas and the surrounding communities of southern Nevada, as well as portions of California, Utah and Arizona. The nearest airports of comparable size to the Airport are Ontario International Airport in California (approximately 225 miles away) and Phoenix Sky Harbor International Airport (approximately 300 miles away).

Airport Management

The Airport is operated as an enterprise fund of the County and is managed by the Department under the supervision of the Board of the County and the County Manager.

Board of County Commissioners

The Board is the governing body of the County. The seven members are elected from County commission election districts for four-year staggered terms. The County Board members also serve as the directors of the Las Vegas Valley Water District, as trustees of the University Medical Center of Southern Nevada, the Clark County Water Reclamation District, the Big Bend Water District, the Kyle Canyon Water District and the Coyote Springs Water Resources General Improvement District and as members of the Clark County Liquor and Gaming Licensing Board and the Mount Charleston Fire Protection District.

The current members of the County Board and their terms of office are as follows:

Commission Members	District	Years of Service	Expiration of Term
Marilyn Kirkpatrick, Chair	B	5	2025
James B. Gibson, Vice Chair	G	3	2023
Justin Jones	F	2	2023
William McCurdy, II	D	0	2025
Ross Miller	C	0	2025
Michael Naft	A	2	2025
Tick Segerblom	E	2	2023

Administration

The County Manager is the County's chief executive officer and serves at the pleasure of the Board. Yolanda T. King is the County Manager. A brief biography for Ms. King follows.

Yolanda King was appointed as County Manager for the County effective December 2, 2016. In her position as the County's chief executive officer, Ms. King is responsible for the executive oversight of the nation's 14th largest county, which provides both regional and municipal-type services to nearly 2.3 million residents and 44 million visitors per year. Ms. King is charged with carrying out the policies established by the seven-member Board of County Commissioners. She is responsible for the fiscal management of the County's \$8.1 billion budget and provides administrative oversight for 38 diverse and geographically dispersed departments (including the Airport and University Medical Center) and for more than 10,000 employees. Ms. King served as the County's Chief Financial Officer since January 2014 and Assistant County Manager since June 2013. Prior to that, she served as director of Budget and Financial Planning, before which she was budget manager, a principal financial analyst and senior financial analyst. Ms. King began her tenure with the County in 1986 as a part-time employee. She has a dual Bachelor of Science degree in Accounting and Management Information Systems from the University of Nevada, Las Vegas and a Master's of Business Administration from the University of Phoenix.

Department of Aviation

Rosemary A. Vassiliadis, Director of Aviation. Ms. Vassiliadis was appointed Director of Aviation in June 2013. Ms. Vassiliadis previously served the Department as Deputy Director between December 1997 and June 2013. Previously she worked for the County as the Director of the Department of Finance and for the City of Las Vegas as the Manager of Finance and Budget. Prior to her government service, Ms. Vassiliadis worked for Zenith International Corporation in the Corporate Accounting Department. Ms. Vassiliadis graduated from DePaul University in Chicago with a Bachelor of Science Degree in Accountancy.

James Chrisley, Deputy Director of Aviation. Mr. Chrisley has worked for the Department since 2015 and was appointed Deputy Director of Aviation in 2015. In his current position, Mr. Chrisley oversees a variety of functions at the Airport, including airside, facilities and maintenance and construction and engineering, as well as general aviation operations. Mr. Chrisley served more than 21 years in the United States Air Force, advancing in ranks to a variety of leadership and management positions within the Mission and Support and Civil Engineer career fields and has served both as a Deputy Commander and as a Commander. Mr. Chrisley earned his Bachelor's Degree in Civil Engineering from the United States Air Force Academy and Master's Degree from the University of Texas at Austin.

Ralph LePore, Deputy Director of Aviation. Mr. LePore has worked for the Department since 2001 and was appointed Deputy Director of Aviation in 2019. In his current position, Mr. LePore oversees a variety of functions at the Airport, including terminal operations, landside operations and security. Immediately prior to stepping into the Deputy Director role, Mr. LePore was Assistant Director of Aviation, Terminal Operations overseeing passenger services, custodial operations and facility maintenance for more than 12 million square

feet of terminal space. Before joining the Department, Mr. LePore was a service professional in the Las Vegas resort industry. Among his diverse experiences in hotel, housekeeping and facility operations, LePore played a vital role in the openings of two well-known hotel properties on the Las Vegas Strip and he was named Manager of the Year in 1996 by the Las Vegas Chapter of the International Executive Housekeeper's Association. Mr. LePore earned his Bachelor's Degree in Hotel Administration from the University of Nevada, Las Vegas and a Master of Business Administration from Webster University.

Joseph Piurkowski, Chief Financial Officer. Mr. Piurkowski joined the Department in October 2007 as Audit Supervisor and was promoted to Manager of Fiscal Services and Budget in December 2009. He served as Assistant Director of Aviation/Finance between 2010 and 2013 and was appointed Chief Financial Officer in 2013. Prior to working at the Department, Mr. Piurkowski spent a total of seven years in the public accounting industry, performing a variety of accounting and auditing related services for clientele ranging from locally owned businesses to large publicly traded corporations. He began his professional career as a staff accountant with a small public accounting firm where he earned his Certified Public Accountant designation in September 2002, and was promoted to manager of the firm's accounting and auditing practice. Mr. Piurkowski was most recently employed by the international accounting firm of PricewaterhouseCoopers, LLP where he spent two years in the firm's assurance practice performing, supervising, and reviewing both internal and external audits. Mr. Piurkowski graduated from the University of Nevada, Las Vegas with a Bachelor's Degree in Business Administration majoring in Accounting.

Employees and Pension Matters

As of April 1, 2021, the Department had approximately 1,302 full time employees. Certain Department employees are represented by the Service Employees International Union Local 1107 (the "SEIU") under a collective bargaining agreement (a "CBA") that expires in June 2021 and by the International Union of Elevator Constructors (the "IUEC" and, together with the "SEIU," the "Unions") under a CBA that expires in June 2023. The Department is currently negotiating a new agreement with the SEIU. The terms of the current CBA will govern relations with the SEIU while such new agreement is being negotiated. See the caption "OPERATING RESULTS—COVID-19 Outbreak—Airport Operations" for a discussion of voluntary separation agreements entered into with certain employees.

Substantially all of the public employees in Nevada, including those of the Department, are covered under the State's Public Employees Retirement System ("PERS"). PERS was established by the State Legislature on July 1, 1948 and is governed by the Public Employees Retirement Board, whose seven members are appointed by the Nevada Governor to four-year terms. Except for certain County-specific information that is set forth below, the information below has been obtained from publicly-available documents provided by PERS. The County has not independently verified the information obtained from the publicly available documents provided by PERS and is not responsible for its accuracy. Copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

All Department employees who meet certain eligibility requirements participate in PERS, which is a cost-sharing, multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation over 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits and death benefits. PERS has several tiers based on legislative changes effective with membership dates.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board Statement ("GASB") No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25 ("GASB 67"). The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for

pension plans. These standards apply for financial reporting purposes only and do not apply to contribution amounts for pension funding purposes.

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position and net pension liability in its Comprehensive Annual Financial Report for the fiscal years ended June 30, 2014 and 2015. The total pension liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding. The fiduciary net position is equal to the market value of assets.

Effective with Fiscal Year 2015, the County was required to apply GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (“GASB 68”), to its audited financial statements. Among other matters, GASB 68 requires the County to report its proportionate share of the total PERS net pension liability in its financial statements, separates accounting and reporting requirements from funding decisions and requires the unfunded portion of the pension liability to be apportioned among the participating employers.

The Department’s 15.7% share of the County’s proportionate share of the total PERS net pension liability is set forth in Note 5 to the Financial Statements attached hereto as Appendix B. The Department’s contributions to PERS for the years ended June 30, 2020, 2019 and 2018 were approximately \$27,829,360, \$25,265,395 and \$24,100,000, respectively.

See Note 5 to the Financial Statements attached hereto as Appendix B for further information with respect to the PERS plan.

Other Post-Employment Benefits

General. The County also makes available certain post-retirement health insurance and life insurance benefits (“OPEB”) to employees, including Airport employees, who retire under PERS and elect to receive and pay for these benefits. The OPEB are only available to retirees who are then receiving a pension from PERS (“Retirees”). The current OPEB program covers County employees and Retirees. Legislation enacted during 2007 changed County employee eligibility to join the State-administered Public Employees’ Benefit Program (“PEBP”), described below. Employees who retired on or before September 1, 2008 were eligible to join the PEBP. All other employees who retire after that date will be able to join the County health maintenance organization (“HMO”) or preferred provider organization (“PPO”) programs.

Health Insurance. Retirees can elect to continue to participate in the health insurance benefits provided to employees. For each Retiree, the premium for this insurance benefit is based on the number of persons covered (i.e., the premium is greater for a Retiree who elects to also have dependents covered). The County offers two types of health insurance, a self-funded PPO plan and an HMO plan. Retirees can elect to continue coverage under either of these plans upon payment of the required premium for themselves and their dependents. The premium payable by the Retiree for the self-funded plan is based on the number of years of service with any of the public entities within the benefit plan, and whether the Retiree (or dependent) receives Medicare insurance benefits. Premiums for the HMO are not dependent on the years of County employment, but vary based upon whether or not the employee receives Medicare insurance benefits.

In lieu of participating in one of the County health insurance plans, Retirees can elect to obtain health care coverage for themselves and their dependents under the PEBP. If a Retiree elects this option, the County is required by Nevada Revised Statutes § 287.023 to pay a statutorily-defined portion of the Retiree’s premium for coverage under the PEBP; the balance of the premium must be paid by the Retiree. The County’s portion of the premium is based on the number of years the Retiree was employed by the County; for employment of 20 years or more, the County is required to pay 100% of the premium subsidy. In the 2007 Nevada Legislative Session, Senate Bill 544 (“SB 544”) was adopted, which eliminated the ability of a retiree to receive coverage for health insurance under the PEBP unless the retiree’s last employer was actively participating in the plan.

Since the County does not utilize the plan for active employees, the practical effect of SB 544 is that after November 30, 2008, retired County personnel will no longer be eligible to receive health insurance coverage through the PEBP. Any members already enrolled in the plan at that date will be grandfathered in and will not be subject to any benefit terminations.

Life Insurance. The life insurance benefit offered to Retirees currently provides a \$20,000 death benefit if the Retiree dies before age 70 and a \$1,000 death benefit if the Retiree dies after that age; Retirees who elect to obtain this benefit must pay a subsidized premium of \$45.60 per year if they are under 70 and a premium of \$2 per year if they are over 70. Spouses of Retirees can also be covered at additional cost to the Retiree; the death benefit paid on the death of the spouse is \$5,000 if the Retiree is under 70 and \$1,000 if the Retiree is 70 or older.

Valuation of the OPEB Program and County Share. The County historically has funded its OPEB on a pay-as-you-go basis, but beginning in Fiscal Year 2008, Governmental Accounting Standards Board Statement No. 45 required that the County begin recording a liability for its share of the OPEB Program unless it sets aside into an irrevocable trust sufficient monies to fund its “ARC” (as defined below) in each year. The annual OPEB cost is calculated based on an amount that is actuarially determined to be a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years (the “Annual Required Contribution” or ARC).

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“GASB 75”), which is effective for fiscal years beginning after June 15, 2017. The objective of GASB 75 is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of GASB 75 resulted in a prior period adjustment of \$429,719,543 for the County, of which \$23,952,000 represented the Department’s share, to recognize the net OPEB liability, and \$21,005,853 for the County, of which the Department’s share was \$2,090,000, in deferred outflows of resources related to OPEB contributions made during the measurement period.

Funding of Net OPEB Obligation. Prior to 2017, the County, excluding the non-Detention portion of the Metropolitan Police Department (“Metro”), used the Other Postemployment Benefits Reserve internal service fund to allocate OPEB costs to each fund, based on employee count. Each fund incurred a charge for service from the Other Postemployment Benefit Reserve fund for their portion of the annual OPEB cost. In June 2017, the County closed the Other Postemployment Benefits Reserve internal service fund and transferred the internal service fund’s assets to a new Post-Employment Benefit Reserve special revenue fund to address accounting standard changes in GASB Statement No. 75. The purpose and function of the Post-Employment Benefit Reserve special revenue fund is the same as the former Other Postemployment Benefits Reserve internal service fund, except that the permitted use of the special revenue fund has been expanded to include post-retirement benefits in general, including pension contributions. Although the permitted use of the special revenue fund has been expanded, the County continues to only charge OPEB-related costs to this fund.

In Fiscal Year 2014, the County approved the establishment of an irrevocable trust called the Clark County, Nevada Self-Funded OPEB Trust Fund (the “OPEB Trust”) to pre-fund OPEB costs. The County contributed approximately \$82.9 million in Fiscal Year 2015 to the OPEB Trust, but did not contribute any moneys to the OPEB Trust in Fiscal Years 2016, 2017 or 2018. The County contributed approximately \$24.1 million and \$12.9 million, of which the Department’s budgeted share was \$10.4 million and \$8.3 million, respectively, to the OPEB Trust in Fiscal Years 2019 and 2020. The Department’s Fiscal Year 2020 contribution was below the Fiscal Year 2020 budgeted amount, and the Department has not budgeted for a contribution to the OPEB Trust in Fiscal Year 2021, in each case in an effort to preserve cash in light of the COVID-19 outbreak and its effect on Airport operations. See the caption “OPERATING RESULTS—COVID-19 Outbreak.”

As of June 30, 2020, the OPEB Trust had \$159,224,262 in net assets that the County intends to use for future OPEB obligations. As of June 30, 2020, the Department is responsible for approximately \$39,871,880 of the County's net OPEB obligation. For Fiscal Years 2020, 2019 and 2018, the Department recorded expenses of \$1,225,043, \$5,597,478 and \$8,973,329, respectively, representing its share of the increase in the total net OPEB obligation of the County, Metro, PEBP and Fire Plans described above. For Fiscal Year 2021, the Department has budgeted an expense of \$1,500,000 for OPEB costs, representing its share of the increase in the total net OPEB obligation of the County, PEBP and Fire Plans described above.

See Note 6 to the Financial Statements attached hereto as Appendix B for further information with respect to the County's OPEB plans.

Budget Process

The Department's budget is prepared on the basis of full accrual accounting. As a component unit of the County, the Department's budget is prepared by the Director of Aviation and Department staff and then submitted to the County and incorporated in its budget as one of the County's enterprise funds. Accordingly, the Department budget is subject to the budgeting requirements of the State of Nevada and the related budget hearings and open public meeting requirements of the County's budget process. The budget is ultimately approved by the Board. The Board approved the Department's operating budgets for Fiscal Years 2021 and 2022 on May 19, 2020 and May 17, 2021, respectively. See the caption "OPERATING RESULTS—COVID-19 Outbreak" for a discussion of the effect of the COVID-19 outbreak on the Department's operating budgets for Fiscal Years 2021 and 2022.

Department Insurance

The Department maintains a comprehensive general liability insurance policy from Starr Indemnity in the amount of \$750,000,000 (total per occurrence), and property insurance through policies purchased from Lexington Insurance Company with a total limit of \$1,500,000,000. In addition, the Department maintains construction liability and builder's risk insurance for certain capital projects. See Note 13 in the Financial Statements set forth in Appendix B for more information with respect to the Department's insurance coverages.

Airport Operations

Historical Passenger Traffic and Airport Operations. Set forth below is a table showing airline enplaned passenger and aircraft departure information for the Airport for the past ten Fiscal Years and for the first nine months of the current and previous Fiscal Year. For Fiscal Year 2020, scheduled airlines accounted for approximately 97.7% of total enplanements and charter airlines accounted for approximately 0.2%. The remainder was general aviation.

HISTORICAL AIRLINE TRAFFIC
McCarran International Airport

<i>Fiscal Year</i>	<i>Enplaned Passengers⁽¹⁾</i>	<i>Average Annual Percent Increase (Decrease)</i>	<i>Airline Aircraft Departures⁽²⁾</i>	<i>Average Annual Percent Increase (Decrease)</i>
2011	20,266,091	1.6%	224,388	2.6%
2012	20,962,087	3.4	227,206	1.3
2013	20,872,526	(0.4)	221,755	(2.4)
2014	21,224,639	1.7	219,437	(1.0)
2015	21,863,773	3.0	216,604 ⁽³⁾	(1.3)
2016	23,307,617	6.6	215,887	(0.3)
2017	23,973,303	2.9	220,229	2.0
2018	24,596,343	2.6	223,879	1.7
2019	25,223,715	2.6	225,571	0.8
2020 ⁽⁴⁾	19,040,295	(24.5)	185,107	(17.9)
July 1, 2019 – March 31, 2020	18,253,144 ⁽⁵⁾	--%	169,123	--%
July 1, 2020 – March 31, 2021 ⁽⁴⁾	8,087,475 ⁽⁵⁾	(55.7)	100,533	(40.6)

⁽¹⁾ Includes all enplaned passengers on scheduled, charter, and commuter and other airlines.

⁽²⁾ Includes passenger airline and cargo airline aircraft departures.

⁽³⁾ Decrease reflects a general aviation operator's partial shift of operations from the Airport to Henderson Executive Airport.

⁽⁴⁾ Decrease reflects effect of COVID-19 outbreak and governmental actions in response thereto. See the caption "OPERATING RESULTS—COVID-19 Outbreak."

⁽⁵⁾ Differs from amount set forth in the table entitled "Origination and Destination and Connecting Passengers Airline Traffic" below because the above numbers reflect Airport enplanements only.

Source: Clark County Department of Aviation.

For Fiscal Year 2020, on a year over year basis, enplaned passenger traffic was down approximately 24.5% and aircraft departures were down approximately 17.9% as a result of the COVID-19 outbreak and governmental actions in response thereto. For the first nine months of Fiscal Year 2021, enplaned passenger traffic was down approximately 55.7% from the corresponding period in Fiscal Year 2020 (which period was almost entirely prior to the COVID-19 outbreak) and aircraft departures were down approximately 40.6% compared to the corresponding period in Fiscal Year 2020 as a result of the COVID-19 outbreak and governmental actions in response thereto. See the caption "OPERATING RESULTS—COVID-19 Outbreak."

Set forth below is a table showing origination and destination passenger traffic and connecting passenger traffic for the Airport for the past ten Fiscal Years and for the first nine months of the current and previous Fiscal Year.

ORIGINATION AND DESTINATION AND CONNECTING PASSENGERS AIRLINE TRAFFIC
McCarran International Airport

Fiscal Year	Total Passengers	Average Annual Percent Increase (Decrease)	Connecting Passengers	Average Annual Percent Increase (Decrease)	Origination and Destination Passengers	Average Annual Percent Increase (Decrease)
2011	40,495,125	1.6%	4,138,209	(21.5)%	36,356,916	5.1%
2012	41,874,993	3.4	3,853,211	(6.9)	38,021,840	4.6
2013	41,681,296	(0.5)	4,304,552	11.7	37,376,744	(1.7)
2014	42,323,363	1.5	4,674,528	8.6	37,648,835	0.7
2015	43,654,371	3.1	4,994,313	6.8	38,660,058	2.7
2016	46,558,098	6.6	5,258,746	5.3	41,299,352	6.8
2017	47,884,189	2.9	4,761,831	(9.4) ⁽²⁾	43,122,358	4.4
2018	49,152,910	2.7	5,102,156	7.1	44,050,754	2.2
2019	50,411,721	2.6	5,413,262	6.1	44,998,459	2.2
2020 ⁽¹⁾	37,966,578	(24.7)	4,230,422	(21.9)	33,736,156	(25.0)
July 1, 2019 – March 31, 2020	36,376,460 ⁽³⁾	--%	3,846,274	--%	32,530,186	--%
July 1, 2020 – March 31, 2021 ⁽¹⁾	16,219,792 ⁽³⁾	(55.4)	2,187,532	(43.1)	14,032,260	(56.9)

⁽¹⁾ Decrease reflects effect of COVID-19 outbreak and governmental actions in response thereto. See the caption “**OPERATING RESULTS—COVID-19 Outbreak**.”

⁽²⁾ Decrease reflected reduction in number of seats serving the Airport in such Fiscal Year by Southwest Airlines, the largest carrier at the Airport.

⁽³⁾ Differs from amount set forth in the table entitled “**Airline Market Shares McCarran International Airport First Nine Months of Fiscal Year 2021 and First Nine Months of Fiscal Year 2020**” under the caption “**—Airlines Serving the Airport**” because the above numbers reflect Airport enplanements and deplanements.

Source: Clark County Department of Aviation.

In Fiscal Year 2020, approximately 88.9% of passengers at the Airport represented origination and destination passengers, with the remaining approximately 11.1% representing connecting passengers changing planes at the Airport. The origination and destination passenger activity decreased by approximately 25.0% in Fiscal Year 2020 as compared to Fiscal Year 2019 as a result of the COVID-19 outbreak and governmental actions in response thereto. Comparing connecting passenger activity from Fiscal Year 2020 to Fiscal Year 2019, the number of connecting passengers decreased by approximately 21.9% in Fiscal Year 2020 as a result of the COVID-19 outbreak and governmental actions in response thereto. Connecting passengers increased as a percentage of total passengers from approximately 10.7% of total passengers in Fiscal Year 2019 to approximately 11.1% of total passengers in Fiscal Year 2020. For the first nine months of Fiscal Year 2021, connecting passengers have decreased approximately 43.1% from the corresponding period in Fiscal Year 2020 (which period was almost entirely prior to the COVID-19 outbreak), and origin and destination passengers have decreased by approximately 56.9% from the corresponding period in Fiscal Year 2020. See the caption “**OPERATING RESULTS—COVID-19 Outbreak**.”

Annual decreases in connecting passengers in Fiscal Year 2012 were primarily a result of a decrease in enplanements by US Airways, which had formerly used the Airport as a regional hub. See the caption “**—Airlines Serving the Airport**.” The cumulative increase in connecting passengers since Fiscal Year 2013 reflects additional connecting flights through the Airport by the largest carrier serving the Airport, Southwest Airlines.

Historical Seat Capacity and Average Load Factor. Set forth below is a summary of historical seat capacity and average load factor for the Airport for the past ten Fiscal Years and for the first nine months of the current and previous Fiscal Year.

HISTORICAL SEAT CAPACITY AND AVERAGE LOAD FACTOR
McCarran International Airport

<i>Fiscal Year</i>	<i>Total One Way Seats</i>	<i>Average Annual Percent Increase (Decrease)</i>	<i>Average Load Factor</i>	<i>Average Annual Percent Increase (Decrease)</i>
2011	23,983,332	(0.8)%	86.2	1.2%
2012	24,673,462	2.9	86.3	0.1
2013	24,487,396	(0.8)	85.2	(1.3)
2014	24,975,104	2.0	85.0	(0.2)
2015	25,598,313	2.5	85.5	0.6
2016	27,033,052	5.6	86.4	1.1
2017	27,940,073	3.4	85.9	(0.6)
2018	28,356,626	1.5	86.9	1.2
2019	29,110,308	2.7	86.6	(0.3)
2020 ⁽¹⁾	25,578,221	(12.1)	74.5	(14.0)
July 1, 2019 – March 31, 2020	22,739,834	--%	80.3	--%
July 1, 2020 – March 31, 2021 ⁽¹⁾	13,173,899	(42.1)	41.4	(48.4)

⁽¹⁾ Decrease reflects effect of COVID-19 outbreak and governmental actions in response thereto, as well as certain voluntary actions by airlines such as keeping middle seats free of passengers. See the caption “OPERATING RESULTS—COVID-19 Outbreak.”

Source: Clark County Department of Aviation.

Seat capacity grew between Fiscal Year 2011 and Fiscal Year 2019 except for a slight decrease in Fiscal Year 2013, while load factors remained stable. Seat capacity decreased by approximately 12.1% in Fiscal Year 2020 compared to Fiscal Year 2019 as airlines reduced the number of available seats in the last two quarters of the Fiscal Year in order to provide more space between passengers and accommodate lower enplanements in light of the COVID-19 outbreak and governmental actions in response thereto, while load factors decreased by approximately 14.0%. Seat capacity decreased by approximately 42.1% in the first nine months of Fiscal Year 2021 compared to the corresponding period in Fiscal Year 2020 (which was prior to the COVID-19 outbreak), while load factors decreased by approximately 48.4%. See the caption “OPERATING RESULTS—COVID-19 Outbreak.”

Historical Airline Landed Weight. Set forth below is a summary of historical airline landed weight for the Airport for the past ten Fiscal Years and for the first nine months of the current and previous Fiscal Year.

HISTORICAL AIRLINE LANDED WEIGHT
McCarran International Airport

<i>Fiscal Year</i>	<i>Landed Weight⁽¹⁾</i>	<i>Average Annual Percent Increase (Decrease)</i>
2011	24,288,033	(0.1)%
2012	24,855,800	2.3
2013	24,313,563	(2.2)
2014	24,431,409	0.5
2015	24,668,357	1.0
2016	25,803,661	4.6
2017	26,493,451	2.7
2018	26,856,277	1.4
2019	27,418,216	2.1
2020 ⁽²⁾	22,749,778	(17.0)
July 1, 2019 – March 31, 2020	20,683,047	--%
July 1, 2020 – March 31, 2021 ⁽²⁾	12,243,559	(40.8)

⁽¹⁾ Amounts in thousands of pounds.

⁽²⁾ Decrease reflects effect of COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING RESULTS—COVID-19 Outbreak.”

Source: Clark County Department of Aviation.

Airline landed weight decreased by approximately 17.0% in Fiscal Year 2020 as compared to Fiscal Year 2019 and by approximately 40.8% during the first nine months of Fiscal Year 2021 as compared to the corresponding period in Fiscal Year 2020 (which period was almost entirely prior to the COVID-19 outbreak), in each case as a result of the COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING RESULTS—COVID-19 Outbreak.”

Airlines Serving the Airport. As of January 1, 2020, the Airport was served by 31 scheduled airlines, of which 19 were international carriers. As of January 1, 2021, the Airport was served by 15 scheduled airlines, of which 4 were international carriers. Most of the international carriers that served the Airport prior to the outbreak of COVID-19 are not currently serving the Airport due to COVID-19 travel restrictions and a lack of demand. In addition, the Airport is served by one charter passenger airline that operates at the Airport on a regular basis and several other charter airlines that provide service to the Airport on an occasional basis. The scheduled airlines serving the Airport (excluding charters and air taxis) averaged 507 scheduled departures per day to 144 nonstop markets as of January 1, 2020 and 265 scheduled departures per day to 112 nonstop markets as of January 1, 2021.

The following tables present the market shares of enplaned passengers for the scheduled airlines serving the Airport for the first nine months of Fiscal Year 2021 and for Fiscal Years 2020 and 2019, as well as for the first nine months of Fiscal Year 2021 compared to the same period in Fiscal Year 2020. Southwest Airlines accounted for approximately 32.8% of total enplaned passengers at the Airport in Fiscal Year 2020. No other airline accounted for more than 11% of total enplaned passengers in Fiscal Year 2020.

AIRLINE MARKET SHARES
McCarran International Airport
First Nine Months of Fiscal Year 2021 and Fiscal Years 2020 and 2019

	<i>July 1, 2020 – March 31, 2021</i>		<i>Fiscal Year 2020</i>		<i>Fiscal Year 2019</i>	
	<i>Enplaned Passengers</i>	<i>Percent</i>	<i>Enplaned Passengers</i>	<i>Percent</i>	<i>Enplaned Passengers</i>	<i>Percent</i>
Scheduled Airlines:						
Southwest	2,839,871	35.1%	6,241,218	32.8%	8,971,760	35.6%
Spirit	1,218,253	15.1	2,019,837	10.6	2,361,517	9.4
American	863,826	10.7	1,718,451	9.0	2,244,777	8.9
Frontier	773,524	9.6	1,401,842	7.4	1,236,031	4.9
Delta	658,750	8.2	1,923,499	10.1	2,512,623	10.0
United Continental	507,955	6.3	1,493,427	7.8	2,094,660	8.3
Allegiant	448,304	5.5	886,811	4.7	1,182,786	4.7
Alaska	233,280	2.9	788,679	4.1	1,098,729	4.4
Jet Blue	120,623	1.5	409,161	2.1	582,487	2.3
International Carriers	120,529	1.5	1,300,773	6.8	1,883,962	7.5
Sun Country	88,166	1.1	208,719	1.1	214,140	0.8
Hawaiian Air	35,786	0.4	193,433	1.0	253,940	1.0
Contour	--	--	10,883	0.1	6,878	0.0
California Pacific	--	--	--	0.0	190	0.0
Subtotal	7,908,867	97.9%	18,596,733	97.6%	24,644,480	97.7%
Charter Airlines	--		30,548	0.2	43,557	0.2
General Aviation and Other	178,608	2.2	413,014	2.2	535,678	2.1
Total Enplaned Passengers⁽¹⁾	<u>8,087,475</u>	<u>100.0%</u>	<u>19,040,295</u>	<u>100.0%</u>	<u>25,223,715</u>	<u>100.0%</u>

⁽¹⁾ May not add due to rounding. Decrease in Fiscal Year 2020 reflects effects of COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING RESULTS—COVID-19 Outbreak.”

Source: Clark County Department of Aviation.

See the caption “OPERATING RESULTS—Other Factors Affecting Airport Operations and Revenues” for a discussion of airline bankruptcies and the possible effects thereof on the Airport.

AIRLINE MARKET SHARES
McCarran International Airport
First Nine Months of Fiscal Year 2021 and First Nine Months of Fiscal Year 2020

Airline	July 2020 – March 2021			July 2019 – March 2020	
	Enplaned Passengers	Percent	Increase (Decrease)	Enplaned Passengers	Percent
Southwest	2,839,871	35.1%	(51.2)%	5,820,661	31.9%
Spirit	1,218,253	15.1	(37.5)	1,949,158	10.7
American	863,826	10.7	(47.6)	1,648,161	9.0
Frontier	773,524	9.6	(43.0)	1,357,012	7.4
Delta	658,750	8.2	(65.0)	1,882,708	10.3
United Continental	507,955	6.3	(65.4)	1,470,052	8.1
Allegiant	448,304	5.5	(45.9)	828,427	4.5
Alaska	233,280	2.9	(69.7)	770,807	4.2
General Aviation & Other	178,608	2.2	(54.8)	394,778	2.2
JetBlue	120,623	1.5	(69.9)	400,931	2.2
International Carriers	120,529	1.5	(90.7)	1,296,242	7.1
Sun Country	88,166	1.1	(55.8)	199,343	1.1
Hawaiian	35,786	0.4	(81.5)	193,433	1.1
Charter Airlines	-	-	(100.0)	30,548	0.2
Contour	-	-	(100.0)	10,883	0.1
Total Enplaned Passengers ⁽¹⁾⁽²⁾	8,087,475	100.0%	(55.7)%	18,253,144	100.0%

⁽¹⁾ Differs from amount set forth in the table entitled “Origination and Destination and Connecting Passengers Airline Traffic” under the caption “—Historical Passenger Traffic and Airport Operations” because the above numbers reflect Airport enplanements only.

⁽²⁾ May not add due to rounding.

Source: Clark County Department of Aviation.

Airline Agreements; Rates and Charges

On August 17, 2010, the Board approved and authorized the Director of Aviation to execute the new Airline-Airport Use and Lease Agreement (the “Airline Agreement”) with those airlines serving the Airport that meet the minimum qualifications to become signatories thereof.

The key provisions of the Airline Agreement include the following: (i) a term of five years with two one-year options with the effective date being retroactive to July 1, 2010; the extension of the Airline Agreement through June 30, 2030 is discussed below; (ii) the rate making methodology is a full residual agreement with each direct cost center, airfield, terminal and apron areas standing on its own; (iii) the Department retains the gaming and net revenues from the consolidated rental car facility as its discretionary cash which is deposited into the Capital Fund; (iv) the Department’s five-year capital plan is pre-approved as an exhibit to the Airline Agreement; and (v) the Airline Agreement establishes a Rate Stabilization Fund that will be funded each year with 50% of the amortization charged to the airlines and this fund can be used for keeping rates at competitive levels. Rentals and fees are established each Fiscal Year based on the approved Airport System operating budget. The rates are reviewed and adjusted, if necessary, throughout each Fiscal Year to ensure that the rate covenants described under the caption “SECURITY FOR THE 2021B NOTES—Rate Maintenance Covenants” are being met. At the end of each Fiscal Year, the Airport recalculates the rates based on actual expenses and revenues and, if additional rents or credits are due, the airlines receive these credits or are paid additional amounts due within 30 days from notification. The County reserves the right to make certain extraordinary adjustments to rentals and fees to assure that costs and expenses of the Airport will be paid.

The Airline Agreement provides that all rights of the airlines thereunder are expressly subordinated to the provisions of any pledge made by the County pursuant to the terms of the Master Indenture.

Rates and charges for those airlines at the Airport which are not subject to the Airline Agreement are 125% of the signatory rates (with the exception of landing fees).

The Department and the Airline Airport Affairs Committee, representing the signatory airlines, have extended the Airline Agreement to June 30, 2030, including a five-year extension commencing July 1, 2021 followed by a four-year extension commencing July 1, 2026. As of October 1, 2020, the following signatory airlines have executed the Airline Agreement, as well as an amendment to the Airline Agreement reflecting the extension of the term thereof to June 30, 2030: Alaska Airlines, American Airlines, Delta Air Lines, United Airlines, Southwest Airlines, Air Canada, Allegiant Air, Spirit, British Airways, Frontier Airlines, JetBlue Airways and WestJet Airlines. Upon mutual agreement of the Department and a majority of the signatory airlines to either of the extension periods outlined in the Airline Agreement, each extension shall be binding on all signatory airlines. If a signatory airline chooses not to be bound by either extension period, such airline may elect to opt out of the extension term by providing the Department written notice of such election within 90 days of the mutual agreement between the parties to the extension period.

The Department and a majority of the signatory airlines have agreed to the five year extension period effective July 1, 2021 and all signatory airlines were provided notice on April 12, 2021 of the parties' intent to extend the term of the agreement until June 30, 2026. Signatory airlines may opt out of this extension period by providing the Department notice no later than July 11, 2021. The Department is not currently aware of any airline that intends to opt out of the five year extension period except for Virgin Atlantic, which is unable to operate due to the COVID-19 pandemic.

In April 2020, at the onset of the COVID-19 outbreak, the Department and the Airline Airport Affairs Committee engaged in discussions with respect to the deferral of payments due under the Airline Agreement. As described under the caption "OPERATING RESULTS—COVID-19 Outbreak—Tenant Relief Program," the Department agreed to defer the "joint use" portion of terminal rental fees (which are shared among the airlines based on the percentage of total enplanements that is attributable to each airline) for airlines that are signatories to the Airline Agreement for the period from April 2020 through June 2020. None of the fees payable by the airlines were forgiven, and the Department received payment of all deferred fees (based on average enplanements from March 2019 through February 2020) by December 2020.

Airport Concessions

The principal concessions at the Airport are gaming, rental car, automobile parking, advertising, news and gift and food and beverage. The County also derives revenues from specialty shops, limousines, ground transportation services, building and land rentals and other concessions. Concessions in general operate under concession agreements providing for payment to the County of a percentage of gross revenue. In Fiscal Year 2020, concession revenues included approximately \$28.6 million in gaming revenues, \$59.0 million in advertising and food/beverage revenues, news/gift and other terminal concession revenues, \$52.1 million in rental car and other transportation (including limousine, taxi, bus and transportation network companies ("TNCs") such as Uber and Lyft) revenues and parking revenues of approximately \$34.4 million.

Since the onset of the COVID-19 outbreak, the Department and Airport concessionaires have engaged in discussions with respect to the deferral and waiver of payments due under the concession agreements. As described in greater detail under the caption "OPERATING RESULTS—COVID-19 Outbreak," the Department agreed to waive minimum monthly fees based on prior year revenues for the period from April 2020 through October 2020. On October 6, 2020, the Board approved a plan to waive minimum monthly fees for October 2020 and to reduce minimum monthly fees by 75% beginning in November 2020 through the anniversary of each concession agreement, with such fees to be renegotiated in 2021 (the "10/6/20 Plan"). The Department is currently determining whether and in what capacity to apply ARP Act moneys to provide further relief to Airport concessionaires. See the caption "OPERATING RESULTS—COVID-19 Outbreak."

The Department's Fiscal Year 2021 budget reflects: (i) reductions in concessionaire sales revenues in proportion to the anticipated 40.0% reduction in passenger traffic in Fiscal Year 2021 compared to Fiscal Year 2020; and (ii) the waiver of minimum monthly fees from July through October 2020 and a 75% reduction in minimum monthly fees for the period through the anniversary in calendar year 2021 of each concession agreement, as approved in the 10/6/20 Plan.

A discussion of the major concession arrangements follows:

Gaming. The gaming concession at the Airport operates under an agreement providing for payment to the County of 86.5% of net revenues (gross revenues less payment of payroll and tax expenses), which results in the County receiving approximately 60% of gross gaming revenues, subject to guaranteed minimum payments. The current gaming concession agreement extends to September 30, 2028. For Fiscal Year 2020, gaming revenues were approximately \$28.6 million, a decrease of approximately 23.5% as compared to Fiscal Year 2019. This decrease is attributed to significantly reduced passenger traffic at the Airport in the second half of Fiscal Year 2020 as a result of the COVID-19 outbreak and governmental actions in response thereto. See the caption "OPERATING RESULTS—COVID-19 Outbreak." For the first nine months of Fiscal Year 2021, gaming revenues were down approximately 54.9% compared to the first nine months of Fiscal Year 2020.

Rental Cars. Twelve rental car brands (Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, Zip Car, Thrifty and EZ Rent a Car) are operating at the Airport under concession agreements that became effective in 2004. Such agreements expire on March 31, 2025. The concession agreement requires the payment of 10% of gross revenues, subject to minimum annual guarantees. The rental car companies are also required to collect from their customers and remit to the County a customer facility charge ("CFC") of \$4.00 per contract day. The CFC is currently being used by the County to pay for certain expenses relating to the consolidated rental car facility. The concession revenues generated by the rental car companies totaled approximately \$27.3 million in Fiscal Year 2020, a decrease of approximately 23.6% from Fiscal Year 2019 in the wake of the COVID-19 outbreak and governmental actions in response thereto. See the caption "OPERATING RESULTS—COVID-19 Outbreak." For the first nine months of Fiscal Year 2021, concession revenues generated by the rental car companies were down approximately 49.8% compared to the first nine months of Fiscal Year 2020.

In May 2020, Hertz (which includes the Dollar, Hertz and Thrifty rental car brands) and Advantage filed for Chapter 11 bankruptcy protection. Hertz (including Dollar and Thrifty) and Advantage (including EZ Rent a Car) represented approximately 31.1% and 2.5%, respectively, of the rental car gross revenue market share at the Airport in Fiscal Year 2020. In October 2020, Hertz filed a motion to exit its bankruptcy proceeding, notifying the bankruptcy court that it had secured financing that would enable it to restructure its operations. There can be no assurance as to the outcome of Hertz's motion, although the Department notes that Hertz continues to operate at the Airport and has paid previously unpaid pre-bankruptcy petition amounts (approximately \$104,400 total for Hertz and Dollar) with the Department under the auspices of the bankruptcy proceeding. Advantage and EZ Rent a Car have been purchased by Sixt Rent a Car and Sixt Rent a Car has taken over the Advantage and EZ Rent a Car concession agreements.

Turo, Inc. ("Turo") is a web-based rental car company that operates at the Airport. Turo is a peer-to-peer service that matches individual car owners with prospective renters and it advertises and markets itself as competing with traditional rental car companies. Turo does not hold an Airport rental car permit but offers its services at the Airport. The Department has been in discussions with Turo, which asserts that Turo is merely a technology platform and a car-sharing program, not a rental car company, and that it does not operate at the Airport. To date, the Department has notified Turo of its obligation to obtain an operating permit in order to conduct business at the Airport and its associated obligation to comply with Airport operating directives which include paying the associated fees for operating at the Airport. The Department has issued Turo a cease and desist letter and has ticketed and towed vehicles that it has been able to identify as Turo rentals in order to discourage Airport patrons from using Turo. There is currently a bill in the State Legislature, which if

adopted, would specifically require Turo and companies that operate in a manner similar to Turo to comply with all Airport operating directives.

Automobile Parking/Taxi Services/TNC Services. Parking facilities at the Airport are operated by the County and include three parking garages (including a garage serving Terminal 3) containing approximately 10,275 covered parking spaces and three other lots. There are no significant off-airport parking facilities in operation. Parking revenues for Fiscal Year 2020 totaled approximately \$34.4 million, a decrease of approximately 15.6% as compared to Fiscal Year 2019. The decrease in parking revenues in Fiscal Year 2020 occurred as a result of the COVID-19 outbreak and the associated closure of several parking areas. See the caption “OPERATING RESULTS—COVID-19 Outbreak.” For the first nine months of Fiscal Year 2021, parking revenues were down approximately 34.0% compared to the first nine months of Fiscal Year 2020.

The County charges taxis a \$2.40 pickup fee. Taxi revenues totaled approximately \$4.1 million in Fiscal Year 2020, a decrease of approximately 34.0% compared to Fiscal Year 2019. The decrease in taxi revenues is attributable both to reduced use of taxis in favor of TNCs as well as the effects of the COVID-19 outbreak, which resulted in significantly reduced passenger traffic at the Airport in the second half of Fiscal Year 2020. See the caption “OPERATING RESULTS—COVID-19 Outbreak.” For the first nine months of Fiscal Year 2021, taxi revenues were down approximately 63.0% compared to the first nine months of Fiscal Year 2020.

The County currently charges TNCs a pickup fee of \$2.70 and a dropoff fee of \$2.70. The Department is unable to predict the effect of increased use of TNCs by Airport passengers on parking, taxi and rental car revenues of the Airport in the future, but notes that TNC pickups and dropoffs, and associated revenues, had been steadily increasing prior to the COVID-19 outbreak. See the caption “OPERATING RESULTS—Management Discussion of Operating Results and Projections—General.” TNC revenues totaled approximately \$16.6 million in Fiscal Year 2020, a decrease of approximately 14.7% compared to Fiscal Year 2019 as a result of the COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING RESULTS—COVID-19 Outbreak.” For the first nine months of Fiscal Year 2021, TNC revenues were down approximately 62.7% compared to the first nine months of Fiscal Year 2020.

As of January 1, 2020, 322,821 Airport passengers were served by TNCs, compared to 247,410 who were served by taxis, a ratio of approximately 1.30:1. As of January 1, 2021, 96,477 Airport passengers were served by TNCs, compared to 47,263 who were served by taxis, a ratio of approximately 2.04:1.

Advertising. The advertising arrangements in the Main Terminal, Terminal 3 and other areas provide for the payment of advertising commissions to the County of up to 85% of gross revenues, with a total minimum annual guarantee of \$5,038,000. Agreements for outdoor billboard advertising locations on Airport property provide for the payment of advertising commissions to the County ranging from 25% to 80% of gross revenues. Terminal advertising revenues for Fiscal Year 2020 totaled approximately \$11.5 million, a decrease of approximately 11.4% as compared to Fiscal Year 2019. This decrease is attributable to reduced demand for advertising in light of the cancellation of many events in the Las Vegas area as a result of the COVID-19 outbreak. See the caption “OPERATING RESULTS—COVID-19 Outbreak.” Billboard revenues from roadway advertising totaled approximately \$5.1 million in Fiscal Year 2020, a decrease of approximately 28.2% from Fiscal Year 2019. For the first nine months of Fiscal Year 2021, advertising revenues were down approximately 76.1% compared to the first nine months of Fiscal Year 2020.

News and Gifts. The Hudson Group operates all of the news and general merchandise (gifts) concessions at the Airport under an agreement that extends through July 31, 2033. The County receives 17.5% of gross revenues on reading materials, 20% of gross revenues on the sale of cigarettes, candies, drugs, sundries and snack foods and 22% of gross revenues on all other items. The Hudson Group recently renovated the news and gift stores within the Airport. News and gift revenues at the Airport for Fiscal Year 2020 totaled approximately \$10.9 million, a decrease of approximately 21.0% as compared to Fiscal Year 2019 as a result of the COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING

RESULTS—COVID-19 Outbreak.” For the first nine months of Fiscal Year 2021, news and gift revenues were down approximately 58.3% compared to the first nine months of Fiscal Year 2020.

Nuance Global Traders, USA Inc. (“Nuance”) operates the news and general merchandise and duty free concession at Terminal 3 and the D Gates under an agreement that extends through June 30, 2035. According to the terms of the agreement for the duty free concession, the County receives between 5% and 35% of gross revenues (depending on location and product type) on fashion apparel and accessories, electronics hardware, electronics accessories and purchases for which duty is paid. The County’s receipts increase when certain sale thresholds are met. In Fiscal Year 2020, Nuance generated approximately \$4.1 million in duty free revenues, a decrease of approximately 31.3% as compared to Fiscal Year 2019 as a result of the COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING RESULTS—COVID-19 Outbreak.” For the first nine months of Fiscal Year 2021, duty free revenues were down approximately 92.5% compared to the first nine months of Fiscal Year 2020.

Food and Beverage. HMS Host Services Corporation (“HMS Host”) has the exclusive concession privilege to operate food and beverage services in the Main Terminal Building and Terminal 3, including terminal restaurants, cafeterias, snack bars and cocktail bars. Under an agreement that extends to November 30, 2038, HMS Host pays the County 11.0% of gross revenues on food and non-alcoholic beverages and 18.0% of gross revenues on liquor sales. HMS Host recently re-branded and renovated several of the food locations throughout the Airport. Food, beverage and bar sales at the Airport for Fiscal Year 2020 totaled approximately \$18.9 million, a decrease of approximately 26.3% as compared to Fiscal Year 2019 as a result of the COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING RESULTS—COVID-19 Outbreak.” For the first nine months of Fiscal Year 2021, food and beverage revenues were down approximately 62.5% compared to the first nine months of Fiscal Year 2020.

Other Terminal Building Concessions. The County also derives revenues from specialty shops and other concessions and services within the Airport according to the terms of various agreements. Specialty retail at the airport generated approximately \$7.6 million in Fiscal Year 2020, a decrease of approximately 28.4% as compared to Fiscal Year 2019 as a result of the COVID-19 outbreak and governmental actions in response thereto. See the caption “OPERATING RESULTS—COVID-19 Outbreak.” For the first nine months of Fiscal Year 2021, other concession and service revenues were down approximately 55.6% compared to the first nine months of Fiscal Year 2020.

OPERATING RESULTS

Financial Statements

A copy of the most recent audited financial statements of the Department audited by Crowe, LLP, Costa Mesa, California (the “Auditor”) is included as Appendix B to this Official Statement (the “Financial Statements”). The Auditor’s report concludes that the Financial Statements present fairly, in all material respects, the financial position of the Department as of June 30, 2020 and 2019, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the Financial Statements addressed in its report. The Auditor has not performed any procedures relating to this Official Statement, nor has the Auditor consented to the inclusion of the Financial Statements, which are public documents, herein.

The summary operating results for Fiscal Years 2020 and 2019 contained under the caption “—Historical Operating Results and Projected Future Operating Results” are derived from the Financial Statements (excluding certain non-cash items and after certain other adjustments) and are based on the financial covenants included in the Series Indenture. See the definitions of certain terms, including “Gross Revenues” and “Operation and Maintenance Expenses” in Appendix C for additional information with respect

to such exclusions and adjustments. The summary operating results are qualified in their entirety by reference to such Financial Statements, including the notes thereto.

The Department accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to governmental agencies such as the Department (“GAAP”), and the Department applies all relevant Governmental Accounting Standards Board pronouncements. In certain cases, GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year.

The Department’s financial statements are prepared using the accrual basis of accounting; therefore, revenues are recognized when earned, and expenses are recognized when incurred. Capital assets resulting from projects are capitalized when substantially complete and depreciated over their estimated useful lives.

The Department’s funds distinguish revenues, expenses and nonoperating items. The Department’s operating revenues are derived from fees earned by airlines, concessionaires, tenants and others. The fees are based on usage fees established by the Department and approved by the Board or in accordance with the Airline Agreement, which is discussed under the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.” Expenses are recognized when incurred. Non-operating income consists of interest income, gains and losses on derivative instruments (as discussed under the caption “FINANCIAL FACTORS—Interest Rate Swap Agreements”), PFC Revenues, Jet A Fuel Tax revenues (as discussed under the caption “—Historical Jet A Fuel Tax Revenues”) and non-operating expenses primarily consisting of interest expenses on outstanding Department debt.

See Appendix B for a discussion of the Department’s accounting practices. Except as otherwise expressly noted herein, all financial information derived from the Financial Statements reflects the application of GAAP.

In providing a rating on the 2021B Notes, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology, which may not reflect the provisions of the Series Indenture. See the caption “RATINGS.” The Department makes no representations as to any such calculations, and such calculations should not be construed as a representation by the Department as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

Historical Operating Results and Projected Future Operating Results

Set forth below is a statement of historical revenues and expenses for the Department as well as debt service coverage as calculated in accordance with the provisions of the Master Indenture for Fiscal Year 2020 compared to Fiscal Year 2019. Fiscal Year 2020 and 2019 information presented below has been excerpted from the Financial Statements. In each case, certain non-cash items have been excluded and certain other adjustments have been made. Also set forth below are estimates of projected future operating results for the Fiscal Years ending June 30, 2021, 2022 and 2023, in each case prepared by Airport management.

Passenger traffic decreased by approximately 24.5% in Fiscal Year 2020 compared to Fiscal Year 2019 as a result of the COVID-19 outbreak and governmental actions in response thereto. The Department currently projects that passenger traffic will decrease by approximately 40.0% in Fiscal Year 2021 compared to Fiscal Year 2020, increase by approximately 54.7% in Fiscal Year 2022 compared to Fiscal Year 2021 and increase by approximately 12.3% in Fiscal Year 2023 compared to Fiscal Year 2022. See the caption “—COVID-19 Outbreak.”

The Department’s estimates for Fiscal Years 2021 through 2023 are subject to significant uncertainties, in particular related to the duration and severity of the COVID-19 pandemic and associated

governmental restrictions on large gatherings of people. Inevitably, some assumptions used to develop the estimates will not be realized and unanticipated events and circumstances will occur. Therefore, the actual results achieved during the estimate period will vary, and the variations may be material. The table set forth below has not been audited by the Auditor.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Statement of Historical and Projected Revenues and Expenses⁽¹⁾

	<i>Projected Results</i> <i>Fiscal Years Ending June 30,</i>			<i>Historical Results</i> <i>Fiscal Years Ended June 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020⁽²⁾</i>	<i>2019⁽³⁾</i>
Operating Revenues:					
Landing fees	\$ 43,623 ⁽¹³⁾	\$ 25,078 ⁽¹³⁾	\$ 28,075 ⁽¹³⁾	\$ 36,253	\$ 43,557
Other aircraft fees	6,533	5,915	4,602	7,122	8,331
Building rentals	201,887 ⁽¹³⁾	180,537 ⁽¹³⁾	181,453 ⁽¹³⁾	191,434	192,810
Gate use fees	25,593	21,489	17,050	24,959	26,400
Land rentals	20,949	19,847	18,230	21,453	22,585
Ground transportation fees	24,685	22,350	10,877	24,814	31,162
Rental car fees	26,546	24,035	17,315	27,245	35,676
Rental car facility rents	30,057	27,583	21,522	29,888	38,098
Gaming	29,682	26,875	16,570	28,606	37,395
Terminal concession fees	58,338	52,820	22,084	58,987	75,832
Parking fees	33,953	31,070	26,479	34,355	40,731
Net revenue from reliever airports	8,550	7,910	7,705	8,543	8,648
Miscellaneous	4,276	4,100	7,691	4,176	4,648
Total Operating Revenues:	\$ 514,672	\$ 449,609	\$ 379,653	\$ 497,835	\$ 565,873
Operating Expenses:					
Salaries, wages and benefits	\$ 152,837	\$ 146,526	\$ 137,976	\$ 151,419	\$ 141,060
Repairs and maintenance	19,185	18,271	17,524	20,988	24,970
Professional services	65,673	62,546	62,239	67,153	65,114
Utilities and communications	26,742	25,469	21,519	23,844	23,947
Miscellaneous	18,944	18,042	17,377	22,838	24,910
Total Operating Expenses:	\$ 283,381	\$ 270,854	\$ 256,635	\$ 286,242	\$ 280,001
Net Operating Revenues	\$ 231,291	\$ 178,755	\$ 123,018	\$ 211,593	\$ 285,872
CARES Act, Cares II Act, ARP Act and County Grant Funding					
Interest Subsidy Received on Build America Bonds ⁽⁴⁾	19,092	50,574	147,194	54,944	-
Allowable interest income	10,226	10,226	10,226	10,204	16,948
Net Revenues	7,125	6,200	8,750	16,801	20,200
Other Available Funds for purposes of Senior Securities debt service ⁽⁵⁾	267,734	\$ 245,755	\$ 289,188	\$ 293,542	\$ 323,020
Other Available Funds for purposes of Second Lien Subordinate Securities debt service ⁽⁶⁾	11,505	11,505	17,709	24,221	17,656
Total debt service for Senior Securities outstanding ⁽⁷⁾	24,501	24,470	31,047	36,235	32,174
Coverage Ratio for Senior Securities Based on Net Revenues ⁽⁸⁾	\$ 46,018	\$ 46,018	\$ 70,835	\$ 96,882	\$ 70,622
Coverage Ratio for Senior Securities Based on Total Funds Available pursuant to the Rate Maintenance Covenant Under the Master Indenture (Required covenant is 1.25)	5.82	5.34	4.08	3.03	4.57
Debt Service on Second Lien Subordinate Securities ⁽⁹⁾	6.07	5.59	4.33	3.28	4.82
Coverage Ratio for Second Lien Subordinate Securities Based on Net Revenues After Payment of Senior Securities ⁽⁸⁾⁽⁹⁾	\$ 133,519 ⁽¹⁴⁾	\$ 133,226 ⁽¹⁴⁾	\$ 133,381	\$ 120,135	\$ 145,180
Coverage Ratio for Senior and Second Lien Subordinate Securities Based on Total Funds Available (Required covenant is 1.10)	1.84	1.68	1.87	1.94	1.96
PFC Revenues ⁽¹⁰⁾	1.63	1.51	1.57	1.52	1.65
PFC Related Interest Income	75,645	67,366	43,890	70,640	96,783
Total PFC Revenues Available for Debt Service	2,683	2,650	1,083	4,562	6,937
Debt Service on PFC Bonds ⁽¹¹⁾	\$ 78,328 ⁽¹⁵⁾	\$ 70,016 ⁽¹⁵⁾	\$ 44,973 ⁽¹⁵⁾	\$ 75,202 ⁽¹⁶⁾	\$ 103,720
Debt Service on PFC Bonds Paid from PFC Revenues Received in Prior Fiscal Years	\$ 78,321 ⁽¹⁵⁾	\$ 78,324 ⁽¹⁵⁾	\$ 78,325 ⁽¹⁵⁾	\$ 90,595 ⁽¹⁶⁾	\$ 77,810
Total Debt Service Paid from PFC Revenues	-	8,308	33,352	15,393	--
Coverage Ratio for PFC Bonds Based Solely on PFC Revenues ⁽⁸⁾⁽¹⁰⁾	\$ 78,321	\$ 70,016	\$ 44,973	\$ 75,202	\$ 77,810
Revenues Available for Debt Service on Third Lien Subordinate Securities	1.00	0.89	0.57	0.83	1.33
Debt Service on Third Lien Subordinate Securities ⁽¹²⁾	\$ 88,204	\$ 66,511	\$ 84,972	\$ 76,525	\$ 133,128
	\$ 23,601	\$ 16,283	\$ 12,092	\$ 12,092	\$ 12,132

(FOOTNOTES SET FORTH ON FOLLOWING PAGE)

- (1) Totals may not add due to independent rounding. Dollars in Thousands.
- (2) Based on the Financial Statements. Reductions in Fiscal Year 2020 amounts reflect the effect of the COVID-19 outbreak and governmental responses thereto. See the caption “—COVID-19 Outbreak.”
- (3) Based on the Department’s audited financial statements for Fiscal Year 2019.
- (4) Prior to federal legislation commonly referred to as the federal sequester, the County expected to receive Build America Bond (“BAB”) interest subsidy payments (“BAB Credits”) in an amount equal to 35% of the interest due on the 2010C Bonds, which are BABs, and certain other BABs which were refunded from proceeds of the 2019B Bonds. See the caption “—Management Discussion of Operating Results and Projections—Reduction in BAB Credits” for a discussion of reductions in BAB Credit payments. Reduction beginning in Fiscal Year 2020 reflects refunding of previously outstanding BABs from proceeds of the 2019B Bonds. The operating results for the Fiscal Years shown reflect such reductions in BAB Credits. There can be no assurance that the BAB Credit will not be further reduced in Fiscal Years 2021 and 2022.
- (5) Under the Master Indenture, “Other Available Funds” is defined to mean, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event will such amount exceed 25% of the Aggregate Debt Service Requirements for the Senior Securities then Outstanding for the Comparable Bond Year.
- (6) Under the bond ordinances authorizing the Second Lien Subordinate Securities, “Other Available Funds” is defined to mean, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event will such amount exceed the sum of: (i) 25% of the Aggregate Debt Service Requirements for the Parity Bonds then Outstanding for the Comparable Bond Year; and (ii) 10% of the Aggregate Debt Service Requirements of the Second Lien Subordinate Securities then Outstanding for the Comparable Bond Year.
- (7) See the caption “FINANCIAL FACTORS—Debt Service Requirements” for debt service on Senior Securities.
- (8) For illustrative purposes only; not required under financing documents.
- (9) For the synthetically fixed bonds, interest is calculated based on the respective swap agreements described under the caption “FINANCIAL FACTORS—Interest Rate Swap Agreements.” Swap agreements do not necessarily correspond to the named series of bonds. Reflects the release of certain moneys from a revocable escrow fund which had been established with respect to prior Airport obligations refunded by the 2014A-1 Bonds and the 2014A-2 Bonds, which was applied to refund certain Second Lien Subordinate Securities. Interest assumptions differ from interest assumptions for Second Lien Subordinate Securities set forth in the table entitled “Debt Service Requirements for Outstanding Senior Securities, Subordinate Securities and PFC Bonds” under the caption “FINANCIAL FACTORS—Debt Service Requirements,” as described in Footnote 5 to such table.
- (10) Revenue derived from \$4.50-per-qualifying-enplaned-passenger passenger facility charge is pledged to the payment on the Parity PFC Bonds.
- (11) Debt Service on Parity PFC Bonds paid from PFC Revenues (funds other than Net Revenues); net of capitalized interest; includes interest income. Includes interest on the 2010F-2 PFC Bonds through November 8, 2019, when such obligations were redeemed.
- (12) Does not reflect payment of principal of 2021B Notes. Principal of such obligations is expected to be paid from proceeds of additional Third Lien Subordinate Securities issued on or prior to the maturity thereof. Interest on such obligations is expected to be paid from available Net Revenues. See the caption “OUTSTANDING AIRPORT INDEBTEDNESS—Third Lien Subordinate Securities.”
- (13) Projected changes in landing fees and building rentals reflect the residual nature of the Airport’s Airline Agreements, under which landing fees change as expenses for the airfield cost center increase or decrease annually. See the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.” Fiscal Year 2023 amounts reflect a continued economic recovery and an increase in passenger traffic of approximately 12.3% compared to Fiscal Year 2022.
- (14) Reflects the proposed early payment and defeasance of the 2008A-2 Bonds, 2008B-2 Bonds and 2017D Bonds, which the Department expects to undertake in early Fiscal Year 2022. See the caption “—COVID-19 Outbreak—Liquidity and Financial Position.”
- (15) Fiscal Year 2021 and 2022 PFC Revenues are projected to be insufficient to pay debt service on Parity PFC Bonds in full as a result of reduced passenger traffic at the Airport. As a result, the remainder of the debt service on the Parity PFC Bonds is projected to be paid from PFC Revenue reserves which were accumulated in prior Fiscal Years. If necessary, the Department can also pay such debt service from other Net Revenues of the Airport System on a parity with Second Lien Subordinate Securities. See the captions “—Historical PFC Revenues” and “—COVID-19 Outbreak.”
- (16) Fiscal Year 2020 PFC Revenues were insufficient to pay debt service on Parity PFC Bonds in full as a result of reduced passenger traffic at the Airport during the COVID-19 outbreak. As a result, the remainder of the debt service on the Parity PFC Bonds was paid from PFC Revenue reserves which were accumulated in prior Fiscal Years. See the captions “—Historical PFC Revenues” and “—COVID-19 Outbreak.”

Source: Clark County Department of Aviation.

Management Discussion of Operating Results and Projections

General. As discussed under the caption “—COVID-19 Outbreak,” passenger traffic dropped significantly at the Airport beginning in March 2020 as a result of the COVID-19 outbreak and governmental actions in response thereto, resulting in a significant reduction in Fiscal Year 2020 Gross Revenues. In the first three quarters of Fiscal Year 2021, passenger traffic, although down by an average of over 50% from the same period in Fiscal Year 2020, held relatively steady, with between 1.5 million and 2 million passengers each month. In March 2021, Airport traffic totaled over 2.5 million passengers (more than the number of passengers in March 2020, the first month of significant governmental actions in response to the pandemic). The Department currently projects that passenger traffic will decrease by approximately 40.0% in Fiscal Year 2021 compared to Fiscal Year 2020, increase by approximately 54.7% in Fiscal Year 2022 compared to Fiscal Year 2021 and increase by approximately 12.3% in Fiscal Year 2023 compared to Fiscal Year 2022. See the caption “—COVID-19 Outbreak” for a detailed discussion of the effects of the COVID-19 outbreak on the Department’s revenues and operations.

Landing fee rates, terminal building rental rates and airport gate use fees are established each Fiscal Year based on the approved Airport System operating budget in accordance with the Airline Agreements. See the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.” These rates are reviewed and adjusted, if necessary, throughout each Fiscal Year to ensure that the rate covenants described under the caption “SECURITY FOR THE 2021B NOTES—Rate Maintenance Covenants” are being met. At the end of each Fiscal Year, as part of the residual cost recovery nature of the airline cost center rate making methodology, the Airport recalculates the rates based on actual audited expenses and revenues and, if additional rents or credits are due, the airlines receive or pay additional amounts due within 30 days.

The airline rates and charges for Fiscal Year 2020 were calculated as follows: the landing fee rate was \$1.68 per thousand pounds of aircraft landed weight, the terminal building rental rate was \$169.88 per square foot and the gate use fee was \$195,821 per leased gate per year.

The budgeted airline rates and charges for Fiscal Year 2021 are estimated as follows: the landing fee rate is \$1.68 per thousand pounds of aircraft landed weight, the terminal building rental rate is \$169.88 per square foot and the gate use fee is \$195,821 per leased gate per year for the period from July to December 2020 and the landing fee rate is \$1.88 per thousand pounds of aircraft landed weight, the terminal building rental rate is \$173.37 per square foot and the gate use fee is \$203,082 per leased gate per year for the period from January to June 2021.

The airline rates and charges for Fiscal Years 2022 and 2023 are projected as follows: the landing fee rate is \$1.33 and \$2.07, respectively, per thousand pounds of aircraft landed weight, the terminal building rental rate is \$156.29 and \$175.55, respectively, per square foot, and the gate use fee is \$183,428 and \$221,261, respectively, per leased gate per year.

Airline cost per enplaned passenger was \$12.55 for Fiscal Year 2020 and \$9.91 for Fiscal Year 2019, reflecting the residual nature of the Airport’s Airline Agreements, under which airline fees change as expenses for each cost center increase or decrease annually. The Airport estimates that the cost per enplaned passenger for Fiscal Years 2021, 2022 and 2023 will be \$18.80, \$12.17 and \$12.95, respectively. See the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.” The Airport’s calculation of airline cost per enplaned passenger includes substantially all costs of facilities utilized by airlines at the Airport. As a result, comparisons of the Airport’s cost per enplaned passenger with those of other airports in which airlines pay only a portion of such costs may not be comparable.

With respect to ground transportation revenues, the Airport notes that, although rental car concession fees, taxi revenues, parking revenues and TNC revenues all decreased in Fiscal Year 2020 as compared to Fiscal Year 2019 given the reduction in passenger traffic at the airport in the second half of Fiscal Year 2020 as a result of the COVID-19 outbreak and governmental actions in response thereto, parking revenues and

TNC revenues had been increasing prior to the pandemic, and that total ground transportation revenues (reflecting the sum of rental car concession fees, taxi, limousine, public transportation, bus and valet revenues, parking revenues and TNC revenues) had also been increasing. Although the Department is unable to predict the effect of increased use of TNCs by Airport passengers on parking revenues and rental car concession fees of the Airport in the future, the Department does not expect overall ground transportation revenues to decrease as a result of the increased use of TNCs.

Reduction in BAB Credits. On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, including reductions in BAB Credits. The originally scheduled BAB Credit was reduced by 8.7% in federal fiscal year 2013 (which ended September 30, 2013), and by 7.2%, 7.3%, 6.8%, 6.9%, 6.6%, 6.2% and 5.9% in federal fiscal years 2014, 2015, 2016, 2017, 2018, 2019 and 2020, respectively. Under a federal budget bill enacted in 2019, the reduction of BAB Credits will continue through September 30, 2029, and the BAB Credit will be reduced by 5.7% in federal fiscal year 2021. As set forth under the caption “—Historical Operating Results and Projected Future Operating Results,” the Airport’s 2010C Bonds are BABs; the historic and projected operating results for the Fiscal Years shown therein reflect such reductions in BAB Credits for currently and previously outstanding BABs.

The Department does not expect the currently approved reduction, or any future reductions, in BAB Credits to have a material adverse effect on its ability to make payments of interest on its outstanding BABs. The Department also does not currently expect that such reductions would have a material adverse effect on the ability of the County to make payments of principal of and interest on the 2021B Notes from Net Revenues of the Airport System.

COVID-19 Outbreak

General. The spread of the novel strain of coronavirus called SARS-CoV-2, which causes the disease known as COVID-19 (“**COVID-19**”), and local, state and federal actions in response to COVID-19, are having a significant impact on the operations and finances of the County, the Department and the Airport. In response to the increasing number of COVID-19 infections and fatalities, health officials and experts have recommended, and some governments have mandated, a variety of responses ranging from travel bans and social distancing practices to complete shutdowns of certain services and facilities. The World Health Organization has declared the COVID-19 outbreak to be a pandemic. On January 31, 2020, the President of the United States issued an Executive Proclamation preventing entry into the United States by certain foreign nationals, and on March 13, 2020, the President of the United States declared a national emergency, freeing up funding for federal assistance to state and local governments.

On March 12, 2020, the State Governor (the “Governor”) issued an emergency declaration (the “Declaration”) pursuant to State law in response to the outbreak of COVID-19 in order to, among other actions, activate the State Emergency Operations Center in an effort to provide a more centralized response to the outbreak. On March 17, 2020, the Governor issued a directive which, among other requirements, directed that non-essential businesses and services remain closed and provided that citizens should avoid all social gatherings and maintain social distancing for non-family members (the “Stay Home Directive”). Since the Stay Home Directive was issued on March 17, 2020, the Governor has issued additional directives and guidance has been provided by State agencies with respect to the closure, reopening and limitations on operating capacity of various businesses. For example, most resorts and casinos closed during the third week of March 2020, certain of which began to resume limited operations in June 2020. Restrictions on business operations within the State are expected to be further revised over time based on, among other factors, infection and hospitalization rates.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses from State and local agencies can be found on the following website established by the State’s Department of Public Health and Human Services (“DPHHS”) and the Governor’s office at: <https://nvhealthresponse.nv.gov>

and on the DPHHS Division of Public and Behavioral Health's website at: <http://dpbh.nv.gov/coronavirus>. *The County has not incorporated by reference the information on such websites and the County does not assume any responsibility for the accuracy of the information on such website.*

On March 27, 2020, the President of the United States signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") which provides, among other measures, \$150 billion in financial assistance to states, tribal governments and local governments to fund emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments are eligible for reimbursement of certain costs which are expended to address the impacts of the pandemic. See the subcaption "—Federal Relief Efforts" below for information with respect to the Department's receipt of CARES Act and other federal funding.

On December 27, 2020, the President of the United States signed the \$900 billion Coronavirus Response and Relief Supplemental Appropriations Act (the "CARES II Act"). The CARES II Act provides approximately \$16 billion in additional funding for airline employee and contractor payroll support and \$2 billion in additional funding for airports. The CARES II Act also extended the deadline (to October 2021) for state and local governments to use unspent funds that were previously approved under the CARES Act. See the subcaption "—Federal Relief Efforts" below for information with respect to the Department's anticipated receipt of CARES II Act and other federal funding.

On March 11, 2021, the President of the United States signed the American Rescue Plan Act of 2021 (the "ARP Act"), 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, the ARP Act includes financial relief for certain eligible air carriers and airports. For eligible air carriers, the ARP Act extends federal payroll support grants by providing for \$14 billion to such air carriers and \$1 billion to eligible contractors for the "continuation of payment of employee wages, salaries, and benefits." For eligible airports, the ARP Act appropriates \$8 billion to help such airports "prevent, prepare for, and respond to coronavirus," with such amounts to remain available until September 30, 2024. The ARP Act requires that, of the \$8 billion appropriated, not more than \$6.492 billion will be made available for primary airports such as the Airport (provided that such airport has not been allocated more than four years of operating funds to respond to coronavirus in federal fiscal year 2020), for "costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments." The ARP Act further appropriates not more than \$608 million to pay a federal share of 100% the costs for any grant awarded in federal fiscal year 2021 (or in federal fiscal year 2020 with less than a 100% federal share), and provides for not more than \$800 million for sponsors of primary airports to provide relief from rent and minimum annual guarantees to airport concessions. Of such \$800 million for airport concessions, the ARP Act requires that at least \$640 million be made available for small airport concessions and at least \$160 million be made available for large airport concessions located at primary airports. The allocation of amounts appropriated by the ARP Act has not yet been announced, and the Airport can provide no assurance that it will receive any funding pursuant to the ARP Act, or the amount or timing of any such funding if received, until such allocations have been announced. See the subcaption "—Federal Relief Efforts" below for information with respect to the Department's anticipated receipt of ARP Act and other federal funding.

While the effects of COVID-19 may be temporary, the outbreak and governmental actions in response to it are altering the behavior of businesses and people in a manner that is having significant negative impacts on global and local economies. In addition, financial markets in the United States and globally have experienced significant volatility attributed to COVID-19 concerns. The outbreak has resulted in increased pressure on County finances, as budgetary resources are directed toward containing the pandemic and tax and other revenues sharply decline. Identified cases of COVID-19 and deaths attributable to the COVID-19 outbreak are continuing to increase throughout the United States, including the County.

Impacts to the County associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the County, cancellations of public

events and conventions and disruption of the regional and local economy, including declines in tourism as people limit non-essential travel in compliance with the Stay Home Directive and similar orders issued by other states.

The Airport and other airports in the United States have been acutely impacted by governmental efforts to stop the spread of COVID-19. The pandemic has adversely affected domestic and international travel and travel-related industries. Airlines (including each airline serving the Airport) are reporting unprecedented downturns in passenger volumes, which in turn, has resulted in considerable reductions in scheduled flights. See the subcaptions “—Reduced Passenger Traffic” and “—Reduced Air Service” below. According to public statements released by the airlines, such downturns are expected to continue in the near to medium term. As a result of the foregoing, there have been significant decreases in Airport revenues since March 2020. See the caption “—Historical Operating Results and Projected Future Operating Results.”

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its effects are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Department is unknown at this time.

Airport Operations. Airport operations have been modified significantly since the onset of the pandemic. At the beginning of the COVID-19 outbreak, a hiring freeze was instituted, as was a prohibition on overtime, with estimated Fiscal Year 2021 savings of approximately \$2.2 million. In addition, the Airport eliminated all part-time positions. The County also instituted a voluntary separation opportunity under which employees were offered two years of health insurance coverage and one additional week of pay for each two years of service up to a maximum of 15 weeks; 93 Department employees opted to take the voluntary separation, with estimated Fiscal Year 2021 net savings of approximately \$2.1 million. The County also negotiated a reduced work schedule (76 hours per pay period) for remaining Department employees, with estimated Fiscal Year 2021 savings of approximately \$5.3 million.

On-site Department personnel are wearing masks and practicing social distancing while working, and many employees are telecommuting at least part time. In addition, Board meetings and other public meetings are being held virtually via telephone and video conference.

The Department’s Fiscal Year 2020 contribution to its OPEB Trust was below the Fiscal Year 2020 budgeted amount, and the Department has not budgeted for a contribution to the OPEB Trust in Fiscal Year 2021, in each case in an effort to preserve cash in light of the COVID-19 outbreak and its effect on Airport operations. See the caption “THE AIRPORT SYSTEM—Other Post-Employment Benefits.”

As discussed under the caption “THE AIRPORT SYSTEM—Description of Existing Airport System,” the Department closed all of Concourse B’s gates and retail/concession areas, the Concourse C Annex security checkpoint, certain Concourse C gates, 14 gates in Concourse E and certain parking areas beginning in April 2020. The closure of these areas enabled cleaning staff to clean more frequently those terminal areas that remained open in order to reduce the spread of the coronavirus. The closures also reduced Airport operating costs and preserve resources, as closed areas require fewer utility and maintenance services. Such areas, with the exception of Concourse C (which is closed for renovations as described under the caption “THE AIRPORT SYSTEM—Description of Existing Airport System”—McCarran International Airport”), were reopened in or about October 2020.

In addition, the Department has installed several dozen acrylic protective barriers at the Airport in order to silo passenger traffic and reduce opportunities for viral transmission. The Department is also aware of changes in Transportation Security Administration operating procedures at the Airport to reduce physical contact between transportation security officers and passengers and reduce the proximity of passengers going through security checkpoints to other passengers and transportation security officers. Over 100 Transportation Security Administration officers at the Airport have tested positive for COVID-19 since the onset of the

pandemic, and there can be no assurance that insufficient staffing of such officers will not cause operational delays or require further modifications to Airport operations in order to ensure that passengers can use the Airport.

Reduced Passenger Traffic. The Airport, like most American airports, has experienced steep declines in passenger volumes as a result of the COVID-19 outbreak. Arriving and departing passengers totaled 2,064,393 in March 2020 as compared to 4,405,920 in March 2019, a 53.1% decrease, while arriving and departing passengers totaled 152,716 in April 2020 as compared to 4,277,550 in April 2019, a 96.4% decrease. In May 2020, the County saw signs of recovery as passenger traffic increased to 391,712, a 156% increase from April 2020, although still 91.5% below passenger traffic of 4,584,506 in May 2019. Further improvements occurred in June 2020, with Airport traffic of over one million passengers, a figure which was still 76.6% below passenger traffic in June 2019.

Airport traffic has held relatively steady since July 2020, with between 1.5 million and 2 million passengers each month. In March 2021, Airport traffic totaled over 2.5 million passengers (more than the number of passengers in March 2020, the first month of significant governmental actions in response to the pandemic). Notwithstanding the foregoing, the Department notes that 2020 monthly traffic was 50% or more below levels for the corresponding months in 2019. See the caption “THE AIRPORT SYSTEM—Airport Traffic.”

The decline in passenger traffic has led to declines in demand for Airport concessions, including terminal retail and restaurant services, rental car transactions, parking and ground transportation services (including, but not limited to, those provided by taxis, executive cars and TNCs). See the caption “THE AIRPORT SYSTEM—Airport Concessions” and the subcaption “—Tenant Relief Program” below.

The Department’s Fiscal Year 2021 budget reflects the expectation that passenger traffic will decrease by approximately 40.0% in Fiscal Year 2021 compared to the already low levels that were observed in Fiscal Year 2020. See the subcaption “—Fiscal Year 2021 Budget.”

Reduced Air Service. Air travel throughout the world has been severely curtailed by the COVID-19 pandemic. Airlines at the Airport are continually evaluating their flight schedules, resulting in flight cancellations on a daily basis and ongoing contractions of available flights throughout 2020. Beginning in February 2020, the President’s Executive Proclamation barred travel by certain foreign nationals, including those from China, to the United States, resulting in a reduction in international travel to and from the Airport and the contraction or suspension of service to and from the Airport by certain international carriers.

At various times in 2020, other states have issued similar quarantine orders, including Alaska, Florida, Hawaii, New York and Texas, which have resulted in additional flight cancellations. The County anticipates that the reduced level of scheduled airline service to and from the Airport will continue and cannot predict whether or when airline service to the Airport will return to pre-pandemic levels.

In response to reduced levels of passenger demand, airlines have also reduced capacity on flights that are operating in order to observe social distancing guidelines and reduce fuel costs.

Cumulatively, United Airlines and American Airlines report that they have already furloughed more than 32,000 of their employees beginning in October 2020. Delta Air Lines reports that it has avoided any furloughs by reducing its expenses from salaries and benefits by approximately 32% through employee buyouts, early retirements and voluntary unpaid leaves. Delta Air Lines also reports that more than 18,000 of its employees elected to participate in buyouts and early retirements, and thousands of additional employees elected to accept voluntary leaves of absence and work hour reductions. The largest carrier serving the Airport, Southwest Airlines, announced in December 2020 that it may furlough up to 6,800 employees in spring 2021, depending on the outcome of collective bargaining negotiations with its employees, although such

proposed furloughs were put on indefinite hold after the passage of the CARES II Act. There can be no assurance as to the effect of these actions and proposals on airline service to and from the Airport.

Flight operations during the remainder of Fiscal Year 2021 and beyond will depend in significant part on developments related to the COVID-19 pandemic. There can be no assurances that negative developments with respect to COVID-19 will not result in declines in capacity, departures or passenger traffic at the Airport and result in further material adverse declines in revenues.

Fiscal Year 2020 Net Operating Revenues. Gross Revenues of the Airport System fell from approximately \$565.9 million in Fiscal Year 2019 to approximately \$497.8 million in Fiscal Year 2020 as a result of the declines in passenger traffic and air service at the Airport that are described above under the subcaptions “—Reduced Passenger Traffic” and “—Reduced Air Service,” while Operation and Maintenance Expenses increased from approximately \$280.0 million to approximately \$286.2 million as a result of operational changes necessitated by the COVID-19 pandemic, as well as budgeted increases in salaries and professional services which were negotiated prior to the onset of the COVID-19 pandemic. Accordingly, net operating revenues before depreciation and amortization fell from approximately \$323.0 million in Fiscal Year 2019 to approximately \$293.5 million in Fiscal Year 2020.

Despite the reduction in Net Revenues and the deferral and waiver of certain payments due from airlines and concessionaires (as discussed under the subcaption “—Tenant Relief Program”), the Airport met all of its debt service covenants and made all required debt service payments in Fiscal Year 2020, while maintaining liquidity levels. See the subcaption “—Liquidity and Financial Position.”

Federal Relief Efforts. The CARES Act, which is described under the subcaption “—General” above, includes among its relief measures direct aid in the form of \$10 billion in grants for airports, as well as direct aid, loans and loan guarantees for passenger and cargo airlines.

Notable provisions of the CARES Act include the following: (1) \$3.7 billion to be allocated among all United States commercial service airports based on number of enplanements in calendar year 2018; (2) \$3.7 billion to be allocated among all United States commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other airports and cash-to-debt service ratios; (3) \$2 billion to be apportioned in accordance with Airport Improvement Program (the “AIP”) entitlement formulas, subject to CARES Act formula revisions; (4) \$500 million to increase the federal share to 100% for grants awarded in federal fiscal year 2020 under certain grant programs, including the AIP; and (5) \$100 million reserved for general aviation airports.

On April 14, 2020, the Federal Aviation Administration (the “FAA”) announced that it had allocated up to \$195.9 million of grant assistance under the CARES Act to the Airport System. Except for those grants received under clause (4) above, the County may draw upon all such funds on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. The County submitted reimbursement requests for approximately \$48.7 million of such funds, of which approximately \$22.5 million was received in Fiscal Year 2020 and applied to payroll and debt service expenses.

As discussed under the subcaption “—Fiscal Year 2021 Budget” above, the Department’s Fiscal Year 2021 budget reflects the anticipated receipt of an additional \$147.2 million in CARES Act reimbursements in Fiscal Year 2021, which the Department expects to apply to payroll and debt service expenses. The County expects to draw upon remaining available CARES Act funding to maintain its liquidity and strengthen its ability to withstand revenue declines as a result of the ongoing effects of the COVID-19 pandemic. There is no assurance that the CARES Act funding will be sufficient to fully compensate the Department for lost revenue as a result of the COVID-19 outbreak.

CARES Act funding must be used within four years from the date on which the agreement between the airport operator and the FAA is executed, and airport operators using CARES Act grants must comply with certain other obligations, including, but not limited to, employing at least 90.0% of their staff as of March 27, 2020 through December 31, 2020.

As discussed under the subcaption “—General” above, the Department also expects to receive relief funds under the ARP Act, although the allocation of amounts appropriated by the ARP Act has not yet been announced.

The declaration of a national emergency on March 13, 2020 (as discussed under the subcaption “—General” above), enabled the County to seek disaster assistance through the Federal Emergency Management Agency’s Request for Public Assistance (the “RPA”) process. Approximately \$6.3 million of RPA funds received by the County was provided to the Department in Fiscal Year 2020.

To date, the County has not received any CARES II Act funding for the Airport, although its current expectation is that it will be eligible to receive approximately \$36.4 million, as well as approximately \$5.4 million in additional funding for its tenant relief program. See the subcaption “—Tenant Relief Program” above. The projected operating results set forth under the caption “—Historical Operating Results and Projected Future Operating Results” reflect the receipt of CARES II Act and ARP Act funds in the total amounts of \$50.6 million and \$19.1 million in Fiscal Years 2022 and 2023, respectively. However, there can be no assurance that the Department will receive any such funds, or as to the timing thereof.

The County continues to evaluate and seek other available sources of State and federal aid for the Airport System as they become available.

Fiscal Year 2021 Budget. The Department’s revised Fiscal Year 2021 budget, which included consideration of the effect of the COVID-19 outbreak and an economic recession, projected total pledged Revenues of approximately \$379.7 million in Fiscal Year 2021, a reduction of approximately \$118.2 million (23.7%) from actual Fiscal Year 2020 pledged Revenues (excluding passenger facility charge revenues), and total Operation and Maintenance Expenses of \$256.6 million in Fiscal Year 2021, a decrease of approximately \$29.6 million (10.3%) from actual Fiscal Year 2020 Operation and Maintenance Expenses. The adopted Fiscal Year 2021 budget reflected reductions of approximately \$39.5 million in Operation and Maintenance Expenses from the Department’s expectations prior to the COVID-19 outbreak. The Department believes that the Fiscal Year 2021 budget reflects conservative projections and expects to meet its debt service covenants and make all debt service payments.

As adopted, the Fiscal Year 2021 budget reflected the following key assumptions:

- The Department anticipated the receipt of approximately \$147.2 million in CARES Act reimbursements. See the subcaption “—Federal Relief Efforts.”
- The Department expected to provide continued payment relief to concessionaires, as described under the subcaption “—Tenant Relief Program.”
- The Department expected that passenger traffic at the Airport would decline by approximately 32% below Fiscal Year 2020 levels in Fiscal Year 2021. Based on its current projections, the Department now expects that passenger traffic will decline by approximately 40% below Fiscal Year 2020 levels in Fiscal Year 2021, as described under the subcaption “—Reduced Passenger Traffic.”

Since the adoption of the Fiscal Year 2021 budget in May 2020, the Department has taken steps to further reduce Operation and Maintenance Expenses, which reductions are expected to total an additional approximately \$11.4 million by June 2021.

Tenant Relief Program. In April 2020, at the onset of the COVID-19 outbreak, the Department and the Airline Airport Affairs Committee engaged in discussions with respect to the deferral of payments due under the Airline Agreement. See the caption “THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges.” The Department agreed to defer the “joint use” portion of terminal rental fees (which are shared among the airlines based on the percentage of total enplanements that is attributable to each airline) for airlines that are signatories to the Airline Agreement for the period from April 2020 through June 2020. None of the fees payable by the airlines were forgiven, and the Department received payment of all deferred fees (based on average enplanements from March 2019 through February 2020) by December 2020. In addition, as described under the caption “—Management Discussion of Operating Results and Projections,” landing fee rates terminal building rental rates and gate use fees were held at Fiscal Year 2020 amounts for the first half of Fiscal Year 2021.

In addition, the Department and Airport concessionaires have engaged in discussions with respect to the deferral and waiver of payments due under the concession agreements. See the caption “THE AIRPORT SYSTEM—Airport Concessions.” The Department agreed to waive minimum monthly fees based on prior year revenues for the period from April 2020 through October 2020. The Board also approved the 10/6/20 Plan, under which minimum monthly fees for October 2020 were waived and minimum monthly fees for the period from November 2020 through the anniversary of each concession agreement were reduced by 75%.

The Department’s Fiscal Year 2021 budget reflects: (i) reductions in concessionaire sales revenues in proportion to the anticipated 40.0% reduction in passenger traffic in Fiscal Year 2021 compared to Fiscal Year 2020; and (ii) the waiver of minimum monthly fees from July through October 2020 and a 75% reduction in minimum monthly fees for the period through the anniversary in calendar year 2021 of each concession agreement, as approved in the 10/6/20 Plan.

The Department is currently determining whether and in what capacity to apply ARP Act moneys to provide further relief to Airport concessionaires. See the subcaptions “—General” and “—Federal Relief Efforts.”

There can be no assurance that the waiver and deferral of airline and concessionaire payments will enable such businesses to continue operating. See the caption “THE AIRPORT SYSTEM—Airport Concessions—Rental Cars” for a discussion of the bankruptcy filings of certain rental car concessionaires which operate at the Airport. The Department is unable to predict whether any airlines or other concessionaires will seek bankruptcy protection as a result of the economic disruption associated with the COVID-19 pandemic. The occurrence of such events would be expected to result in further reductions in Airport revenues.

Fiscal Year 2022 Budget. The Department’s Fiscal Year 2022 budget assumes that the economy will begin to recover from the recession wrought by the pandemic and governmental actions in response thereto. The budget projects total pledged Revenues of approximately \$449.6 million in Fiscal Year 2022, an increase of approximately \$70.0 million (18.4%) from Fiscal Year 2021 projected Revenues (excluding passenger facility charge revenues), and projects total Operation and Maintenance Expenses of \$270.9 million in Fiscal Year 2022, an increase of approximately \$14.2 million (5.5%) from Fiscal Year 2021 projected Operation and Maintenance Expenses. The Department believes that the Fiscal Year 2022 budget reflects conservative projections and expects to meet its debt service covenants and make all debt service payments.

The Fiscal Year 2022 budget reflects the following key assumptions:

- Passenger traffic will increase by approximately 54.7% in Fiscal Year 2022 compared to Fiscal Year 2021.

- The 2008A-2 Bonds, 2008B-2 Bonds and 2017D Bonds will be defeased prior to maturity, as discussed under the subcaption “—Liquidity and Financial Position,” which is expected to generate approximately \$28.2 million in debt service savings.
- The Department will receive a total of approximately \$50.6 million in CARES II Act and ARP Act funding in Fiscal Year 2022, as discussed under the caption “—Federal Relief Efforts.”
- Cost containment initiatives that were adopted as part of the Fiscal Year 2021 budget will remain in place, with the exception of a mandatory 76-hour pay period for Department employees.

Liquidity and Financial Position. The Department believes that the Airport System’s financial position prior to the COVID-19 outbreak was strong, providing the Department with the flexibility to navigate the declines in passenger traffic and scheduled flights, which has affected both airline and non-airline (including concession) revenue. The Department met all applicable debt service coverage ratios in Fiscal Year 2020 and expects to meet such ratios in Fiscal Year 2021 based on its projections of passenger traffic and Airport revenues (including CARES Act grant reimbursements), as described under the subcaption “—Fiscal Year 2021 Budget.” See the caption “SECURITY FOR THE 2021B NOTES—Rate Maintenance Covenants.” At June 30, 2020, the Department held unrestricted cash and investment balances of approximately \$466.9 million, compared to approximately \$485.7 million on December 31, 2019, prior to the onset of the pandemic.

Unrestricted cash and investment balances for the Airport System totaled approximately \$659.8 million at March 31, 2021, with 703 days on hand (unrestricted cash and investment balances divided by average estimated daily operating expenses). Cash on hand at March 31, 2021 included approximately \$195.9 million in FAA reimbursements to the Airport System under the CARES Act, as discussed under the subcaption “—Federal Relief Efforts.” In January and April 2021, the Department expended approximately \$22.4 million and \$8.5 million, respectively, of its unrestricted cash to reimburse the United States Bureau of Land Management and the State of Nevada for land sales in late calendar year 2020 pursuant to the Southern Nevada Public Lands Management Act.

In addition, in January 2021, the Board of Commissioners approved a proposal for an early payment and defeasance of the 2008A-2 Bonds, 2008B-2 Bonds and 2017D Bonds, which are Second Lien Subordinate Securities payable from Net Revenues of the Airport System on a parity with the 2021A Bonds. The 2008A-2 Bonds, 2008B-2 Bonds and 2017D Bonds are currently outstanding in the aggregate principal amount of \$67,620,000 and each has a final maturity on July 1, 2022. See the caption “SECURITY FOR THE 2021B NOTES—Second Lien Subordinate Securities.” The Department expects to defease the 2008A-2 Bonds, 2008B-2 Bonds and 2017D Bonds prior to maturity from available cash early in Fiscal Year 2022, resulting in total debt service savings of approximately \$28.2 million. See the subcaption “—Fiscal Year 2022 Budget.” The projected operating results that are set forth under the caption “—Historical Operating Results and Projected Future Operating Results” reflect the early payment and defeasance of the 2008A-2 Bonds, 2008B-2 Bonds and 2017D Bonds.

The Department also collects passenger facility charges, which can only be used for certain authorized purposes. The Department applied approximately \$15.4 million in accumulated passenger facility charge revenues to pay debt service on bonds secured by such revenues in Fiscal Year 2020. Based on the Department’s Fiscal Year 2021 budget, the Department expects to apply an additional \$33.4 million in accumulated passenger facility charge revenues to pay debt service on bonds secured by such revenues in Fiscal Year 2021, and to have approximately \$8.3 million in accumulated passenger facility charge revenues at June 30, 2021. See the caption “—Historical PFC Revenues.”

Future Effects Unknown. The County cannot predict: (1) the duration of the COVID-19 pandemic or whether another outbreak or pandemic will occur in the future; (2) the scope or duration of restrictions related to air travel, gatherings, conventions or other activities, and the duration or extent to which airlines and concessionaires will reduce or suspend services at the Airport; (3) what additional short or long-term effects

the restrictions or warnings imposed as a result of the COVID-19 pandemic may have on air travel, including to and from the Airport, and the retail services provided by Airport concessionaires, Airport System costs or revenues; (4) to what extent the COVID-19 pandemic or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost, sources of funds, schedule or implementation of the Airport's capital plan, maintenance and other landside operations or airside operations; (5) the extent to which the COVID-19 pandemic or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally; (6) whether or to what extent the County may provide additional deferrals, forbearances, adjustments or other changes to the County's arrangements with airlines and concessionaires; (7) whether airlines or concessionaires will be compelled to seek bankruptcy protection or seek to merge should the economic contraction associated with the pandemic continue, or the ultimate effect of such occurrences on Airport revenues or airline service to and from the Airport; or (8) the duration and extent of the material adverse effect on the finances and operations of the Airport System that can be expected to result from the foregoing.

Except for two projects that are described below, capital projects that were not in progress at the time of the COVID-19 outbreak in spring 2020 were put on temporary hold, although the design of certain projects that were in the design phase was completed. See the caption "FINANCIAL FACTORS—Future Developments." An Airport airfield ramp and aircraft parking project in the estimated amount of \$26.8 million (the entire cost of which is expected to be funded from CARES Act and other FAA grant funding) is currently under construction, as is the \$14.1 million Concourse C renovation that is described under the caption "THE AIRPORT SYSTEM—Description of Existing Airport Facilities—McCarran International Airport." The Department expects to evaluate capital projects that are currently on hold in calendar year 2021 and to restart certain small projects should economic conditions continue to improve. As discussed under the caption "FINANCIAL FACTORS—Future Developments," the Department does not anticipate issuing additional bonds to fund the five-year capital plan for Fiscal Years 2021 through 2025.

Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies, will continue at least over the near term. Recovery from the effects of the COVID-19 outbreak may be prolonged and, therefore, have an adverse impact on Airport System revenues for an indefinite period. Future outbreaks, pandemics or events outside of the County's control (including re-imposition of more stringent limitations on economic activity) may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and further declines in Airport System revenues.

Notwithstanding the foregoing, the Department does not currently believe that the COVID-19 outbreak and governmental actions in response thereto will result in the Airport System failing to generate sufficient Net Revenues and maintain sufficient liquid reserves to pay debt service on the 2021B Notes.

Historical PFC Revenues

Set forth below is a summary of historical passenger facility charge collections by the County for the past five Fiscal Years and projected amounts of passenger facility charge collections for the current and next two Fiscal Years. The historical information set forth below has been excerpted from the Financial Statements. The table below has not been audited by the Auditor.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION Historical Passenger Facility Charge Collections

<i>Fiscal Year Ended June 30</i>	<i>Passenger Facility Charge Collections⁽¹⁾</i>	<i>Percentage Change</i>
2016	\$ 89,567,241	6.73%
2017	90,792,559	1.37
2018	94,596,711	4.19
2019	96,782,820	2.31
2020 ⁽²⁾	70,640,051	(27.01)
<i>Estimated⁽³⁾</i>		
2021	\$ 43,890,000	(37.87)%
2022	67,366,000	53.49
2023	75,645,000	12.29

⁽¹⁾ Excludes interest earnings.

⁽²⁾ Decrease reflects effect of COVID-19 outbreak and governmental actions in response thereto. See the caption “—COVID-19 Outbreak.”

⁽³⁾ Estimated collections assume no change to the current passenger facility charge of \$4.50 per qualifying enplaned passenger. Source: Clark County Department of Aviation.

In Fiscal Years 2018 and 2019, passenger facility charge collections increased by approximately 4.2% and 2.3%, respectively, reflecting increased passenger traffic during such Fiscal Years. In Fiscal Year 2020, passenger facility charge collections dropped by approximately 27.0% as a result of a significant decline in passenger traffic in the second half of such Fiscal Year in the wake of the COVID-19 outbreak and governmental actions in response thereto. See the caption “—COVID-19 Outbreak.”

The Department currently projects that passenger traffic will decrease by approximately 40.0% in Fiscal Year 2021 compared to Fiscal Year 2020, increase by approximately 54.7% in Fiscal Year 2022 compared to Fiscal Year 2021 and increase by approximately 12.3% in Fiscal Year 2023 compared to Fiscal Year 2022. The Department expects passenger facility charge revenues to decrease by approximately 37.9% in Fiscal Year 2021 and to increase by approximately 53.4% and 12.3% in Fiscal Years 2022 and 2023, respectively, as a result of such projected passenger traffic.

The rate of changes in passenger facility charge revenues differs from the rate of changes in passenger traffic because passenger facility charges are collected at the time of booking, which may not necessarily occur in the Fiscal Year in which passengers travel, and because not all passenger enplanements are eligible for charges under the passenger facility charge program.

The Department is currently evaluating the possibility of restructuring a portion of its outstanding Parity PFC Bonds given the decline in passenger facility charge collections. The series and maturities that may be subject to such a restructuring have not been determined, nor has the Department sought the approval of the Board to undertake any restructuring, and there can be no assurance as to the outcome or timing of the Department’s evaluation of the Parity PFC Bonds.

Historical Jet A Fuel Tax Revenues

Set forth below is a summary of historical Jet A Fuel Tax collections by the County for the past five Fiscal Years and projected Jet A Fuel Tax collections for the current and next two Fiscal Years. On March 5, 2013, the Board elected to include a \$0.01 per gallon increase in the Jet A Fuel Tax in Pledged Jet Fuel Tax Revenues, thereby pledging the revenues from such tax to the payment of the 2013A Bonds. The 2013A Bonds are also payable from Net Revenues of the Airport System on a parity with the 2021B Notes. See the caption “OUTSTANDING AIRPORT INDEBTEDNESS—Third Lien Subordinate Securities.”

The historical information set forth below has been excerpted from the Airport’s audited financial statements. The table below has not been audited by the Auditor.

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION Historical Jet A Fuel Tax Collections

<i>Fiscal Year Ended June 30</i>	<i>Jet A Fuel Tax Collections</i>	<i>Percentage Change</i>
2016	\$ 11,337,302	7.53%
2017	12,050,252	6.29
2018	11,794,565 ⁽¹⁾	(2.12)
2019	11,978,649	1.56
2020 ⁽²⁾	9,676,018	(19.22)

<i>Estimated</i>		
2021	\$ 7,750,000	(19.91)%
2022	9,400,000	21.29
2023	10,098,000	7.42

⁽¹⁾ Decrease in Fiscal Year 2018 amount reflects the use of more fuel-efficient aircraft by airlines serving the Airport.

⁽²⁾ Decrease reflects effect of COVID-19 outbreak and governmental actions in response thereto. See the caption “—COVID-19 Outbreak.”

Source: Clark County Department of Aviation.

The increases in Jet A Fuel Tax collections in Fiscal Year 2016 and 2017 reflect increases in Jet A Fuel purchases. The slight decrease in Jet A Fuel Tax collections in Fiscal Year 2018 reflects the use of more fuel-efficient aircraft by airlines serving the Airport. The decrease in Jet A Fuel Tax collections in Fiscal Year 2020 reflects the effects of the COVID-19 outbreak and governmental actions in response thereto. See the caption “—COVID-19 Outbreak.” Jet A Fuel Tax collections are influenced by total airline fuel flow at the Airport, which in turn is influenced by individual airline policies.

The annual debt service on the 2013A Bonds is \$8,568,750 for Fiscal Year 2021, \$8,567,000 for Fiscal Year 2022 and \$8,421,750 for Fiscal Year 2023, while the maximum annual debt service on the 2013A Bonds is \$8,571,250 in Fiscal Year 2025. There is no assurance that the Jet A Fuel Tax collections distributed to the County will generate the amounts shown above in Fiscal Years 2021 and 2022. In the event that annual debt service on the 2013A Bonds in any Fiscal Year exceeds Jet A Fuel Tax collections in such corresponding Fiscal Year, the 2013A Bonds are additionally secured by and payable from Net Revenues of the Airport System on a parity with the 2021B Notes. In the event that Jet A Fuel Tax collections in any Fiscal Year exceed annual debt service on the 2013A Bonds in such corresponding Fiscal Year, the County may elect to apply such excess Jet A Fuel Tax revenues to payment of other Airport obligations, including but not limited to interest on the 2021B Notes.

The County can increase the Jet A Fuel Tax up to an additional one cent (for a total Jet A Fuel Tax of four cents) and may upon election of the Board elect to include such additional one cent tax in Pledged Jet Fuel

Tax Revenues; however, the County is not required to increase the Jet A Fuel Tax, even if Pledged Jet Fuel Tax Revenues are insufficient to pay debt service on the 2013A Bonds.

Other Factors Affecting Airport Operations and Revenues

Future traffic at the Airport and the revenues of the Department are sensitive to a variety of factors, including the following:

(1) The growth in the population and economy in the Airport service area could affect residents' disposable income and ability and willingness to engage in air travel. Although the Department believes that the majority of Airport users are Las Vegas area vacationers and convention attendees rather than local residents, a significant reduction in the use of the Airport by residents of the local service area could reduce Airport revenues. See the caption "THE AIRPORT SYSTEM—Service Area" and Appendix A for a description of the Airport's service area and service area population, respectively.

(2) National and international economic conditions, including the duration of governmental orders to slow the spread of COVID-19, civil unrest, currency exchange rates and geopolitical conditions, could affect disposable income, which could affect the willingness of travelers to visit the Las Vegas area as a vacation and convention destination and thereby reduce Airport revenues.

(3) Airline economics and air fares could affect airline profitability and the willingness of potential passengers to travel by air. Slow or negative traffic growth in multiple regions, increased competition among air carriers, consolidation and mergers among airlines, increased fuel, labor, equipment and other costs and increases in the requirements for and the cost of debt capital have combined from time to time to reduce profits or to cause losses for the airlines, sometimes leading to bankruptcy or reorganization. A recurrence of these factors could lead to further bankruptcy filings, liquidations or major restructuring by other airlines. Under such circumstances, an airline, or a trustee in bankruptcy, may have the right to reject the Airline Agreements that are described under the caption "THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges." In addition, in the aftermath of the September 11, 2001 terrorist attacks, the airline industry experienced significant financial losses and short-term reductions in the number of passengers who traveled by air. A number of airlines filed for bankruptcy protection or merged with competitors in the intervening years. See the caption "THE AIRPORT SYSTEM—Airport Operations—Airlines Serving the Airport." In certain cases, other airlines increased routes that were previously served by competitors upon such competitors' bankruptcies, resulting in minimal net effect on Airport operations. However, there can be no assurance that similar events will not disrupt passenger traffic to the Airport in the future.

(4) The availability and price of aviation fuel could create significant economic challenges for the airlines that use the Airport. Fuel price increases or volatility could cause airlines to ground aircraft, restructure or eliminate route networks, reduce seat capacity and increase airfares. Any of such actions could reduce the number of passengers that use the Airport and have a negative effect on Airport revenues. See the caption "THE AIRPORT SYSTEM—Airline Agreements; Rates and Charges" for a description of the Airport's cost recovery mechanism.

(5) Limitations on the capacity of the air traffic control system to handle increased airline traffic because of federal budgetary constraints, labor actions or regulatory requirements could hinder increases in the number of flights to and from the Airport and thereby restrain revenue growth. Demands on the air traffic control system at the national level have, in the past, caused delays to and operational restrictions on airline schedules and passenger traffic. There can be no assurance that the Airport will not be affected by such matters in the future.

(6) In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at the Airport will depend on the capacity at the Airport itself. See the caption "FINANCIAL FACTORS—Future Developments" for information about the Airport's

capital plan. The ability of the Airport to complete planned projects may be adversely affected by various factors including, without limitation: (i) estimating errors; (ii) design and engineering errors; (iii) changes to the scope of the capital improvements; (iv) delays in contract awards; (v) material and/or labor shortages; (vi) unforeseen site conditions; (vii) adverse weather conditions; (viii) contractor defaults; (ix) labor disputes; (x) unanticipated levels of inflation; (xi) litigation; (xii) delays in permitting; (xiii) environmental issues; and (xiv) the availability of federal funding (as further described in paragraph (9) below). No assurance can be given that any portion of the Airport's capital plan will not cost more than currently estimated. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines utilizing the Airport. Construction of large projects at the Airport could also disrupt ongoing operations and cause reluctance on the part of passengers and airlines to use the Airport.

(7) The accessibility of and traffic to the Airport could affect Airport revenues in the future. See the caption "THE AIRPORT SYSTEM—Airport Concessions" for a discussion of the effect of TNCs such as Uber and Lyft on Airport revenues.

(8) The County collects a passenger facility charge (a "PFC"), which is currently \$4.50 per qualifying enplaned passenger. PFC revenues are collected by the airlines and remitted to the Airport. The Parity PFC Bonds, which are described under the caption "SECURITY FOR THE 2021B NOTES—Second Lien Subordinate Securities" are payable from such PFC revenues in addition to Net Revenues of the Airport System on senior basis to the 2021B Notes. The Administrator of the FAA may terminate the County's authority to impose the PFC: (i) if the Administrator determines that the County is in violation of certain provisions of the Airport Noise and Capacity Act of 1990 relating to noise and access restrictions; (ii) if the Administrator determines that the PFC revenue is excessive or cannot determine that such revenue is being used for approved projects in accordance with the Imposition and Use Approval or with the Federal Aviation Act (49 United States Code § 40117) and regulations promulgated thereunder (collectively, the "Federal Act"); (iii) if project implementation does not commence within the time period specified in the Federal Act; or (iv) if the County is otherwise in violation of the Federal Act. In the event that PFC revenues are reduced, the Parity PFC Bonds will be payable from Net Revenues of the Airport System on senior basis to the 2021B Notes.

(9) The United States Congress periodically approves authorizing and funding legislation for the FAA. Such legislation includes federal capital grants to support airport infrastructure through entitlement grants (which are determined by formulas based on passenger, cargo and general aviation activity levels) and discretionary grants (which are allocated on the basis of specific set-asides and the national priority ranking system). If there is a reduction in the amount of grants that are awarded to the County for the Airport, it could: (i) increase by a corresponding amount the capital expenditures that the County would need to fund from other sources (including operating revenues and bond proceeds); (ii) extend the timing to complete certain projects; or (iii) reduce the scope of individual proposed projects or the overall program, or both. Over the years, FAA funding legislation and various components of FAA operations have not been consistently approved on a long-term basis. The FAA has previously endured brief shutdowns when a lapse in continuing authority terminated funding for non-essential operations. Based on past experience, the Department does not expect such shutdowns to have a material adverse effect on Airport operations. However, the failure by Congress to reauthorize the operating authority of the FAA, or additional conditions placed on such authority, could have an adverse impact on Airport operations, including the availability of grant and other federal funds to finance capital improvements, in the future.

(10) The major airline carriers (or their respective parent corporations) are subject to the informational requirements of the Securities and Exchange Act of 1934 and in accordance therewith file reports and other information with the Securities and Exchange Commission (the "SEC"). Certain information, including financial information as of particular dates concerning several of the airline carriers (or their respective parent corporations), is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected at the Public Reference Room of the SEC at 450 Fifth Street N.W., Washington, D.C. 20549, and copies of such reports and statements can be obtained from the SEC at

prescribed rates. In addition, each scheduled airline is required to file periodic reports containing certain financial and operating statistics with the Department of Transportation. Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 7th Street S.W., Washington, D.C. 20590, and copies of such reports can be obtained from the Department of Transportation at prescribed rates.

(11) The County operates a large and complex information technology infrastructure to support internal and external operations. As is the case with any such environment, the threat of cybersecurity incidents is a constant one. These incidents may arise from multiple sources, including unintentional events or actions, intentional insider threats, and deliberate malicious attacks or actions from outside entities. The effect of these threats may include unauthorized access to County systems, data or resources, inappropriate exposure or use of County information, disruption of County services, and damage to County systems.

The County has a team of information technology employees that are dedicated to the protection of the County from cybersecurity attacks as well as enforcing County security policies and procedures. This team is comprised of nine full time employees with one of them serving as a supervisor for the group. In addition, the Department has two full time cybersecurity employees. Multiple technology investments have also been made by the County to implement software tools to assist the information technology security team in their mission of protecting County from cyberattacks. These tools include anti-virus software, whitelisting software, extensive log monitoring tools and multi factor authentication. The County is also a PCI-compliant organization that has satisfied the rigorous requirements instituted by the PCI Data Security Standards Council. However, the County acknowledges that no amount of detective or defensive measures can prevent all cybersecurity attacks or the resultant disruptions and costs. To that end, the County has obtained a cyber-liability insurance policy.

(12) Climate change caused by human activities may have adverse effects on Airport revenues. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels.

Projections of the impacts of global climate change on the County are complex and depend on many factors that are outside of the County's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the County is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts on Airport revenues. While the impacts of climate change may be mitigated by the County's past and future investment in adaptation strategies, the County can give no assurance about the net effects of those strategies and whether the County will be required to take additional adaptive mitigation measures.

(13) Competition from surface modes of transportation has resulted in decreased passenger numbers in certain airport markets. In addition, businesses and individuals may choose or be compelled to use surface modes of transportation for environmental reasons. Teleconference, video-conference and web-based meetings continue to improve in quality and price and are considered a satisfactory alternative to some face-to-face business meetings, especially with their increased use throughout the COVID-19 pandemic. In addition, consumers have become more price-sensitive. Efforts by airlines to stimulate traffic by discounting fares have changed consumer expectations regarding airfares. In addition, the availability of transparent price information on the Internet, which allows easier comparison shopping, has changed consumer purchasing habits. As a result, pricing and marketing have become more competitive in the United States airline industry.

LITIGATION AND OTHER LEGAL MATTERS AFFECTING THE AIRPORT

Based on its review and search of the court dockets for the Eighth Judicial District Court for the State, the County, and the United States District Court of Nevada, and based on due investigation, the Clark County District Attorney's office is of the opinion that currently no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or, to its knowledge, threatened, seeking: (i) to restrain or enjoin the issuance of the 2021B Notes; or (ii) in any way to contest or affect the validity of the 2021B Notes or any proceedings of the County taken with respect to the issuance thereof or the pledge, collection or application of any moneys or security provided for the payment of the 2021B Notes, or the corporate existence or the powers of the County. The only cases of note are as follows:

General Litigation

U.S. Department of Justice v. Nevada Links and Clark County - 2:17-cv-02303-MMD-PAL. The County was served with a lawsuit filed by the United States Department of Justice regarding a modification to a 1999 lease that the County entered into involving land that is subject to the Southern Nevada Public Lands Management Act. The complaint alleges that a 2011 amendment impermissibly changed the rent structure in violation of the County's duty to obtain fair market value for the land. While the initial demand requests the present value of future rent, in the event of an adverse ruling, the County would likely be subject to back rent in the amount of approximately \$12 million. Alternatively, the complaint seeks rescission of the amendment, which would relieve the County of the back rent obligation. The County has no objection to rescission but is vigorously defending the claims for back rent. At this time, the County is unable to predict the outcome of the dispute. The current tenant, Nevada Links, is also a defendant in the litigation and may share responsibility for back rent payments.

On February 24, 2021, the United States District Court of Nevada issued an Order that granted defendants Clark County and Nevada Links' motion for summary judgment and denied the plaintiff's motion for partial summary judgment. The Court entered judgment in favor of the defendants due to the plaintiff's untimely filing of the case under 28 U.S.C. § 2415(a). The Court determined that the plaintiff learned that Nevada Links was paying below fair market rent to the County more than 6 years before the plaintiff filed suit. Therefore, the 28 U.S.C. § 2415 limitations clock started running once the plaintiff knew or should have known that Nevada Links was paying below fair market rent to the County.

On April 23, 2021, the plaintiff filed a notice of appeal to the United States Court of Appeals, Ninth Circuit. This matter is currently awaiting scheduling for a Ninth Circuit mediation assessment conference.

Gypsum Resources, LLC v. Clark County and Clark County Board of Commissioners - Case No. 19-01105-mkn (jointly administered with Case No. BK-S-14799-mkn and Case No. BK-S-19-14796-mkn). This case is based on a 2010 Settlement Agreement between Gypsum Resources, LLC ("Gypsum") and the County that resolved a prior case between the parties concerning 2,400 acres of land that Gypsum owns on Blue Diamond Hill. The case is also based on subsequent land use applications submitted by Gypsum after the date of the 2010 Settlement Agreement. In 2011, the County approved Gypsum's land use application for a concept plan for a major project development. The 2011 approval included a condition that Gypsum obtain a right-of-way approval from the United States Bureau of Land Management ("BLM") in order to access Gypsum's prospective development prior to moving on to the next stage of the major project development process. Gypsum's property is surrounded by BLM land and Gypsum must obtain approvals from BLM in order to provide access, utilities and services to a new development on its property. In 2018, Gypsum submitted a land use application requesting that the County waive the condition that Gypsum obtain the right-of-way prior to proceeding to the next stage of the major project process. The Board denied Gypsum's request, prompting Gypsum to file suit. The lawsuit alleges an equal protection violation, inverse condemnation, pre-condemnation damages, breach of contract and breach of the implied covenant of good faith and fair dealing and requests a writ of mandamus and injunctive relief. The County is vigorously

defending the suit and is of the opinion that the suit lacks merit. However, the complaint includes a claim for damages and Gypsum's inverse condemnation claim alone could exceed \$100 million dollars in the event that Gypsum is successful. The parties are just beginning the discovery process, with discovery scheduled to conclude in approximately August of 2021.

Adkins, et al v. Union Pacific Railroad Company; Bayer AG; Bayer Corporation; Monsanto Co; Solutia, Inc.; Pharmacia & Upjohn Company, LLC; Calnev Pipeline, LLC; Kinder Morgan Energy Partners, L.P.; Kinder Morgan, Inc.; City of Las Vegas, Nevada; and Clark County - Case A-21-827461-C. On or about February 1, 2021, the County was named in this lawsuit. The lawsuit alleges that since 1995 the plaintiffs, while employed at the Clark County Government Center located at 500 South Grand Central Parkway, were exposed to toxic chemicals due to contamination on the property, causing various illnesses. On March 18, 2021, the County filed a Motion to Dismiss as the County does not believe the claims have merit, but due to the large number of plaintiffs in the case, if the County were found to be liable the damages could exceed \$10 million dollars. On June 8, 2021, the court granted the County's Motion to Dismiss, thereby dismissing the County with prejudice from this lawsuit. The court's ruling on the County's Motion to Dismiss is subject to appeal until the appeal period has run with respect to a final judgment in the lawsuit.

Inverse Condemnation Litigation

The County has previously been a party to actions concerning Airport System operations in which inverse condemnation damages and other damages were sought against the County. Currently, the County is not a party to any inverse condemnation litigation. However, the possibility of future litigation with inverse condemnation allegations is a possibility. As a precaution, the following cases are provided to note the impact they may have on future claims.

Steve Sisolak v. McCarran International Airport and Clark County (“Sisolak”). In Sisolak, the district court found for the plaintiff's inverse condemnation claim, holding that a “per se taking” had occurred as a result of the County's enactment of airport height zoning ordinances. On appeal, the Nevada Supreme Court on July 13, 2006 affirmed the district court's ruling that a “per se taking” had occurred as a result of the County's airport height zoning ordinance. The County petitioned the United States Supreme Court for a writ of certiorari based on federal law, but such petition was denied in February 2007. The Sisolak decision is currently the controlling law in Nevada.

David Johnson, Trustee of the Joseph W. Huntsman 1983 Trust v. McCarran International Airport (“Johnson”) and Clark County and 70 Limited Partnership, Tertia Dvorchak as special administratrix of the estate of Thomas T. Beam, Deceased v. McCarran International Airport and Clark County (“Dvorchak”). In Johnson and Dvorchak, both plaintiffs filed cases alleging that the imposition of zoning height restrictions on the plaintiffs' properties constituted a “per se taking.” The County successfully filed motions to dismiss each case based upon the statute of limitations. The Nevada Supreme Court upheld both lower court decisions that per se regulatory takings claims filed more than fifteen years after the adoption of airport-related zoning regulations were time-barred. In both Dvorchak and Johnson, all seven Supreme Court Justices unanimously decided in favor of affirmance. In particular, the Nevada Supreme Court found that its decision in *White Pine Lumber v. City of Reno*, 106 Nev. 778, 801 P.2d 1370 (1990), which recognized a fifteen-year limitations period in inverse condemnation cases, was applicable and that the per se regulatory takings claims accrued upon the adoption of airport-related zoning regulations.

Because these decisions were decided unanimously by all seven Supreme Court Justices, there is a strong likelihood that the Nevada Supreme Court would continue to uphold dismissals of other inverse condemnation airspace takings cases that were filed more than fifteen years after the adoption of Clark County Ordinance 1221 (adopted August 1, 1990), Clark County Ordinance 1599 (adopted July 6, 1994) or any other airport-related zoning regulation. Nonetheless, because the orders of affirmance in Johnson and Dvorchak were not selected for publication, it must be noted that the orders may not be cited as precedent or legal

authority under Nevada Supreme Court Rule 123 and this results in it being impossible to predict the legal effect of these orders of affirmance.

Other Litigation and Claims

The County is a party to numerous other actions and claims in connection with the ownership and operation of the Airport System, including personal injury claims, employment-related claims and construction claims, but in the opinion of the County District Attorney, based in part on advice of outside counsel, the actions and claims described under this caption are not expected, in the aggregate, to have a material adverse effect on the financial condition of the Airport System at this time.

RATINGS

The County expects that Moody's Investors Service, Inc., Fitch Ratings, Inc. and Kroll Bond Rating Agency will assign the 2021B Notes the ratings of "A1", "A+" and "A+", respectively. No application has been made or is anticipated to be made to any other rating agency for the purpose of obtaining any additional ratings on the 2021B Notes. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. A securities rating is not a recommendation to buy, sell or hold securities and there is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the 2021B Notes.

The County has covenanted in a Continuing Disclosure Certificate to file notices of any rating changes on the 2021B Notes with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). See the caption "CONTINUING DISCLOSURE" and Appendix D. Notwithstanding such covenant, information relating to rating changes on the 2021B Notes may be publicly available from the rating agencies prior to such information being provided to the County or the Department and prior to the date by which the County is obligated to file a notice of rating change. Purchasers of the 2021B Notes are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the 2021B Notes after the initial issuance of the 2021B Notes.

In providing a rating on the 2021B Notes, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Series Indenture or the Master Indenture. The County makes no representations as to any such calculations, and such calculations should not be construed as a representation by the County or the Department as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

UNDERWRITING

The 2021B Notes are being purchased pursuant to a Purchase Contract (the "Purchase Contract"), dated the date hereof, by and between the County and Citigroup Global Markets Inc., as representative of itself and Morgan Stanley & Co. LLC (collectively, the "Underwriters"), at a purchase price of \$146,749,570.30 (being the par amount of the 2021B Notes, plus \$21,796,790.00 of net original issue premium and less \$357,219.70 of Underwriters' discount). The Purchase Contract provides that the Underwriters will purchase all of the 2021B Notes if any are purchased.

The Underwriters may offer and sell the 2021B Notes to certain dealers (including dealers depositing the 2021B Notes into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

Citigroup Global Markets Inc., one of the Underwriters of the 2021B Notes, 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.

Morgan Stanley & Co. LLC, one of the Underwriters of the 2021B Notes, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2021B Notes.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the County, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RELATED PARTIES

Each of: (a) Citigroup Global Markets Inc., one of the Underwriters of the 2021B Notes and a remarketing agent for certain obligations of the County; (b) Citibank, N.A., a credit facility provider with respect to certain outstanding obligations of the County; and (c) Citigroup Financial Products Inc., a counterparty with respect to certain interest rate swap agreements of the County, are indirect wholly owned subsidiaries of Citigroup Inc., a Delaware holding company. Citigroup Financial Products Inc. is also the direct 100% parent corporation of Citigroup Global Markets Inc. See the captions “FINANCIAL FACTORS—Credit or Liquidity Facilities” and “FINANCIAL FACTORS—Interest Rate Swap Agreements” for further information relating to the Airport’s credit and liquidity facilities and interest rate swap agreements, respectively.

MUNICIPAL ADVISORS

Hobbs, Ong & Associates, Inc., Las Vegas, Nevada, and PFM Financial Advisors LLC, San Francisco, California, have served as municipal advisors (the “Municipal Advisors”) to the County in connection with various matters relating to the planning, structuring and issuance of the 2021B Notes. The Municipal Advisors have not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the County and the Board, with respect to the accuracy and completeness of disclosure of such information. No guaranty, warranty or other representation is made by the Municipal Advisors relating to the accuracy or completeness of this Official Statement or any

other matter related to this Official Statement. The fees being paid to the Municipal Advisors are contingent upon the execution and delivery of the 2021B Notes.

TRUSTEE

The Bank of New York Mellon Trust Company, N.A., by acceptance of its duties as Trustee under the Series Indenture, has not reviewed this Official Statement and has made no representations as to the information contained herein, including but not limited to, any representations as to the financial feasibility of the 2021B Notes or related activities.

TAX MATTERS

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2021B Notes (other than interest on any 2021B Note for any period during which it is held by a “substantial user” of the facilities financed with the 2021B Notes or a “related person,” as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2021B Notes (the “Tax Code”)) is excluded from gross income pursuant to Section 103 of the Tax Code; however, interest on the 2021B Notes is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code.

The Tax Code imposes several requirements which must be met with respect to the 2021B Notes in order for the interest thereon to be excluded from gross income to the extent described above. Certain of these requirements must be met on a continuous basis throughout the term of the 2021B Notes. These requirements include: (a) limitations as to the use of proceeds of the 2021B Notes and as to the use of the facilities financed thereby; (b) limitations on the extent to which proceeds of the 2021B Notes may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2021B Notes above the yield on the 2021B Notes to be paid to the United States Treasury. The County will covenant and represent in the Series Indenture that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2021B Notes from gross income. Bond Counsel’s opinion as to the exclusion of interest on the 2021B Notes from gross income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the County to comply with these requirements could cause the interest on the 2021B Notes to be included in gross income from the date of issuance. Bond Counsel’s opinion is also rendered in reliance upon certifications of the County and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Under Section 56 of the Tax Code, certain tax preference items are required to be included for purposes of the alternative minimum tax applicable to both individuals and corporations. For purposes of computing the amount of alternative minimum taxable income for any year to which this tax is applicable, the interest on the 2021B Notes is included as a tax preference item.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the 2021B Notes. Owners of the 2021B Notes should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2021B Notes made to any Owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the Owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the Owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Bond Counsel’s

opinion relates only to the exclusion of interest on the 2021B Notes from gross income, as described above, and will state that bond counsel is not opining on other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2021B Notes. Owners of the 2021B Notes should consult their own tax advisors as to the applicability of these consequences.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2021B Notes. If an audit is commenced, the market value of the 2021B Notes may be adversely affected. Under current audit procedures the Service will treat the County as the taxpayer and the Owners may have no right to participate in such procedure. The County has covenanted in the Series Indenture not to take any action that would cause the interest on the 2021B Notes to lose its exclusion from gross income for federal income tax purposes. None of the County, the Underwriters nor Bond Counsel is responsible for paying or reimbursing any Owner with respect to any audit or litigation costs relating to the 2021B Notes.

Also, in the opinion of Bond Counsel, under present laws of the State of Nevada, the 2021B Notes, their transfer, and the income thereon are free and exempt from taxation by the State of Nevada or any subdivision thereof except the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2021B Notes. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2021B Notes, the exclusion of interest on the 2021B Notes from gross income from the date of issuance of the 2021B Notes or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse federal tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the 2021B Notes. Owners of the 2021B Notes are advised to consult with their own tax advisors with respect to such matters.

LEGAL MATTERS

Certain legal matters incident to the validity and enforceability of the 2021B Notes are subject to the final approving opinion of Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel, in the form attached hereto as Appendix F. Certain legal matters will be passed upon for the County by the County District Attorney, Las Vegas, Nevada, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Las Vegas, Nevada, Disclosure Counsel. Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriters. The fees of Bond Counsel and Underwriters’ Counsel are contingent upon the issuance of the 2021B Notes. Bond Counsel and Disclosure Counsel both represent one or more of the Underwriters from time to time on matters unrelated to the County or the 2021B Notes. Bond Counsel and Disclosure Counsel do not represent the Underwriters or any party other than the County in connection with the issuance of the 2021B Notes.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the holders and Beneficial Owners of the 2021B Notes to provide certain financial information and operating data (the “County Annual Report”) by March 31 following the end of the County’s Fiscal Year, commencing March 31, 2022 for the County Annual Report for Fiscal Year 2021, and to provide notices of the occurrence of certain enumerated events. A form of document specifying the nature of the information to be contained in the County Annual Report and the notices of enumerated events is set forth in Appendix D. These covenants have been made in order to assist the

Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the United States Securities and Exchange Commission (the “Rule”).

In July 2016, the County discovered that the trustee for one of the County’s special improvement district bonds incorrectly applied funds received by the County for a mandatory sinking fund payment due on February 1, 2016 to the wrong maturity. The County’s dissemination agent filed an event notice disclosing the trustee’s failure to redeem the correct special improvement district bonds on July 22, 2016.

Except as set forth in the immediately preceding paragraph, the County has not failed to materially comply with any prior continuing disclosure undertakings previously entered into pursuant to the Rule in the last five years. The County will continue to monitor its compliance with its continuing disclosure undertakings.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion, forecast or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the purchasers of any of the 2021B Notes and the Airport or the County.

This Official Statement contains forward-looking statements, including: (a) statements containing projections of Airport System Revenues, expenditures and other financial items; (b) statements of the plans and objectives of the County for future operations of the Airport System; (c) statements of future economic performance of the Airport System; and (d) statements of the assumptions underlying or relating to statements described in (a), (b) and (c) above (collectively, “Forward-Looking Statements”). All statements other than statements of historical facts included in this Official Statement, including without limitation under the captions “FINANCIAL FACTORS,” “THE AIRPORT SYSTEM” and “OPERATING RESULTS” regarding the Airport System’s financial position, business strategy, capital resources and plans and objectives of the County for future operations of the Airport System are Forward-Looking Statements. Although such expectations reflected in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from expectations of the County (collectively, the “Cautionary Statements”) are disclosed in this Official Statement. All subsequent written and oral Forward-Looking Statements attributable to the County or persons acting on behalf of the County are expressly qualified in their entirety by the Cautionary Statements.

There are appended to this Official Statement appendices entitled “CERTAIN INFORMATION RELATING TO THE COUNTY,” “REPORT OF CROWE, LLP AND FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019,” “DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SERIES INDENTURE,” “FORM OF CONTINUING DISCLOSURE CERTIFICATE,” “DTC AND BOOK-ENTRY ONLY SYSTEM” and “FORM OF OPINION OF BOND COUNSEL.” The appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

COUNTY OF CLARK, NEVADA

By: _____ /s/Marilyn Kirkpatrick
Chair

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APPENDIX A

CERTAIN INFORMATION RELATING TO THE COUNTY

This portion of the Official Statement contains general information concerning the economic and demographic conditions in the County. This information is intended only to provide prospective investors with general information regarding the community. No moneys of the County, other than Net Revenues of the Airport, have been pledged to the payment of the 2021B Notes. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. In particular, in many cases the information reflects conditions prior to the COVID-19 outbreak that is discussed in the forepart of the Official Statement under the caption “OPERATING RESULTS—COVID-19 Outbreak” rather than current conditions. The information presented was obtained from the sources indicated, and the County makes no representation as to the accuracy or completeness of the data obtained from parties other than the County.

Population and Age Distribution

The table below sets forth the population growth of the County and the State since 1970. Between 2011 and 2018 the County’s population increased approximately 14.4%, while the State’s population increased approximately 12.3% over the same time period.

POPULATION⁽¹⁾				
Calendar Year	State of Nevada	Percent Change	Clark County	Percent Change
1970	488,738	--	273,288	--
1980	800,493	63.8%	463,087	69.5%
1990	1,201,833	50.1	741,459	60.1
2000	1,998,257	66.3	1,375,765	85.5
2010	2,700,551	35.1	1,951,269	41.8
2011	2,721,794	0.8	1,967,722	0.8
2012	2,750,217	1.0	1,988,195	1.0
2013	2,800,967	1.8	2,031,123	2.2
2014	2,843,301	1.5	2,069,450	1.9
2015	2,897,584	1.9	2,118,353	2.4
2016	2,953,375	1.9	2,166,181	2.3
2017	2,986,656	1.1	2,193,818	1.3
2018	3,057,582	2.4	2,251,175	2.6
2019	3,112,937	1.8	2,293,391	1.9
2020	3,145,185	1.0	2,320,107	1.2

Sources: United States Department of Commerce, Bureau of the Census (1970-2010 as of April 1 of each year) and Nevada State Department of Taxation (2011-2020 estimates as of July 1, 2020). Estimated population figures are subject to periodic revision.

The following table sets forth a projected comparative age distribution profile for the County, the State and the United States, as of January 1, 2021.

AGE DISTRIBUTION

<i>Age</i>	<i>Percent of Population</i>		
	<i>Clark County</i>	<i>State of Nevada</i>	<i>United States</i>
0-17	22.9%	22.5%	22.2%
18-24	8.4	8.3	9.4
25-34	14.1	13.9	13.5
35-44	14.0	13.5	12.7
45-54	13.1	12.8	12.3
55-64	11.8	12.3	12.8
65-74	9.6	10.3	10.1
75 and Older	6.1	6.4	7.0

Source: Claritas, LLC. © 2021 Environics Analytics.

Income

The following table sets forth annual per capita personal income levels for the residents of the County, the State and the United States.

PER CAPITA PERSONAL INCOME⁽¹⁾

<i>Calendar Year</i>	<i>Clark County</i>	<i>State of Nevada</i>	<i>United States</i>
2016	\$43,950	\$45,320	\$49,995
2017	45,798	47,615	52,096
2018	47,759	49,944	54,581
2019	48,806	50,985	56,474
2020	N/A	53,635	59,729

⁽¹⁾ County figures as of November 17, 2020. State of Nevada and United States figures as of September 24, 2020. All figures are subject to periodic revisions.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

General. The economy of the County (and the State) is substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. The following table shows a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State. Over the last five years, an average of 85.6% of the State's total gross taxable gaming revenue has been generated from the County.

GROSS TAXABLE GAMING REVENUE AND TOTAL GAMING TAXES⁽¹⁾

<i>Fiscal Year Ended</i> <i>June 30</i>	<i>Gross Taxable</i> <i>Gaming Revenue⁽²⁾</i>		<i>% Change</i> <i>Clark County</i>	<i>State</i> <i>Gaming Collection⁽³⁾</i>		<i>% Change</i> <i>Clark County</i>
	<i>State Total</i>	<i>Clark County</i>		<i>State Total</i>	<i>Clark County</i>	
2016	\$10,612,521,986	\$9,105,165,777	--	\$876,040,147	\$756,465,063	--
2017	10,964,590,630	9,418,043,074	3.44%	874,777,727	752,463,971	(0.53)%
2018	11,330,597,948	9,691,789,075	2.91	866,305,681	737,181,676	(2.03)
2019	11,358,691,489	9,702,414,291	0.11	919,517,387	789,848,207	7.14
2020	9,149,847,090	7,787,464,562	(19.74)	617,451,077	530,535,130	(32.83)
July 2019-March 2020	\$ 8,522,617,356	\$7,286,032,083	--	\$657,883,081	\$566,429,785	--
July 2020-March 2021	7,047,249,944	5,736,444,672	(21.27)%	556,172,564 ⁽⁴⁾	447,693,272	(20.96)%

⁽¹⁾ The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

⁽²⁾ The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

⁽³⁾ Cash receipts of the State from all sources relating to gaming (General Fund and other revenues), including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees and miscellaneous collections. A portion of collections is deposited to State funds other than the State's General Fund.

⁽⁴⁾ Due to the suspension of gaming operations earlier in calendar year 2020, this amount includes \$125,817,215 in unused tax credits pursuant to NRS 463.370(12) that were collected in fiscal year 2020 and transferred at fiscal year end.

Source: State of Nevada Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. Historically, the availability of these forms of gaming in other states has not had any significant impact on gaming in the County. Nonetheless, neither the County nor the Commission can predict the impact of legalization of legalized gaming in other states or other countries on the future economy of the County.

No gaming revenues are pledged to pay debt service on the 2021B Notes.

Tourism

Tourism is an important industry in the County. The Las Vegas Strip, Hoover Dam, Lake Mead, Mt. Charleston and other tourist attractions are in Clark County. Attractions such as the Great Basin, Grand Canyon, Yosemite, Bryce Canyon, Zion and Death Valley National Parks are each within a short flight or day's drive of Southern Nevada.

One reflection of the growth of tourism in Southern Nevada is the increase in the number of hotel and motel rooms available for occupancy as shown in the following table. The area's hotels and motels have historically experienced higher occupancy rates than those on a national level.

Set forth in the table below is the Las Vegas Convention and Visitors Authority Marketing Department's estimate of the number of visitors to the Las Vegas Metropolitan Area for the last five years and partial year information for the current and prior year.

VISITOR VOLUME AND ROOM OCCUPANCY RATE
Las Vegas Metropolitan Area, Nevada

<i>Calendar Year</i>	<i>Total Visitor Volume</i>	<i>Number of Hotel/Motel Rooms Available</i>	<i>Hotel/Motel Occupancy Rate⁽¹⁾</i>	<i>National Occupancy Rate⁽²⁾</i>
2016	42,936,109	149,339	89.1%	65.5%
2017	42,208,200	148,896	88.7	65.9
2018	42,116,800	149,158	88.2	66.2
2019	42,523,700	149,422	88.9	66.1
2020	19,031,100	143,117	42.1	44.0
January-March 2020	10,299,000	148,006	87.5	N/A
January-March 2021	5,064,300	145,648	43.1	N/A

⁽¹⁾ The sample size for this survey represents approximately 75% of the total hotel/motel rooms available.

⁽²⁾ Average daily room occupancy rates for 2017 have been restated to reflect the implementation of new accounting rules at some properties in 2018.

Source: Las Vegas Convention and Visitors Authority (Las Vegas metropolitan area data) and STR (national data).

APPENDIX B

**REPORT OF CROWE, LLP
AND FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

Comprehensive Annual Financial Report

For the Years Ended June 30, 2020 and 2019



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Comprehensive Annual Financial Report

Clark County Department of Aviation

An Enterprise Fund of Clark County, Nevada

For the Fiscal Years Ended June 30, 2020 and 2019



Prepared by the Department of Aviation

McCarran International Airport

Las Vegas, Nevada

CLARK COUNTY DEPARTMENT OF AVIATION

Clark County, Nevada

Clark County Board of Commissioners

Marilyn Kirkpatrick, Chair

Lawrence Weekly, Vice Chair

Larry Brown

James B. Gibson

Justin C. Jones

Michael Naft

Richard "Tick" Segerblom

County Manager's Office

Yolanda T. King, County Manager

Kevin Schiller, Assistant County Manager

Randall J. Tarr, Assistant County Manager

Jeffrey M. Wells, Assistant County Manager

Department of Aviation

Rosemary A. Vassiliadis, Director

James Chrisley, Deputy Director

Ralph Lepore, Deputy Director

Joseph M. Piurkowski, Airport Chief Financial Officer

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2020 and 2019

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Introductory Section



Department of Aviation

ROSEMARY A. VASSILIADIS
DIRECTOR

POSTAL BOX 11005
LAS VEGAS, NEVADA 89111-1005
(702) 261-5211
FAX (702) 597-9553

November 25, 2020

To the Board of County Commissioners and County Manager of Clark County, Nevada:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Clark County Department of Aviation (Department) for the fiscal year ended June 30, 2020. These financial statements were audited, as required by Nevada Revised Statutes §354.624, by Crowe LLP, independent certified public accountants.

The Department's management is responsible for the accuracy of the data presented in the financial statements, along with the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, and as indicated in the unmodified opinion of our independent auditors, this report fairly presents and fully discloses, in all material respects, the Department's financial position, results of operations, and cash flows in accordance with generally accepted accounting principles (GAAP) in the United States of America.

In developing and evaluating the Department's accounting system, consideration is given to the adequacy of internal controls. Because the cost of internal control 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. The Department's management believes the Department's internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

Management's Discussion and Analysis, located in the Financial Section of the CAFR, should be read in conjunction with this Letter of Transmittal.

Reporting Entity

The Department is a single enterprise fund of Clark County, Nevada (County), and operates as a self-supporting entity. The seven-member Board of County Commissioners (Board) is responsible for governing the affairs of the Department. The Director of Aviation is appointed by the Board and reports directly to the County Manager. The Department is a self-supporting entity and is not subsidized by any tax revenues of the County.

The County owns, and the Department operates and maintains, the McCarran International Airport (McCarran) and four general aviation airports. McCarran occupies approximately 2,800 acres and is located one mile from the Las Vegas Strip, which is the center of the Las Vegas gaming and entertainment industry. McCarran is one of the top ten busiest airports in North America in terms of passenger volume. The Department also operates the following general aviation airports: North Las Vegas Airport, Henderson Executive Airport, Jean Sports Aviation Center and Overton-Perkins Field. The North Las Vegas Airport is the second-busiest airport in the State of Nevada in terms of aircraft operations. The Henderson Executive Airport features a state-of-the-art terminal, private hangar facilities, and a Federal Aviation Administration control tower designed to meet the needs of the business aviation community.

The Jean Sports Aviation Center and Overton-Perkins Field are primarily used for recreational aviation purposes. All the airports operated and maintained by the Department are collectively referred to as the Airport System.



Clark County Board of Commissioners

Marilyn Kirkpatrick, Chair • Lawrence Weekly, Vice Chair
Larry Brown • James R. Gibson • Justin C. Jones • Michael Naft • Tick Segerblom

Economic Outlook

Prior to the spread of COVID-19, McCarran experienced consistent passenger growth for several years. The operations and business results of the Department have been significantly impacted by the COVID-19 pandemic in the fourth quarter of FY 2020. Through the first eight months of FY 2020, enplaned passenger counts at the Airport increased 4.9% compared to the first eight months of FY 2019. After the continued spread of the coronavirus, enplaned passenger counts at the Airport decreased 78.7% from March through June when comparing FY 2019 to FY 2020. The Department cannot predict the extent and duration of the impact on its activities, including fluctuations in passenger traffic.

Financial Information

The Department's total operating revenues decreased from \$565.9 million in fiscal year 2019 to \$497.8 million in fiscal year 2020, a decrease of \$68.1 million. The decrease in operating revenues primarily is attributed to the decrease in passenger traffic attributed to the coronavirus pandemic. Operating expenses were \$286.2 million, which is \$25.4 million less than the budgeted costs of \$311.6 million. This is primarily due to cost containment measures. The Department remains committed to implementing and maintaining Airport System- wide cost containment measures. Through these measures, the Department has kept the airline cost per enplaned passenger reasonable and consistent considering the current air travel environment. The airline cost per enplaned passenger was \$12.55 for fiscal year 2020.

The Department is current on all its outstanding bond obligations and has made all scheduled debt service payments. The Department's bonds were issued to provide funding for capital assets to be acquired or constructed. As of June 30, 2020, the current bond proceeds available are anticipated to be used for airfield projects. The Department does not anticipate issuing any new debt to fund its current capital improvement plan. All outstanding bonds are secured by pledges of Airport System revenues, however, Passenger Facility Charge (PFC) bonds and Jet A bonds, are primarily secured by PFC and Jet A fuel tax revenues, respectively.

The Department's financial policies remained consistent in fiscal year 2020, in comparison to fiscal year 2019.

Awards

McCarran was ranked third place in customer satisfaction, by J.D. Power, for the 2019 North America Airport Satisfaction Study. McCarran finished in first place in customer satisfaction the previous year. This recognition was based on responses from more than 40,000 North American travelers who passed through at least one domestic airport, and the study covers both departure and arrival experiences.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Department for its CAFR for the fiscal year ended June 30, 2019, as well as for the fiscal year ended June 30, 2018. This was the 15th consecutive year that the Department has received this prestigious award. In order to be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiency organized CAFR that meets both GAAP and applicable eligibility requirements. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA, to determine the Department's eligibility to receive a certificate for this CAFR.

Acknowledgments

The extraordinary success of the Department is a direct result of the leadership and support of the Board and the County Manager. The employees of the Department and the airlines, as well as the tenants of the Airport System, are also recognized for making a tremendous effort in promoting the success of the Airport System.

We thank the Board for its continuing support of the Department, for its efforts to conduct financial operations in a responsible and progressive manner, and for its commitment to making the Department a global leader in its industry.

The preparation of this report is the product of the dedicated service and professionalism of the staff of the Department's Finance Division. We also thank all other members of the Department's staff who contributed to the preparation of this report.

Sincerely submitted,



Rosemary A. Vassiliadis
Director of Aviation



Joseph M. Piurkowski
Airport Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Clark County Department of Aviation
Nevada**

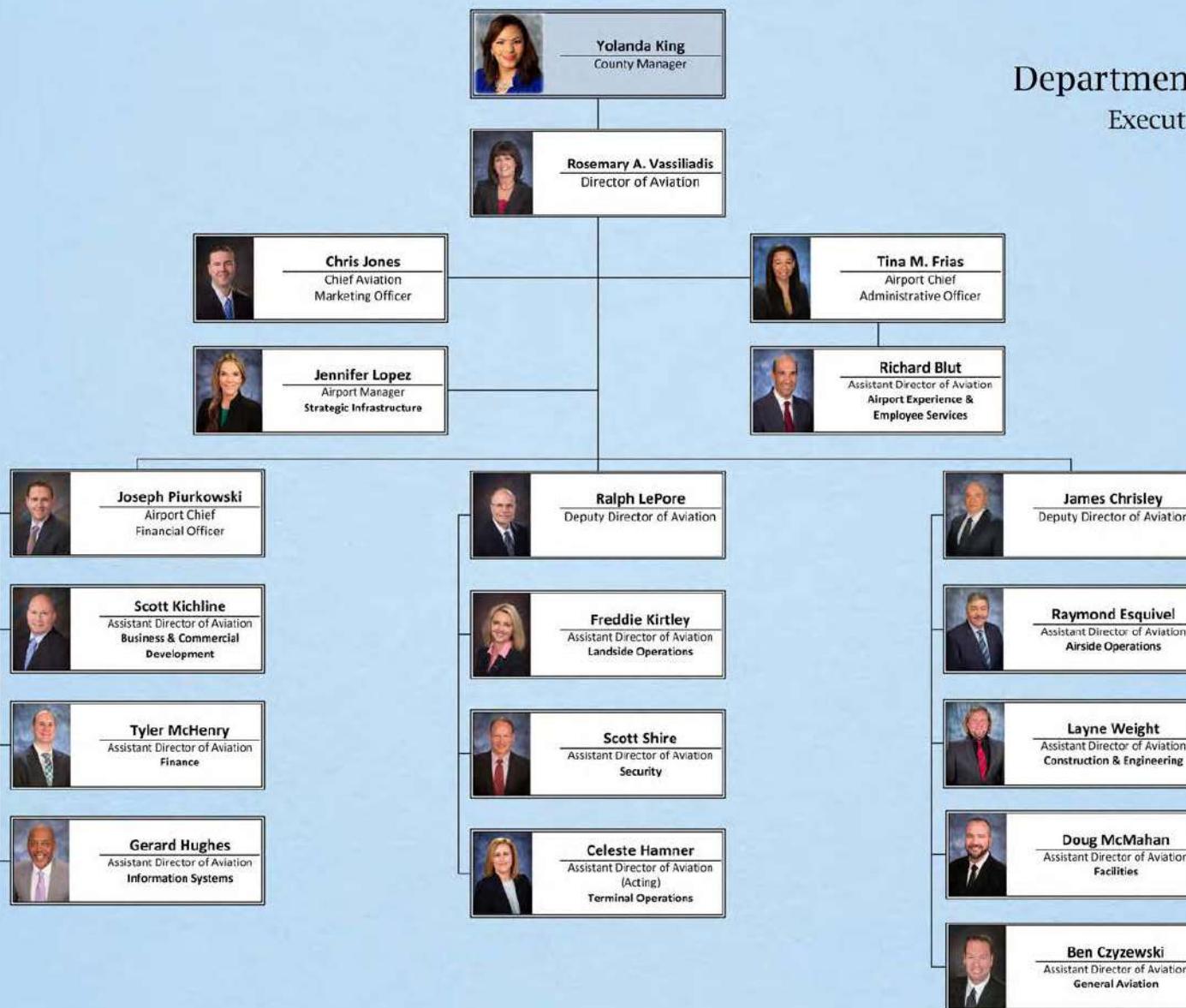
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Department of Aviation Executive Team



Financial Section

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Clark County Department of Aviation
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the Clark County Department of Aviation (the "Department"), an enterprise fund of Clark County, Nevada (the "County") as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements 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 Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of June 30, 2020 and 2019, and the 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.

Emphasis of Matter

As discussed in Note 1(a), the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability, schedule of defined benefit plan contributions, schedule of changes in the net other post employment benefit plan liability and related ratios, and schedule of other post employment benefit plan contributions – CCSF, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The introductory section, schedule of airport revenue bond debt service coverage, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of airport revenue bond debt service coverage 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 schedule of airport revenue bond debt service coverage has been subjected to the auditing procedures applied in the audit of the 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 schedule of airport revenue bond debt service coverage is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Department'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 Department's internal control over financial reporting and compliance.


Crowe LLP

Costa Mesa, California
November 25, 2020

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Introduction

The following is Management's Discussion and Analysis (MD&A) of the financial performance and activity of the Clark County Department of Aviation. The MD&A provides an introduction to and understanding of the financial statements of the Department for the fiscal years (FYs) ended June 30, 2020 (FY 2020) and 2019 (FY 2019), with selected comparable data for the fiscal year ended June 30, 2018 (FY 2018). This section should be read in conjunction with the transmittal letter, financial statements, and notes, to gain a better understanding of the information presented in MD&A.

The Clark County Department of Aviation (Department) is a department of Clark County (County), a political subdivision of the State of Nevada. The Department, under the supervision of the Board of County Commissioners (Board) and the County Manager, is established to operate McCarran International Airport and the four other general aviation facilities owned by the County (Airport System). The Airport System comprises McCarran International Airport (Airport), the ninth-busiest airport in North America by passenger volume; North Las Vegas Airport, which services general aviation activity and is the second-busiest airport in the State of Nevada by aircraft operations; Henderson Executive Airport, a premier corporate aviation facility that features a state-of-the-art terminal and private hangar facilities designed to meet the needs of the business aviation community; and Jean Sport Aviation Center and Overton-Perkins Field, which primarily are used for aviation-related recreational purposes.

The Department is a self-supporting entity that generates revenues from Airport System users to fund operating expenses and debt service requirements. Capital projects are funded by bond issuances, Passenger Facility Charges (PFCs), federal awards, and internally generated cash flows from operations. The Department is not subsidized by any tax revenues of the County.

Overview of Financial Statements

The Department's financial statements are prepared using the accrual basis of accounting; therefore, revenues are recognized when earned, and expenses are recognized when incurred.

The Statements of Net Position present information on all the Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2020 and 2019. The Statements of Revenues, Expenses, and Changes in Net Position present financial information showing how the Department's net position changed during the fiscal years ended June 30, 2020 and 2019. The Statements of Cash Flows relate the inflows and outflows

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

of cash and cash equivalents as a result of the financial transactions that occurred during these two fiscal years, and also includes a reconciliation of operating income to net cash provided by operating activities.

Activity Highlights

Prior to the spread of COVID-19, McCarran experienced consistent passenger growth for several years. The operations and business results of the Department have been significantly impacted by the COVID-19 pandemic in the fourth quarter of FY 2020. Through the first eight months of FY 2020, enplaned passenger counts at the Airport increased 4.9% compared to the first eight months of FY 2019. After the continued spread of the coronavirus, enplaned passenger counts at the Airport decreased 78.7% from March through June when comparing FY 2019 to FY 2020.

Additionally, the Department is a recipient of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. In March 2020, the Department was awarded \$195.8 million in funds from the CARES Act.

Passenger enplanements in FY 2020 totaled 19,038,069, compared to 25,223,715 in FY 2019, and 24,596,343 in FY 2018. The FY 2020 enplanements represent a decrease of 24.5% over FY 2019.

Aircraft landed weights in FY 2020 totaled 22,749,780 thousand pounds, compared to 27,418,216 thousand pounds in FY 2019 and 26,856,277 thousand pounds in FY 2018. The FY 2020 landed weights represent a 17.0% decrease compared to FY 2019. The number of departures for domestic and international flights in FY 2020 totaled 185,107 compared to 225,571 in FY 2019 and 223,879 in FY 2018. The FY 2020 departures represent a 17.9% decrease from FY 2019.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

Financial Highlights

Net Position Summary

The following table summarizes assets, liabilities, deferred inflows and outflows of resources, and net position as of June 30 (in thousands):

	2020	2019	2018	Change		
				2020 vs 2019	2019 vs 2018	
Assets and deferred outflows of resources:						
Current assets	\$ 743,736	\$ 869,679	\$ 817,473	\$ (125,943)	(14.5%)	\$ 52,206 6.4%
Capital assets, net	4,195,134	4,319,413	4,428,782	(124,279)	(2.9%)	(109,369) (2.5%)
Other non-current assets	475,464	515,648	595,361	(40,184)	(7.8%)	(79,713) (13.4%)
Total assets	5,414,334	5,704,740	5,841,616	(290,406)	(5.1%)	(136,876) (2.3%)
Deferred outflows of resources	82,505	78,531	86,625	3,974	5.1%	(8,094) (9.3%)
Total assets and deferred outflows of resources	\$ 5,496,839	\$ 5,783,271	\$ 5,928,241	\$ (286,432)	(5.0%)	\$ (144,970) (2.4%)
Liabilities, deferred inflows of resources, and net position:						
Current liabilities	295,484	339,622	343,700	(44,138)	(13.0%)	(4,078) (1.2%)
Non-current liabilities	3,586,702	3,910,581	4,162,284	(323,879)	(8.3%)	(251,703) (6.0%)
Total liabilities	3,882,186	4,250,203	4,505,984	(368,017)	(8.7%)	(255,781) (5.7%)
Deferred inflows of resources	87,302	86,530	58,934	772	0.9%	27,596 46.8%
Net position:						
Net investment in capital assets	937,167	701,267	668,209	235,900	33.6%	33,058 4.9%
Restricted	421,197	529,511	433,356	(108,314)	(20.5%)	96,155 22.2%
Unrestricted	168,987	215,760	261,758	(46,773)	(21.7%)	(45,998) (17.6%)
Total net position	1,527,351	1,446,538	1,363,323	80,813	5.6%	83,215 6.1%
Total liabilities, deferred inflows of resources, and net position	\$ 5,496,839	\$ 5,783,271	\$ 5,928,241	\$ (286,432)	(5.0%)	\$ (144,970) (2.4%)

Discussion of FY 2020 Net Position

Total net position for the Department as of June 30, 2020 was \$1,527.4 million. This is an increase of \$80.8 million from FY 2019. This can be primarily attributed to the following significant changes:

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

- Current assets
 - For FY 2020, current assets were \$743.7 million, a decrease of \$125.9 million from FY 2019. The majority of this change was due to decreases in investments classified as current assets, net accounts receivable, interest receivable, and cash and cash equivalents classified as current assets. These decreases were offset by an increases in grant receivables and other receivables. Investments classified as current assets decreased \$99.0 million from FY 2019 to FY 2020. These amounts represent investments which are restricted and available to be used for current obligations. Net accounts receivable decreased \$12.5 million from FY 2019 to FY 2020, largely due to reduction in Passenger Facility Charge collections in the fourth quarter of FY 2020. Interest receivable decreased \$4.8 million, with the majority of the change being due to the decrease in overall interest rates. Other receivables decreased \$0.9 million from FY 2019 to FY 2020, driven by the timing of Build America Bonds (BABs) subsidy payments which was offset by a \$6.3 million subsidy received from other County funds in FY 2020. Additionally, a \$29.3 million decrease in cash and cash equivalents classified as current assets was noted from FY 2019 to FY 2020, which is primarily driven by the decrease in cash flows generated from operating activities of \$59.9 million for the corresponding period as well as the payments for the full redemption of the Series 2011 B-1 Bonds and Series 2010 F-2 PFC Bonds in November 2019. These decreases were offset by the increase in Grants receivable from FY 2019 to FY 2020 of \$21.6 million, which was attributable to the Department becoming a recipient of the CARES Act. Refer to Note 1 for additional information related to the CARES Act.
- Other non-current assets
 - For FY 2020, other non-current assets were \$475.5 million, a decrease of \$40.2 million, from \$515.6 million in FY 2019. The majority of this change is due to decreases in derivative instruments - interest rate swaps and cash and cash equivalents classified as non-current assets. These decreases were offset by increases in investments classified as non-current assets. Interest rate swap derivative instruments decreased \$10.3 million from FY 2019 to FY 2020, resulting from the change in fair value of these instruments. Cash and cash equivalents classified as non-current assets decreased \$62.8 million from FY 2019 to FY 2020 which is primarily driven by the decrease in cash flows generated from operating activities of \$59.9 million for the corresponding period as well as the payments for the full redemption of the Series 2011 B-1 Bonds and Series 2010 F-2 PFC Bonds in November 2019. Investments classified as non-current increased \$34.1 million. These investments represent investments which are restricted and available to be used for non-current obligations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2020 and 2019

- Capital assets
 - For FY 2020, capital assets, net of accumulated depreciation, were \$4,195.1 million, a decrease of \$124.3 million, from \$4,319.4 million in FY 2019. This decrease was primarily due to depreciation of \$190.6 million, offset by capital expenditures of \$66.7 million. Significant capital expenditures included the continued modernization of the Terminal 1 ticketing areas, upgrades to the surveillance system, A/B Gates checkpoint reconfiguration, passenger boarding bridge refurbishments and upgrades to automated kiosks in Terminal 3. Refer to Note 7, "Changes in Capital Assets," for further detail.
- Current liabilities
 - For FY 2020, current liabilities were \$295.5 million, a decrease of \$44.1 million, from \$339.6 million in FY 2019. This change primarily relates to decreases in accounts payable and other current liabilities, accrued interest, and current portion of long term debt. These decreases were offset by increases in Other accrued expenses. Accounts payable and other current liabilities decreased \$25.7 million from FY 2019 to FY 2020, driven by the timing of payments to vendors as well as the Department's efforts to decrease spending in the fourth quarter of FY 2020. Accrued interest and the current portion of long-term debt decreased \$10.3 million and \$8.1 million, respectively from FY 2019 to FY 2020, largely due to the full redemption of the Series 2011B-1 and Series 2010F-2 bonds as well as the refunding of several series of bonds during FY 2020. Refer to Note 8 for additional information related to long-term debt activity.
- Non-current liabilities
 - Non-current liabilities in FY 2020 were \$3,586.7 million, a decrease of \$323.9 million, from \$3,910.6 million FY 2019. This change is primarily due to decreases in the non-current portion of long-term debt, as well as decreases in the net other post employment benefits liability. These decreases were offset by activities in the fair value of the Department's interest rate swaps and increases in Net pension liability. The non-current portion of long-term debt decreased \$344.6 million, from FY 2019 to FY 2020, in accordance with the scheduled debt payments as well as the full redemption of the Series 2011 B-1 Bonds and Series 2010 F-2 PFC Bonds, in November 2019. Further contributing to the overall decrease was an \$11.1 million decrease in the net other post employment benefits (OPEB) liability, which was largely due to changes in various OPEB actuarial assumptions; such changes are discussed in detail in Note 6. Additionally, during FY 2020, the fair value of the Department's interest rate swap liabilities increased by \$28.3 million, from \$44.5 million at the end of FY 2019, to \$72.8 million at the end of FY 2020, the details of which are discussed in Note 9. Net pension liability also increased \$1.8 million from FY 2019 to FY 2020, which is driven by changes in various pension actuarial assumptions; such changes are discussed in detail in Note 5.

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Discussion of FY 2019 Net Position

Total net position for the Department as of June 30, 2019 was \$1,446.5 million. This is an increase of \$83.2 million from FY 2018. This can be primarily attributed to the following significant changes:

– Current assets

- For FY 2019, current assets were \$869.7 million, an increase of \$52.2 million from FY 2018. The majority of this change was due to increases in investments classified as current assets, net accounts receivable, other receivables, and cash and cash equivalents classified as current assets. Investments classified as current assets increased \$32.8 million from FY 2018 to FY 2019. These amounts represent investments which are restricted and available to be used for current obligations. Net accounts receivable increased \$11.8 million from FY 2018 to FY 2019, largely due to the timing of payments received from joint-use airline billings. Other receivables increased \$10.4 million, with the majority of the change being due to the timing of the subsidy payments received related to the Department's Build America Bonds (BABs); see Note 8, "Long-Term Debt" for further detail regarding the BABs. Additionally, a \$6.1 million decrease in cash and cash equivalents classified as current assets was noted from June 30, 2018 to June 30, 2019, which is further detailed in the in the Statements of Cash Flows.

– Other non-current assets

- For FY 2019, other non-current assets were \$515.6 million, a decrease of \$79.7 million, from \$595.4 million in FY 2018. The majority of this change is due to decreases in derivative instruments - interest rate swaps, decreases in investments classified as non-current assets, and decreases in cash and cash equivalents classified as non-current assets. Interest rate swap derivative instruments decreased \$53.8 million from FY 2018 to FY 2019, with \$15.1 million of the decrease due to fair value changes in the Department's swap portfolio, and the remaining \$38.7 million decrease due to the termination of investment swaps #15, #16, and #18. The swap terminations are further discussed in Note 9. Investments classified as non-current decreased \$22.9 million, these amounts represent investments which are restricted and available to be used for non-current operations.

– Capital assets

- For FY 2019, capital assets, net of accumulated depreciation, were \$4,319.4 million, a decrease of \$109.4 million, from \$4,428.8 million in FY 2018. This decrease was primarily due to depreciation of \$190.9 million, offset by capital expenditures of \$82.2 million. Significant capital expenditures included which the continued modernization of the Terminal 1 ticketing area, remodeling and upgrades of certain areas in the D gates, and the reconfiguration of the checked baggage and passenger screening system.

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– Current liabilities

- For FY 2019, current liabilities were \$339.6 million, a decrease of \$4.1 million, from \$343.7 million in FY 2018. This change primarily relates to a decreases in the collateral deposits by swap counterparties, offset by increases in bond principal payments due within the next fiscal year. A decrease of \$47.5 million in the collateral deposits by swap counterparties was noted, which was comprised of a \$39.0 million decrease resulting from the termination of swap #18 during FY 2019, and a \$8.4 million decrease in the mark-to-market value of the collateral deposits, in FY 2019 compared to FY2018. These decreases were offset by an increase in the amounts of bond principal payments due within the next fiscal year, which increased \$52.0 million, from \$130.5 million in FY 2018 to \$182.5 million in FY 2019. This change in was accordance with the scheduled debt payments and the reclassification of certain amounts related to the refunding of the outstanding Series 2009B Senior Lien Revenue Bonds, with Series 2019B Senior Lien Revenue Bonds (which was finalized on July 1, 2019).

– Non-current liabilities

- Non-current liabilities in FY 2019 were \$3,910.6 million, a decrease of \$251.7 million, from \$4,162.3 million FY 2018. This change is primarily due to decreases in the non-current portion of long term debt, as well as decreases in the fair value of the Department's interest rate swaps. The non-current portion of long term debt decreased \$201.0 million, from FY 2018 to FY 2019, in accordance with the scheduled debt payments and the reclassification of certain amounts related to the to the refunding of the outstanding Series 2009B Senior Lien Revenue Bonds with Series 2019B Senior Lien Revenue Bonds (which was finalized on July 1, 2019). Additionally, during FY 2019, the fair value of the Department's interest rate swap liabilities decreased by \$24.0 million, from \$68.5 million at the end of FY 2018, to \$44.5 million at the end of FY 2019, due to the termination of swaps #14A and #14B, which is discussed in further detail in Note 9, "Derivative Instruments." Further contributing to the overall decrease was a \$34.5 million decrease in the net other post employment benefits (OPEB) liability, which was largely due to changes in various OPEB actuarial assumptions; such changes are discussed in detail in Note 6.

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Operating Revenue

The following table summarizes total operating revenue for the fiscal years ended June 30 (in thousands):

	2020	2019	2018	2020 vs 2019	2019 vs 2018	Change	
Terminal building and use fees	\$ 188,664	\$ 190,550	\$ 184,660	\$ (1,886)	(1.0%)	\$ 5,890	3.2%
Landing fees and other aircraft fees	43,379	51,895	51,021	(8,516)	(16.4%)	874	1.7%
Gate use fees	28,430	29,175	29,203	(745)	(2.6%)	(28)	(0.1%)
Terminal concession fees	58,999	75,843	75,478	(16,844)	(22.2%)	365	0.5%
Rental car facility and concession fees							
Rental car facility fees	29,888	38,098	39,075	(8,210)	(21.5%)	(977)	(2.5%)
Rental car concession fees	27,303	35,738	35,385	(8,435)	(23.6%)	353	1.0%
Parking and ground transportation fees							
Public and employee parking fees	34,392	40,759	39,002	(6,367)	(15.6%)	1,757	4.5%
Ground transportation fees	24,829	31,182	27,442	(6,353)	(20.4%)	3,740	13.6%
Gaming fees	28,606	37,395	36,051	(8,789)	(23.5%)	1,344	3.7%
Ground rents and use fees	24,146	25,303	25,019	(1,157)	(4.6%)	284	1.1%
Other							
General aviation fuel sales (net of cost)	4,517	4,619	4,334	(102)	(2.2%)	285	6.6%
Other operating income	4,680	5,316	12,649	(636)	(12.0%)	(7,333)	(58.0%)
	<u>\$ 497,833</u>	<u>\$ 565,873</u>	<u>\$ 559,319</u>	<u>\$ (68,040)</u>	<u>(12.0%)</u>	<u>\$ 6,554</u>	<u>1.2%</u>

General Discussion of Operating Revenues

Aviation Revenues

Aviation revenues consist of terminal building and use fees, landing fees and other aircraft fees, and gate use fees.

Effective July 1, 2010, the Department entered into a Airline-Airport Use and Lease Agreement (Agreement) with airlines serving the Las Vegas market. The Agreement requires that the rates be set each fiscal year based on a residual rate-making approach of leased space. Refer to Note 1 for additional information related to the Agreement.

Terminal building and use fees

The majority of terminal building and use fees consist of signatory and non-signatory ticketing area fees, baggage system fees, baggage claim fees, common use fees, and fees from hold rooms, along with certain operation and storage areas. There is also a portion of terminal building and use fees that are collected from sources other than airlines.

Landing fees

Landing fees consist of fees charged per 1,000 lbs. of landed weight.

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Gate use fees

Gate use fees consist of charges which are paid for leasing an individual gate or charges paid on a per turn basis for common use gates, as well as aircraft parking fees.

Non-Aviation Revenues

Non-aviation revenues consist of terminal concession fees, rental car facility fees, rental car concession fees, public and employee parking fees, ground transportation fees, gaming fees, ground rents and use fees, general aviation fuel sales, and other operating income.

Terminal concession fees

The largest source of non-aviation revenues is terminal concession fees, which are generated from an agreed percentage of gross sales from various concessionaire-related sources, including the food and beverage concessionaire, news and gift concessionaires, specialty retail outlets, advertising revenue, and passenger services revenue.

Rental car facility and concession fees

Rental car facility fees consist of building rental fees associated with the McCarran Rent-A-Car Center (MRACC), which derive from the rental of operational space, as well as from the Customer Facility Charge (CFC). The CFC is a charge of \$4.00 that car rental customers pay daily for each rented vehicle, which is collected by the car rental companies on behalf of the Airport System. Rental car concession fees consist of a percentage of gross sales from rental car concessionaires.

Parking and ground transportation fees

Public parking fees consist of fees collected from public parking provided at the Airport System and includes short-term, long-term, and valet parking, along with fees generated from employee parking. Ground transportation fees consist of percentage fees or trip charges paid to the Airport System by limousine operators, courtesy van operators, bus operators, taxicabs, along with transportation network companies (TNCs).

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Gaming fees

Gaming fees are derived from the agreement with the Airport System's gaming provider, which provides that the Airport System receives a percentage of the net profits generated by gaming activity.

Ground rents and use fees

Ground rents and use fees include amounts charged by the Department to private hangar tenants, fixed- base operators, and concessionaires.

Other

General aviation fuel sales consist of jet fuel sales at the general aviation facilities. Other operating income consists of miscellaneous items, such as amounts collected in accordance with auctions of surplus property and various cost recoveries.

Discussion of FY 2020 Operating Revenues

Total operating revenues for the Department as of June 30, 2020 were \$497.8 million, a decrease of \$68.0 million from FY 2019. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
 - Terminal building and use fees decreased \$1.9 million, from \$190.6 million in FY 2019 to \$188.7 million in FY 2020. This decrease was largely due to decreases in the international passenger processing fees of \$2.6 million and the common use ticket counter fees of \$1.8 million. These decreases relate to the declines in enplaned passengers during the fourth quarter of FY 2020 due to the COVID-19 pandemic. The decreases were offset by an increase in the terminal complex rental revenue of \$2.1 million, which was driven by the increase in the signatory terminal rental rate from \$167.10 per square foot per year to \$169.88 per square foot per year, from FY 2019 to FY 2020. Offsite commercial building rent revenue also increased \$0.3 million from FY 2019 to FY 2020.

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- Landing fees and other aircraft fees
 - For FY 2020, revenues from landing fees and other aircraft fees were \$43.4 million, a decrease of \$8.5 million from \$51.9 million in FY 2019. This decrease can mainly be attributed to the 17.0% decrease in total landed weights, from FY 2019 to FY 2020.
- Rental car facility fees
 - Rental car facility fees decreased \$8.2 million from \$38.1 million in FY 2019 to \$29.9 million in FY 2020. The majority of this change was due to decreases in the utilization the rental car facility during the last quarter of FY 2020 due to the COVID-19 pandemic. Consolidated facility charge (CFC) revenue, which is driven by car rental transaction days, decreased \$8.1 million comparing FY 2020 to FY 2019.
- Rental car concession fees
 - Rental car concession fees decreased \$8.4 million from \$35.7 million in FY 2019 to \$27.3 million in FY 2020. The majority of this change was due to decreases in the utilization the rental car facility during the last quarter of FY 2020 due to the COVID-19 pandemic. The rental car tenants within the McCarran Rental Car Center reported an 88.5% decline in gross receipts for the period from April through June comparing FY 2020 to FY 2019.
- Public and employee parking fees
 - Public and employee parking fees decreased \$6.4 million, from FY 2019 to FY 2020. The majority of this change was due to decreases in the utilization of public parking areas during the last quarter of FY 2020, as well as an overall decrease in the number of individuals working at the Airport terminals during the same period due to the COVID-19 pandemic.
- Ground transportation fees
 - Ground transportation fees decreased \$6.4 million, from FY 2019 to FY 2020. The majority of this change was due to a decrease in fees derived from TNCs, which decreased \$2.9 million, a decrease in fees derived from taxicab services which decreased \$2.1 million and a decrease in fees derived from limousine operations which decreased \$1.1 million from FY 2019 to FY 2020. The decreases in transportation fees directly reflect decreases in fourth quarter passenger traffic which was impacted by the COVID-19 pandemic.
- Gaming fees
 - Gaming fees were \$28.6 million in FY 2020, a decrease of \$8.8 million from \$37.4 million in FY 2019. This decrease can mainly be attributed to decreases in passenger traffic; for FY 2020, enplaned passengers decreased 24.5% from FY 2019 to FY 2020.

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Discussion of FY 2019 Operating Revenues

Total operating revenues for the Department as of June 30, 2019 were \$565.9 million. This is an increase of \$6.6 million from FY 2018. This can be primarily attributed to the following significant changes:

- Terminal building and use fees
 - Terminal building and use fees increased \$5.9 million, from \$184.7 million in FY 2018 to \$190.6 million in FY 2019. This increase was largely to an increase in the terminal building rental rate from \$161.93 per square foot per year to \$167.10 per square foot per year, from FY 2018 to FY 2019.
- Landing fees and other aircraft fees
 - For FY 2019, revenues from landing fees and other aircraft fees were \$51.9 million, an increase of \$0.9 million from \$51.0 million in FY 2018. This increase can mainly be attributed to the 2.1% increase in total landed weights, from FY 2018 to FY 2019.
- Public and employee parking fees
 - Public and employee parking fees increased \$1.8 million, from FY 2018 to FY 2019. The majority of this change was due to increases in the utilization of public parking areas, as well as an overall increase in the number of individuals working at the Airport terminals.
- Ground transportation fees
 - Ground transportation fees increased \$3.7 million, from FY 2018 to FY 2019. The majority of this change was due to an increase in fees derived from TNC's, which increased \$5.1 million from FY 2018 to FY 2019. This increase in revenue from TNC's was offset by a decrease in revenues from limousine and shuttle bus operations of \$1.0 million, as well as a decrease in revenues from taxicab services of \$0.4 million.
- Gaming fees
 - Gaming fees were \$37.4 million in FY 2019, an increase of \$1.3 million from \$36.1 million in FY 2018. This increase can mainly be attributed to increases in passenger traffic; for FY 2019, enplaned connecting passenger volume increased 6.2%, while origin and destination enplanements increased 2.1%.
- Other operating income
 - Other operating income during FY 2019 decreased by \$7.3 million from FY 2018. This decrease is mainly attributable to the auctions of surplus property that generated \$7.6 million in revenue in FY 2018; no such auctions of surplus property occurred in FY 2019.

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Operating Expenses

The following table summarizes total operating expenses for the fiscal years ended June 30 (in thousands):

	2020	2019	2018	Change		
				2020 vs 2019	7.3%	2019 vs 2018
Salaries and benefits	\$ 151,420	\$ 141,060	\$ 139,783	\$ 10,360	7.3%	\$ 1,277 0.9%
Professional services	67,154	65,115	59,937	2,039	3.1%	5,178 8.6%
Utilities and communications	23,843	23,946	24,128	(103)	(0.4%)	(182) (0.8%)
Repairs and maintenance	20,988	24,970	24,106	(3,982)	(15.9%)	864 3.6%
Materials and supplies	17,501	19,470	15,895	(1,969)	(10.1%)	3,575 22.5%
General administrative						
Administrative	3,261	3,076	6,017	185	6.0%	(2,941) (48.9%)
Insurance	2,075	2,364	2,007	(289)	(12.2%)	357 17.8%
	<u>\$ 286,242</u>	<u>\$ 280,001</u>	<u>\$ 271,873</u>	<u>\$ 6,241</u>	<u>2.2%</u>	<u>\$ 8,128</u> 3.0%

Discussion of FY 2020 Operating Expenses

For FY 2020, the Department's total operating expenses were \$286.2 million, an increase of \$6.2 million from \$280.0 million in FY 2019. This can be primarily attributed to the following significant changes:

- Salaries and benefits
 - Salaries and benefits increased by \$10.4 million from FY 2019 to FY 2020. This majority of this change is due to an increase in salaries and wages of \$5.3 million, an increase in pension related expenses of \$8.7 million and an increase in employee health insurance benefits of \$0.8 million offset by a decrease in other post employment benefits (OPEB) expense of \$4.4 million. This increase in salaries and wages is primarily due to wage increases pursuant to the collective bargaining agreement with the employee union. Employees of the Department are eligible for pension benefits through the Public Employee Retirement System of Nevada (PERS). The increases in pension related expense is primarily due to increases in the net pension liability and changes in the deferred outflows and deferred inflows balances related to PERS, resulting from the most recent PERS actuarial valuation. The decrease in OPEB expense is primarily due to decreases in the net OPEB liability and changes in the deferred outflows and deferred inflows balances related to OPEB, resulting from the most recent OPEB actuarial valuation.
- Professional services
 - Professional services costs during FY 2020 increased by \$2.0 million from FY 2019. The change in professional services costs is attributable to increases in the costs of police services of \$2.0 million and legal services of \$1.2 million. These increases were offset by decreases in professional service contracts

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whose services directly relate to the decreases in passenger activity during the fourth quarter of FY 2020.

- Repairs and maintenance
 - Repairs and maintenance expense during FY 2020 decreased by \$4.0 million from FY 2019. The change in repairs and maintenance expense is attributable to an overall decrease in facility maintenance projects as well as decreases in third-party service contracts whose values directly related to the reduction in passenger traffic during the fourth quarter of FY 2020.
- Materials and supplies
 - Materials and supplies expense decreased \$2.0 million from FY 2019 to FY 2020. The majority of this decrease related to overall decreases in the usage of general operating, electrical and office supplies. These reductions were attributable to the decline in passenger and activity volumes which occurred in the fourth quarter of FY 2020.

Discussion of FY 2019 Operating Expenses

For FY 2019, the Department's total operating expenses were \$280.0 million, an increase of \$8.1 million from \$271.9 million in FY 2018. This can be primarily attributed to the following significant changes:

- Salaries and benefits
 - Salaries and benefits increased by \$1.3 million from FY 2018 to FY 2019. The majority of this change is due to an increase in salaries and wages of \$5.3 million, offset by a decrease in other post employment benefits (OPEB) expense of \$3.4 million. The increase in salaries and wages is primarily due to a 1.2% increase in employee count, wage increases pursuant to the collective bargaining agreement with the employee union, and increases in employee retirement costs. The decrease in OPEB expense is primarily due to decreases in the net OPEB liability and changes in the deferred outflows and deferred inflows balances related to OPEB, resulting from the most recent OPEB actuarial valuation.
- Professional services
 - Professional services costs during FY 2019 increased by \$5.2 million from FY 2018. The majority of this increase is related to project expenses, as well as technical and software support services related to various software upgrades. Further, additional professional services costs were incurred related to enhanced security.

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- Materials and supplies
 - Materials and supplies expense increased \$3.6 million from FY 2018 to FY 2019. The majority of this increase related to various maintenance repairs within Level 1 and Level 2 of Terminal 1, the conversion of certain lighting to more efficient lighting throughout the Airport System and MRACC, and the electrical repairs within the D Gates at Terminal 1.
- Administrative
 - Administrative expense decreased \$2.9 million from FY 2018 to FY 2019, largely due to decreases in advertising expenses of \$3.4 million, offset by increases in purchased software licenses of \$0.2 million and increases in project related administrative expenses of \$0.3 million. Advertising expenses decreased from FY 2018 to FY 2019, due to advertising expenses incurred in the prior fiscal year to sell land parcels; no land parcels were marketed for sale during FY 2019.

Non-Operating Revenues and Expenses

The following table summarizes non-operating revenues and expenses for the fiscal years ended June 30 (in thousands):

	2020	2019	2018	Change		2019 vs 2018	2.3%
				2020 vs 2019	2019 vs 2018		
Passenger Facility Charge revenue	\$ 70,640	\$ 96,783	\$ 94,597	\$ (26,143)	(27.0%)	\$ 2,186	
Jet A Fuel Tax revenue	9,676	11,979	11,795	(2,303)	(19.2%)	184	1.6%
Interest and investment income (loss)							
Unrestricted interest income	17,805	23,444	4,601	(5,639)	(24.1%)	18,843	409.5%
Restricted interest income	12,918	12,813	2,007	105	0.8%	10,806	538.4%
PFC interest income	4,563	6,938	1,316	(2,375)	(34.2%)	5,622	427.2%
Unrealized gain (loss) on investments - derivative instruments	(21,513)	(43,007)	4,883	21,494	(50.0%)	(47,890)	(980.7%)
Interest expense	(122,953)	(160,194)	(164,486)	37,241	(23.2%)	4,292	(2.6%)
Net gain (loss) from disposition of capital assets	76	232	825	(156)	(67.2%)	(593)	(71.9%)
Other non-operating revenue	16,972	16,948	16,986	24	0.1%	(38)	(0.2%)
CARES Act Airport Grant	48,657	—	—	48,657	100.0%	—	—%
	<u>\$ 36,841</u>	<u>\$ (34,064)</u>	<u>\$ (27,476)</u>	<u>\$ 70,905</u>	<u>(208.2%)</u>	<u>\$ (6,588)</u>	<u>24.0%</u>

Discussion of FY 2020 Non-Operating Revenues/Expenses

For FY 2020, net non-operating revenue increased \$70.9 million, from \$34.1 million net non-operating expense in FY 2019 to \$36.8 million net non-operating revenue in FY 2020. This can primarily be attributed to the following significant changes:

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- Passenger Facility Charge revenue
 - Passenger Facility Charge revenue decreased \$26.1 million in FY 2020 compared to FY 2019. The decrease is attributable to the decrease in overall passenger activity during the fourth quarter of FY 2020 due to the COVID-19 pandemic. Passenger enplanements decreased 24.5% in FY 2020 compared to FY 2019.
- Jet A Fuel Tax Revenue
 - Jet A Fuel Tax revenue decreased \$2.3 million in FY 2020 compared to FY 2019. This decrease is attributable to the decline in aircraft activity at all locations in the Airport System during the fourth quarter of FY 2020 due to COVID-19 pandemic.
- Unrestricted interest income
 - Unrestricted interest income decreased \$5.6 million in FY 2020 compared to FY 2019 and can be attributed mainly to a decreased rate of return on investments.
- PFC interest income
 - PFC interest income decreased \$2.4 million in FY 2020 compared to FY 2019 and can be attributed mainly to a decreased rate of return on investments.
- Unrealized gain (loss) on investments – derivative instruments
 - The Department's unrealized gain (loss) on investments – derivative instruments decreased from a loss of \$43.0 million in FY 2019 to a loss of \$21.5 million in FY 2020. The decrease is attributable to fair value changes in investment derivative instruments from FY 2019 to FY 2020.
- Interest expense
 - Interest expense on the Department's outstanding bonds and interest rate swaps decreased by \$37.2 million, to \$123.0 million in FY 2020 from \$160.2 million in FY 2019. The majority of this decrease relates to interest savings and changes in bond premium amortizations, resulting from the issuance of and refundings that occurred during the twelve months ended June 30, 2020; see Note 8, "Long Term Debt" for further detail.
- Other non-operating revenue
 - Other non-operating revenue includes Build America Bonds subsidies received which were greater in FY 2019 as compared to FY 2020. On July 1, 2019 the Department refunded all outstanding Series 2009 B Senior Lien Revenue Bonds (Taxable Direct Payment Build America Bonds). Following this date, the Department was no longer entitled to the federal subsidy in the amount equal to 35% of the interest expense on this series of bonds. The amount recognized for this subsidy in FY 2019 was \$6.7 million. The Department also received a \$6.3 million subsidy from other County funds in FY 2020.

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- CARES Act Airport Grant
 - In FY 2020, the Department recognized \$48.7 million in non-operating revenue subsidy from the CARES Act. Refer to Note 1 for additional information related to this subsidy.

Discussion of FY 2019 Non-Operating Revenues/Expenses

For FY 2019, net non-operating expenses increased \$6.6 million, from \$27.5 million in FY 2018 to \$34.1 million in FY 2019. This can primarily be attributed to the following significant changes:

- Unrestricted interest income
 - Unrestricted interest income increased \$18.8 million in FY 2019 compared to FY 2018 primarily driven by an increased rate of return on investments.
- Restricted interest income
 - Restricted interest income increased \$10.8 million in FY 2019 compared to FY 2018 primarily driven by an increased rate of return on investments.
- PFC interest income
 - PFC interest income increased \$5.6 million in FY 2019 compared to FY 2018 primarily driven by an increased rate of return on investments.
- Unrealized gain (loss) on investments – derivative instruments
 - The Department's unrealized gain (loss) on investments – derivative instruments decreased from a gain of \$4.9 million in FY 2018 to a loss of \$43.0 million in FY 2019. The FY 2019 loss is comprised of the \$27.6 million net loss from termination of swaps #14A, #14B, #15, #16, and #18 in December 2018, in addition to \$15.4 million in fair value changes for derivative instruments during FY 2019.
- Interest expense
 - Interest expense on the Department's outstanding bonds and interest rate swaps decreased by \$4.3 million, to \$160.2 million in FY 2019 from \$164.5 million in FY 2018. The majority of this decrease relates to the \$3.9 million reduction in the amount of swap interest payable due to the termination of swaps #14A and #14B in December 2018. The Department also noted decreases in liquidity fees payable, due to decreases in notional amounts of bonds and reductions to the facility fee rates charged.

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Capital Contributions

The following table summarizes capital contributions for the fiscal years ending in June 30 (in thousands):

Capital Contributions	2020	2019	2018	Change	
	\$ 23,030	\$ 22,281	\$ 7,517	2020 vs 2019	2019 vs 2018
				749 3.4%	14,764 196.4%

Discussion of FY 2020 Capital Contributions

Capital contributions during FY 2020 increased by \$0.7 million from FY 2019, the increase is driven by increases in Transportation Security Administration (TSA) other transaction agreement (OTA) activity offset by decreases in FAA grant activity. The Department recognized \$4.6 million related to the security camera system upgrade project, and \$6.5 million related to the reconfiguration of the checked baggage system in Terminal 1 related to TSA OTAs in FY 2020. In FY 2019, the Department recognized \$2.9 million and \$0.4 million, respectively, under the same OTAs.

The Department recorded \$11.9 million in capital contributions related to amounts reimbursable from the FAA compared to \$14.6 million in FY 2019, a decrease of \$2.7 million. The FAA grants represent the Department's portion of entitlement funds allocated to airports in the United States, based on an enplanement formula, in addition to discretionary grants obtained by the Department. The major FAA grant-funded projects in FY 2020, for which the Department received reimbursement, included a holding pad improvements project as well as airport master plan updates for the Airport System.

Additionally, in FY 2019, the Department recognized \$4.8 million in capital contributions, resulting from land contributed to the Department from the Bureau of Land Management (pursuant to the authority contained in Section 516 of the Airport and Airway Improvement Act). There was no similar activity in FY 2020.

Discussion of FY 2019 Capital Contributions

Capital contributions during FY 2019 increased by \$14.8 million from FY 2018, largely due to reimbursements received from the FAA for approved capital projects. During FY 2019, the Department recorded \$14.6 million in capital contributions related to amounts reimbursable to the Department from the FAA, compared to \$1.2 million in FY 2018, an increase of \$13.4 million. The major FAA grant-funded projects in FY 2019, for which the Department

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Management's Discussion and Analysis

For the Fiscal Years Ended June 30, 2020 and 2019

received reimbursement, included a project to extend/construct parallel Taxiway C, the rehabilitation of certain runways, and certain studies related to airfield geometry and airport layout.

Additionally, in FY 2019, the Department recognized \$2.9 million from the TSA related to the security camera upgrade project, and \$0.4 million in capital contributions, from the TSA, related to the reconfiguration of the checked baggage system in Terminal 1.

Further, the Department recognized \$4.8 million in capital contributions during FY 2019, resulting from land contributed to the Department from the Bureau of Land Management (pursuant to the authority contained in Section 516 of the Airport and Airway Improvement Act).

Outstanding Debt

The following table summarizes outstanding debt obligations for the fiscal years ended in June 30 (in thousands):

	2020	2019	2018	Change		
				2020 vs 2019	2019 vs 2018	
Senior lien bonds	\$ 825,505	\$ 901,980	\$ 914,380	\$ (76,475) (8.5%)	\$ (12,400) (1.4%)	
Subordinate lien bonds	1,453,870	1,705,640	1,783,915	(251,770) (14.8%)	(78,275) (4.4%)	
PFC bonds	576,355	755,245	795,025	(178,890) (23.7%)	(39,780) (5.0%)	
Junior subordinate lien and Jet A bonds	307,785	312,805	312,805	(5,020) (1.6%)	— —%	
General obligation bonds	76,020	76,020	76,020	— — %	— —%	
Total bonded debt principal outstanding	<u>3,239,535</u>	<u>3,751,690</u>	<u>3,882,145</u>	<u>(512,155) (13.7%)</u>	<u>(130,455) (3.4%)</u>	
Unamortized premiums	230,811	74,686	92,527	156,125 209.0%	(17,841) (19.3%)	
Unamortized discounts	(10,059)	(15,362)	(16,631)	5,303 (34.5%)	1,269 (7.6%)	
Imputed debt from termination of hedges	3,923	5,885	7,846	(1,962) (33.3%)	(1,961) (25.0%)	
Current portion of long term debt	(174,380)	(182,504)	(130,455)	8,124 (4.5%)	(52,049) 39.9%	
Total outstanding long-term debt obligations	<u>\$ 3,289,830</u>	<u>\$ 3,634,395</u>	<u>\$ 3,835,432</u>	<u>\$ (344,565) (9.5%)</u>	<u>\$ (201,037) (5.2%)</u>	

Discussion of FY 2020 Debt

Total outstanding bonded debt for FY 2020 was \$3,289.5 million, a decrease of \$512.2 million, from \$3,751.7 million in FY 2019. The decrease was primarily related to the paydown of scheduled bond principal payments that were made in conjunction with the bond refundings executed in FY 2020 (Refer to Note 8 for additional information related to the refundings). Additionally, on November 8, 2019, the outstanding aggregate principal balance for the Series 2010 F-2 Bonds of \$60.3 million, was called for full redemption and the outstanding aggregate principal

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balance for the Series 2011 B-1 Bonds of \$53.5 million, was called for full redemption. A portion of the outstanding debt during FY 2020 was at a naturally or synthetically fixed interest rate debt, due to interest rate swap agreements. Refer to Note 9 for further detail regarding the Department's swap portfolio. The Departments credit ratings remained unchanged from FY 2019 to FY 2020 (Refer to Note 15 for related credit rating changes subsequent to FY 2020). Refer to Note 8 for further detail regarding long-term debt obligations.

Discussion of FY 2019 Debt

Total outstanding bonded debt for FY 2019 was \$3,751.7 million, a decrease of \$130.5 million, from \$3,882.1 million in FY 2018. This decrease was primarily related to scheduled principal payments that were made in FY 2019. A portion of the outstanding debt during FY 2019 was at a naturally or synthetically fixed interest rate debt, due to interest rate swap agreements. Refer to Note 9 for further detail regarding the Department's swap portfolio. The Departments credit ratings remained unchanged from FY 2018 to FY 2019. Refer to Note 8 for further detail regarding long-term debt obligations.

Current Highlights and Looking Forward

The operations and business results of the Department have been significantly impacted by the COVID-19 pandemic in the fourth quarter of FY 2020. Through the first eight months of FY 2020, enplaned passenger counts at the Airport increased 4.9% compared to the first eight months of FY 2019. After the continuing spread of the coronavirus, enplaned passenger counts at the Airport decreased 78.7% for the period of March through June when comparing FY 2019 to FY 2020. The Department cannot predict the extent and duration of the impact on its activities, including fluctuations in passenger traffic. Refer to Note 1 for additional detail related to this recent event.

In reaction to the unusual circumstances, the Department has undertaken measures to reduce expenditures and maximize operating efficiencies. Additionally, the Department is a recipient of the CARES Act which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. The Department was awarded \$195.8 million in funds from the CARES act which was signed into law on March 27, 2020. As of June 30, 2020, the Department recognized \$48.7 million from the CARES act in non-operating revenues.

Additionally, each fiscal year, the Department updates its five-year capital improvement plan. The Department's current, comprehensive five-year capital improvement plan, including projects funded by bonds, notes, and federal awards. The Signatory Airlines serving the Department have approved all major projects in the capital improvement plan. The capital improvement account consists of the Department's gaming revenue, the net cash flow from the

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McCarran Rent-A-Car Center, and net operating cash flows. Based on the current five-year projection, it is anticipated that future gaming revenues and future cash flows from the rental car facility, along with existing funds, federal grant awards, and federal reimbursements, will adequately fund the capital improvement account requirements. Because management cannot predict the extent and duration of the impact of the COVID-19 pandemic, projects in the capital improvement plan have been postponed and further adjustments to the plan may occur as additional information and data becomes available.

Additional Information

This financial report is designed to provide a general overview of the Department's finances. For questions about this report or for additional financial information, please contact the Finance Division, Clark County Department of Aviation, at P.O. Box 11005, Las Vegas, NV 89111-1005. Financial and statistical information for the Department may also be found at www.mccarran.com.

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Statements of Net Position
June 30, 2020 and 2019

Assets and Deferred Outflows of Resources	2020 (000)	2019 (000)
Assets		
Current assets:		
Cash and cash equivalents	\$ 462,442	\$ 504,235
Cash and cash equivalents, restricted	103,426	90,908
Investments, restricted	79,778	178,778
Accounts receivable, net of allowance for doubtful accounts of \$1,086 and \$736	40,291	41,698
Accounts receivable, restricted	1,529	12,653
Interest receivable	1,612	3,052
Interest receivable, restricted	2,234	5,642
Grants receivable, restricted	28,167	6,554
Other receivables	6,693	1,856
Other receivables, restricted	5,769	11,491
Inventories	10,614	12,044
Prepaid expenses	1,181	768
Total current assets	<u>743,736</u>	<u>869,679</u>
Non-current assets:		
Capital assets:		
Capital assets not being depreciated		
Construction in progress	97,531	64,372
Land	589,632	589,632
Land, restricted	13,018	13,018
Perpetual aviation easement	332,562	332,562
Capital assets being depreciated		
Land improvements	1,774,707	1,757,497
Buildings and improvements	3,677,876	3,668,926
Furniture and fixtures	45,651	45,868
Machinery and equipment	<u>571,820</u>	<u>566,964</u>
Accumulated depreciation	<u>7,102,797</u>	<u>7,038,839</u>
Capital assets, net	<u>(2,907,663)</u>	<u>(2,719,426)</u>
Other non-current assets:		
Cash and cash equivalents, restricted	415,305	478,086
Investments, restricted	58,054	23,978
Derivative instruments - interest rate swaps	1,920	12,250
Prepaid expenses	<u>185</u>	<u>1,334</u>
Total other non-current assets	<u>475,464</u>	<u>515,648</u>
Total non-current assets	<u>4,670,598</u>	<u>4,835,061</u>
Total assets	<u>5,414,334</u>	<u>5,704,740</u>
Deferred outflows of resources:		
Pension	29,114	29,081
Other post employment benefits	16,126	17,414
Hedging derivative instruments	13,106	5,875
Losses on bond refundings and on imputed debt	<u>24,159</u>	<u>26,161</u>
Total deferred outflows of resources	<u>82,505</u>	<u>78,531</u>
Total assets and deferred outflows of resources	<u><u>\$ 5,496,839</u></u>	<u><u>\$ 5,783,271</u></u>

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
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Statements of Net Position
June 30, 2020 and 2019

Liabilities, Deferred Inflows of Resources, and Net Position	2020	2019
	(000)	(000)
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and other current liabilities	\$ 17,133	\$ 31,771
Other accrued expenses	20,982	19,930
Rents received in advance	2,905	3,930
Total payable from unrestricted assets	<u>41,020</u>	<u>55,631</u>
Payable from restricted assets:		
Accounts payable and other current liabilities	3,551	14,626
Accrued interest	76,533	86,861
Current portion of long-term debt	174,380	182,504
Total payable from restricted assets	<u>254,464</u>	<u>283,991</u>
Total current liabilities	<u>295,484</u>	<u>339,622</u>
Noncurrent liabilities:		
Payable from unrestricted assets:		
Net pension liability	178,360	176,581
Net other post employment benefits liability	39,872	51,006
Derivative instruments - interest rate swaps	72,801	44,473
Other non-current liabilities	5,839	4,126
Total payable from unrestricted assets	<u>296,872</u>	<u>276,186</u>
Payable from restricted assets:		
Long-term debt, net of current portion	3,289,830	3,634,395
Total payable from restricted assets	<u>3,289,830</u>	<u>3,634,395</u>
Total noncurrent liabilities	<u>3,586,702</u>	<u>3,910,581</u>
Total liabilities	<u>3,882,186</u>	<u>4,250,203</u>
Deferred inflows of resources:		
Pension	16,371	12,105
Other post employment benefits	58,644	56,736
Hedging derivative instruments	1,205	11,118
Unamortized gain on bond refundings	11,082	6,571
Total deferred inflows of resources	<u>87,302</u>	<u>86,530</u>
Net position:		
Net investment in capital assets	937,167	701,267
Restricted for:		
Capital projects	75,802	124,317
Debt service	279,634	316,042
Other	65,761	89,152
Total restricted	<u>421,197</u>	<u>529,511</u>
Unrestricted	168,987	215,760
Total net position	<u>1,527,351</u>	<u>1,446,538</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 5,496,839</u></u>	<u><u>\$ 5,783,271</u></u>

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018

	2020 (000)	2019 (000)
Operating revenues:		
Terminal building and use fees	\$ 188,664	\$ 190,550
Landing fees and other aircraft fees	43,379	51,895
Gate use fees	28,430	29,175
Terminal concession fees	58,999	75,843
Rental car facility and concession fees	57,191	73,836
Parking and ground transportation fees	59,221	71,941
Gaming fees	28,606	37,395
Ground rents and use fees	24,146	25,303
Other	9,197	9,935
	<u>497,833</u>	<u>565,873</u>
Operating expenses:		
Salaries and benefits	151,420	141,060
Professional services	67,154	65,115
Repairs and maintenance	20,988	24,970
Utilities and communication	23,843	23,946
Materials and supplies	17,501	19,470
General administrative	5,336	5,440
	<u>286,242</u>	<u>280,001</u>
Operating income before depreciation and amortization	211,591	285,872
Depreciation and amortization	<u>190,649</u>	<u>190,874</u>
Operating income	20,942	94,998
Non-operating revenues (expenses):		
Passenger Facility Charge	70,640	96,783
Jet A Fuel Tax	9,676	11,979
Interest and investment income	13,773	188
Interest expense	(122,953)	(160,194)
Net gain from disposition of capital assets	76	232
Other non-operating revenue	16,972	16,948
CARES Act Airport Grant	48,657	—
	<u>36,841</u>	<u>(34,064)</u>
Income before capital contributions	57,783	60,934
Capital contributions	<u>23,030</u>	<u>22,281</u>
	<u>80,813</u>	<u>83,215</u>
Net position, beginning of year	1,446,538	1,363,323
Net position, end of year	<u>\$ 1,527,351</u>	<u>\$ 1,446,538</u>

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2020 and 2019

	2020 (000)	2019 (000)
Cash flows from operating activities:		
Cash received from customers	\$ 497,618	\$ 554,422
Cash paid to employees	(151,794)	(144,341)
Cash paid to outside vendors	(133,938)	(161,527)
Net cash provided by operating activities	<u>211,886</u>	<u>248,554</u>
Cash flows from capital and related financing activities:		
Collateralized agreements with swap counterparties	(10,011)	(47,480)
Passenger Facility Charges received	81,763	95,837
Jet A Fuel Tax received	12,026	11,012
Acquisition and construction of capital assets	(78,721)	(71,759)
Federal grants and reimbursements received	50,074	22,609
Bond refunding payments	(56,229)	—
Proceeds from capital asset disposal	431	676
Swap termination	—	(4,417)
Build America Bonds subsidy	14,056	8,474
Debt service payments:		
Principal	(255,430)	(130,455)
Interest	(166,957)	(174,029)
Net cash used in capital and related financing activities	<u>(408,998)</u>	<u>(289,532)</u>
Cash flows from investing activities:		
Interest and investment income received	40,133	41,892
Proceeds from maturities of investments	354,687	328,306
Purchase of investments	(289,765)	(338,139)
Net cash provided by investing activities	<u>105,055</u>	<u>32,059</u>
Decrease in cash and cash equivalents	(92,057)	(8,919)
Cash and cash equivalents, beginning of year	1,073,230	1,082,149
Cash and cash equivalents, end of year	<u>\$ 981,173</u>	<u>\$ 1,073,230</u>
Cash and cash equivalent balances:		
Unrestricted cash and cash equivalents	462,442	504,235
Restricted cash and cash equivalents	518,731	568,995
Cash and cash equivalents, end of year	<u>\$ 981,173</u>	<u>\$ 1,073,230</u>

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2020 and 2019

	2020 (000)	2019 (000)
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 20,942	\$ 94,998
Adjustments to reconcile income from operations to net cash from operating activities:		
Depreciation and amortization	190,649	190,874
Changes in operating assets and liabilities:		
Accounts receivable	1,409	(10,886)
Other receivables	1,449	(962)
Inventory	1,431	(2,377)
Prepaid expenses	(414)	42
Deferred outflows - pension	(33)	(2,570)
Deferred outflows - other post employment benefits	1,288	(15,457)
Accrued payroll and benefits	1,542	1,478
Accounts payable and other accrued expenses	(2,150)	(18,368)
Unearned revenue	(1,025)	(1,642)
Deposits	(21)	155
Net pension liability	1,779	6,183
Net other post employment benefits liability	(11,134)	(34,548)
Deferred inflows - pension	4,266	(2,800)
Deferred inflows - other post employment benefits	1,908	44,434
Net cash provided by operating activities	<u><u>\$ 211,886</u></u>	<u><u>\$ 248,554</u></u>
Non-cash capital and related financing and investing activities:		
Capital asset additions with outstanding accounts payable	<u><u>\$ 3,718</u></u>	<u><u>\$ 15,316</u></u>
Loss on investments - derivative instruments	<u><u>\$ (21,513)</u></u>	<u><u>\$ (43,007)</u></u>
Gain on investments - other investments	<u><u>\$ 18,488</u></u>	<u><u>\$ 6,240</u></u>
Refunding bond proceeds deposited in escrow	<u><u>\$ 1,283,211</u></u>	<u><u>\$ —</u></u>

See accompanying notes to financial statements.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

1.) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

The Clark County Department of Aviation (Department) is a department of Clark County (County), a political subdivision of the State of Nevada. The Department, under the supervision of the Board of County Commissioners (Board) and the County Manager, is established to operate McCarran International Airport (Airport) and the four other general aviation facilities owned by the County: North Las Vegas Airport, Henderson Executive Airport, Jean Sport Aviation Center, and Overton-Perkins Field (all collectively referred to as the Airport System). The Board is the governing body of the County. The seven Board members are elected from County commission election districts to four-year staggered terms. The Board appoints the Director of Aviation, who is charged with the day-to-day operation of the Department.

Only the accounts of the Department are included in the reporting entity. The Airport System is owned and operated as an enterprise fund of the County and is included as part of the County's government-wide financial statements and the County's Comprehensive Annual Financial Report (CAFR). Therefore, these financial statements do not purport to represent the financial position or changes in financial position of the County as a whole.

(b) Basis of Accounting

The accounting principles used are similar to those applicable to a commercial business enterprise, where the costs of providing services to the public are recovered through user fees. The Department is not subsidized by any tax revenues of the County.

The financial statements of the Department, an enterprise fund, are presented applying the accrual basis of accounting. Revenues are recorded when earned. The Department's operating revenues are derived from fees earned by airlines, concessionaires, tenants, and other users of Airport System facilities. These fees are based on usage fees established by the Department and approved by the Board or established in accordance with the Airline-Airport Use and Lease Agreement, discussed in more detail in the "Airline Rates and Charges" section of this note. Expenses are recognized when incurred. Non-operating revenue/expenses primarily consist of interest income, gains and losses on derivative instruments, Passenger Facility Charge proceeds, Jet A Fuel Tax revenues, interest expense on outstanding Department debt, Build America Bond subsidies, and the net gain or loss from the disposition of capital assets.

CLARK COUNTY DEPARTMENT OF AVIATION
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Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(c) Cash and Cash Equivalents

The Department's pooled funds and short-term investments, having original maturities of three months or less from the date of acquisition, are considered to be cash equivalents.

(d) Investments

Investments, consisting of federal government obligations and repurchase agreements, guaranteed investment certificates, and collateralized investment agreements, are stated at fair value. Investments in the County's pooled Treasurer's cash account are reported at fair value.

(e) Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on management's assessment of the potential for losses, taking into account historical experience and currently available information.

(f) Inventories

Inventories consist of fuel and supplies which have been valued at cost, parts and supplies which have been valued at average cost, and merchandise for resale to customers which has been valued at lower of cost or market.

(g) Capital Assets

Capital assets with a useful life of more than one year are capitalized and recorded at historical cost. The capitalization threshold is \$5,000. Costs related to the alteration or demolition of existing facilities during major expansion programs are capitalized as additional costs of the program. Depreciation is computed using the straight-line method based on useful lives currently estimated as follows:

Land Improvements	20-50 years
Buildings and Improvements	20-50 years
Furniture and Fixtures	5-15 years
Machinery and Equipment	3-15 years

Repairs and maintenance costs are charged to operations as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(h) Derivative Instruments

The Department has both hedging derivative instruments and investment derivative instruments, which are reported at fair value.

(i) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and would not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows from losses on bond refundings and on imputed debt are unamortized balances resulting from advance bond refundings and deferred losses incurred on the re-association and revaluation of interest rate swaps paired to certain bonds that were refunded. The hedging instruments are the changes in the fair value of interest rate swaps serving as hedging derivative instruments at the end of the fiscal year. The pension related amounts resulted from the Department's pension contributions subsequent to the plan measurement date, changes in proportion since the prior measurement date, and differences between expected and actual experience with economic and demographic factors. The other post employment benefits related amounts resulted from the Department's other post employment benefit plans contributions and benefit payments subsequent to the plan measurement date, as well as differences between expected and actual experience with economic and demographic factors.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows from refundings are unamortized balances resulting from advance bond refundings. Deferred inflows from the hedging instruments are the changes in the fair value of interest rate swaps serving as hedging derivative instruments at the end of the fiscal year. The pension amounts resulted from the difference between projected and actual experience with economic and demographic factors, projected and actual investment earnings, changes in proportionate share of collective net pension liability, and the difference between employee contributions and proportionate share of contributions. The other post employment benefit related amounts resulted from changes in actuarial assumptions, differences between expected and actual experience with economic and demographic factors, and the net excess of actual investment earnings over projected investment earnings on the Department's other post employment plan investments.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

(j) Federal Grants and Other Transaction Agreements

Amounts received from Federal Aviation Administration (FAA) grants and Transportation Security Administration (TSA) other transaction agreements (OTAs) are restricted for certain capital improvements and are reported as capital contributions. Such funds are generally available for reimbursement upon the acquisition of the specific asset or upon the incurrence of costs for a project and are accrued as receivables at that time.

The Department is also recipient of the CARES act which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic and is also administered through the FAA for eligible airports. During FY 2020, the Department was awarded \$195.8 million in funds from the CARES act which was signed into law on March 27, 2020. Amounts received from the CARES act are reported as non-operating revenues. The Department recorded \$48.7 million in subsidy received from the CARES act in FY 2020.

(k) Passenger Facility Charge

The Passenger Facility Charge (PFC) Program allows the collection of PFC fees up to \$4.50 per boarded passenger at commercial airports controlled by public agencies. The Department uses these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

The Department recorded \$70.6 million and \$96.8 million in PFC fees for the years ended June 30, 2020 and 2019, respectively.

(l) Airline Rates and Charges

Effective July 1, 2010, the Department entered into a Airline-Airport Use and Lease Agreement (Agreement) with airlines serving the Las Vegas market; the Agreement had a five-year term with a two- year extension option. The Agreement incorporates the lease and use of the terminal complex, apron areas, and airfields at the Airport System. On November 5, 2014, the Board approved an amendment to the Agreement (2014 Amendment) which extended the terms of the Agreement through June 30, 2020. Refer to Note 15 "Subsequent Events" for information related to the extension of the Agreement beyond June 30, 2020.

The Agreement establishes a residual rate-making methodology for the Airport System through both direct and indirect cost centers. The net cash flows from the Airport System's gaming fees and the McCarran Rent-A-Car Center are set aside in a capital improvement account, the balance of which may be used to pay the costs of future capital projects or pay down outstanding Department debt.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

Rates and charges are calculated annually at the beginning of each fiscal year, pursuant to budgeted revenues, expenses, and debt service requirements. The established rates and charges are reviewed and adjusted, if necessary, throughout each fiscal year to ensure that sufficient Department revenues are generated to satisfy all the requirements of the Master Indenture of Trust dated May 1, 2003, as amended, which governs the issuance of certain debt.

At the close of each fiscal year, audited financial data, in conjunction with the balance in the rate stabilization account, will be used to determine if any additional amount is due to or from the Signatory Airlines in accordance with the Agreement (airline true-up). In the event an overpayment is due, the Department will refund such overpayment to the Signatory Airlines; in the event an underpayment is owed, the Department will invoice the Signatory Airlines the underpayment within 30 days of such determination. For the fiscal years ended June 30, 2020 and 2019, there were no amounts due to or from the Signatory Airlines related to the airline true-up.

Certain airline landing fees, terminal building rentals, gate use fees, and passenger fees are used to calculate the airline rental and fee revenue, which is used to calculate cost per enplaned passenger. The following is the cost per enplaned passenger for the fiscal years ended June 30, 2020 and 2019:

	June 30, 2020	June 30, 2019
Airline rental and fee revenue *	\$ 238,884	\$ 250,090
Enplaned passengers *	19,038	25,224
Cost per enplaned passenger	<u><u>\$ 12.55</u></u>	<u><u>\$ 9.91</u></u>

* Figures are reported in thousands.

(m) Restricted Assets and Liabilities

Restricted assets consist of cash, investments, and other resources that are legally restricted to certain uses pursuant to the Master Indenture of Trust dated May 1, 2003. Capital program funds are restricted to pay the cost of certain capital projects as defined in various bond ordinances. PFC program funds are restricted to pay the cost of FAA-approved capital projects and any debt service incurred to finance these projects. Debt service funds are restricted to sourcing payments for principal, interest, sinking funds, and coverage as required by specific bond covenants.

(n) Budgetary Control

As an enterprise fund of the County, the Department is subject to the budgetary requirements of the State of Nevada (State), including budgetary hearings and public meetings as required by the County's overall budget

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process. Accordingly, the Board approves the Department's annual budget and any subsequent changes thereto. The Department's budget is prepared using the accrual basis of accounting, and actual expenses cannot exceed total budgeted operating expenses without action pursuant to the State's budgetary requirements. Appropriations for operating expenses lapse at the end of each fiscal year.

(o) Use of Estimates

The preparation of financial statements in accordance with Generally Accepted Accounting Principles in the United States of America requires the Department to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

(p) Net Position

Net position represents all assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net position is displayed in the Statements of Net Position in the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Net position subject to externally imposed stipulations on their use.
- Unrestricted: All remaining net position not meeting the definition of net investment in capital assets or restricted.

When both restricted and unrestricted resources are available for the same purpose, restricted net position is considered to be used first over unrestricted net position.

(q) Reclassification

Certain minor reclassifications have been made in the fiscal year 2019 financial statements to conform to the fiscal year 2020 presentation. There was no impact on net position or changes in net position.

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(r) New Accounting Guidance

New Accounting Guidance - Recently Adopted

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No.92, *Omnibus 2020* (GASB 92). This standard's objective is to enhance comparability in accounting and financial reporting and it addresses a variety of topics. Paragraphs 4, 5, 11, and 13 of GASB 92 are effective immediately. GASB 92 sets the effective date for GASB Statement No. 87 for fiscal years beginning after December 15, 2019. There is no impact to the Department's financial statements as a result of adopting paragraphs 4, 5, 11, and 13 of this standard. The GASB subsequently issued Statement No. 95 in May 2020, which postpones the effective date of Statement No. 87.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). This standard postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. There is no impact to the Department's financial statements as a result of adopting this standard.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97). This standard seeks to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. The standard also seeks to mitigate costs associated with the reporting of certain defined contribution plans as well as enhance the accounting for Section 457 deferred compensation plans. Paragraphs 4 and 5 of GASB 97 are effective immediately. There is no impact to the Department's financial statements as a result of adopting paragraphs 4 and 5 of this standard.

(s) Recent Event

In December 2019, a novel strain of coronavirus began to spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of Nevada declared that all non-essential businesses would be closed to help mitigate the spread of COVID-19. In early May 2020, certain businesses began reopening within the state of Nevada, including casinos, which were allowed to reopen on June 4, 2020. The operations and business results of the Department have been significantly impacted by this event during the fourth quarter of FY

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2020. The Department cannot predict the extent and duration of the impact on its activities, including fluctuations in passenger traffic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain it.

On April 21, 2020, the Board approved a resolution authorizing the Department to execute payment deferral agreements with airlines which temporarily deferred payments of Joint Use Space for the period of April through June 2020. Deferred payments are to be paid in six equal monthly installments beginning July 1, 2020 and continuing through December 31, 2020. As of June 30, 2020, the amount of uncollected deferred revenue resulting from this resolution was \$27.3 million. The Board also approved a resolution authorizing the Department to waive all Minimum Annual Guarantee (MAG) obligations for all concession agreements for the period of April through June 2020. Subsequently, the MAG waiver period was extended through October 2020. During this period, concessionaires were still required to remit to the Department the percentage rent payments as outlined within the agreements. For the period of April through June 2020, it is estimated that the Department waived \$15.4 million in MAG revenues from the concessionaires.

The Department is a recipient of the CARES Act which provides funds to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. In March 2020, the Department was awarded \$195.8 million in funds from the CARES act. During FY 2020, the Department was also allocated \$6.3 million from the Coronavirus Relief Fund administered through the County.

As of June 30, 2020, the Department has \$462.4 million of unrestricted cash and investments, which are sufficient to cover budgeted expenditures for FY 2021. Management has not included any contingencies in the financial statements specific to this event.

2.) CASH AND INVESTMENTS

According to Nevada Revised Statutes, County monies must be deposited with federally insured banks, credit unions, or savings and loan institutions situated within the County. The County is authorized to use demand accounts, time accounts, and certificates of deposit. State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as that described for permissible investments. Permissible investments are similar to the allowable County investments described below, except the statutory language permits a longer term and include securities issued by municipalities within Nevada.

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The County's deposits are fully covered by federal depository insurance or collateral held by the County's agent in the County's name. The County has written custodial agreements in force with the various financial institutions' trust banks for demand deposits and certificates of deposits. These custodial agreements pledge securities totaling 102% of the deposits with each financial institution. The County has a written agreement with the State Treasurer for monitoring the collateral maintained by the County's depository institutions.

The majority of all cash and investments of the Department are included in the investment pool of the Clark County Treasurer (Treasurer) and the Department's Trustee, the Bank of New York Mellon. As of June 30, 2020 and 2019, these amounts were distributed as follows (in thousands):

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Clark County Investment Pool	\$ 684,882	\$ 824,830
Cash and Investments with Trustee	429,426	437,608
Custodian Account	2,050	12,060
Cash On Hand or In Transit	2,646	1,488
Total	\$ 1,119,004	\$ 1,275,986

(a) Clark County Investment Pool

The County Treasurer invests monies both by individual funds and through a pooling of monies. The pooled monies, referred to as the Clark County Investment Pool, are invested as a whole and not as a combination of monies from each fund belonging to the pool. In this manner, the Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest is apportioned to each participating department or agency on a monthly basis and is based on the average daily cash balance of the fund for the month in which the investments mature. The Clark County Investment Pool is unrated and is not subject to external regulatory oversight.

Nevada Revised Statutes (NRS) do not specifically require collateral for demand and time deposits, but do specify that collateral for time deposits may be of the same type as that described for permissible State investments. Permissible State investments are similar to allowable County investments described below except that some State investments are longer term and include securities issued by municipalities outside the State of Nevada.

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Department. Instead, the Department owns a proportionate share of each investment, based on the Department's participation percentage in the investment pool. Once per year, the County records the investments in

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the Treasurer Investment Pool at fair market and then apportions the corresponding adjustment to the various participants for the year. The Department's apportioned share of the fair value adjustment made at June 30, 2020 and 2019, was \$18.5 million and \$6.2 million, respectively; the Department's share of the investments held in the investment pool at June 30, 2020 and 2019 was \$684.9 million and \$824.8 million, respectively. The respective allocation percentages of the investments held in the investment pool at June 30, 2020 are as follows:

Investment Type	Fair Value	Percentage Share of Investment Maturities (in years)			
		Less than 1	1 to 3	3 to 5	5 to 10
U.S. Treasury Obligations	21.7 %	10.8 %	6.6 %	4.3 %	- %
U.S. Agency Obligations	33.0 %	5.5 %	12.6 %	5.4 %	9.5 %
Corporate Obligations	19.1 %	5.0 %	8.7 %	5.4 %	- %
Money Market Funds	0.3 %	0.3 %	- %	- %	- %
Commercial Paper	11.1 %	11.1 %	- %	- %	- %
Negotiable Certificates of Deposit	9.8 %	9.8 %	- %	- %	- %
Collateralized Mortgage Obligations	0.2 %	- %	0.1 %	- %	0.1 %
Asset Backed Securities	4.8 %	- %	0.9 %	3.5 %	0.4 %
	100.0 %	42.5 %	28.9 %	18.6 %	10.0 %

The respective allocation percentages of the investments held in the investment pool at June 30, 2019 are as follows:

Investment Type	Fair Value	Percentage Share of Investment Maturities (in years)			
		Less than 1	1 to 3	3 to 5	5 to 10
U.S. Treasury Obligations	31.0 %	24.5 %	60.2 %	11.7 %	3.6 %
U.S. Agency Obligations	29.2 %	10.4 %	35.4 %	37.7 %	16.5 %
Corporate Obligations	18.0 %	24.7 %	49.0 %	26.3 %	- %
Money Market Funds	2.2 %	100.0 %	- %	- %	- %
Commercial Paper	6.1 %	100.0 %	- %	- %	- %
Negotiable Certificates of Deposit	10.2 %	100.0 %	- %	- %	- %
Collateralized Mortgage Obligations	0.3 %	- %	3.4 %	54.5 %	42.1 %
Asset Backed Securities	3.0 %	2.2 %	34.0 %	47.8 %	16.0 %
	100.0 %	33.6 %	38.9 %	21.0 %	6.5 %

(b) Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the average weighted duration of its investment pool to fewer than 2.5 years. Duration is a measure of the present value of a fixed income security's cash flows and is used to estimate the sensitivity of a security's price to interest rate changes.

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(c) Interest Rate Sensitivity

As of June 30, 2020 and 2019, the County invested in the following types of securities that have a higher sensitivity to interest rates:

- *Callable securities* are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem, or call, a security before maturity, either on a given date or, generally, on coupon dates.
- *Asset Backed Securities* are financial securities backed by a loan, lease, or receivable against assets other than real estate and mortgage backed securities. These securities are subject to interest rate risk in that the value of the assets fluctuates inversely with changes in the general levels of interest rates.
- A *Corporate Note Floater* is a note with a variable interest rate that is usually, but not always, tied to an index.
- *Step-up or step-down securities* have fixed rate coupons for a specific time interval that will step up or step down a predetermined number of basis points at scheduled coupon dates or other reset dates. These securities are callable either one time or on their coupon dates.

(d) Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy applies the prudent-person rule: In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The County's investments were rated by Moody's Investors Service (Moody's) and Standard & Poor's (S&P) as follows:

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	Moody's	S&P
U.S. Agency Callables	Aaa	AA+
U.S. Agency Non Callables	Aaa	AA+
U.S. Agency Discounts	P-1	A-1+
Corporate Notes	A3	A-
Corporate Floaters	Aa2	A+
Money Market Funds	Aaa	AAA
Commercial Paper Discount	P-1	A-2
Negotiable Certificates of Deposit	P-1	A-1
Collateralized Mortgage Obligations	Aaa	AA+
Asset Backed Securities	Aaa	AAA
Agency Mortgage Backed Security Pass-Throughs	Aaa	AA+

(e) Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to no more than 5% of the County Investment Pool.

At June 30, 2020, the following investments exceeded 5% of the total Department investments:

Federal Agricultural Mortgage Corp (FAMC)	8.81 %
Federal Farm Credit Bank (FFCB)	18.34 %
Federal Home Loan Bank (FHLB)	8.68 %
Federal National Mortgage Association (FHLMC)	15.05 %

As of June 30, 2019, the following investments exceeded 5% of total Department investments:

Federal Farm Credit Banks (FFCB)	12.12 %
Federal Home Loan Banks (FHLB)	7.38 %
Federal Home Loan Mortgage Corporation (FHLMC)	8.11 %

(f) Trustee Cash

In accordance with the Master Indenture of Trust dated May 1, 2003, as amended, between the County and the Bank of New York Mellon (Trustee), the Department uses the Trustee to retain all debt service reserve funds and to make all annual debt service payments to bondholders. As of June 30, 2020 and 2019, the Trustee held \$429.4

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million and \$437.6 million, respectively, of the Department's cash and investments restricted for debt service reserves, bond proceeds, and annual debt service payments.

As of June 30, 2020, of the \$429.4 million held by the Trustee, \$291.6 million in cash and cash equivalents was invested in United States Government Money Market Funds, and \$137.8 million was invested in short- and long-term investments with entities as follows (in thousands):

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 to 3	3 to 5
US Treasury Bills	\$ 42,270	\$ 42,270	\$ —	\$ —
US Treasury Notes	23,370	23,370	—	—
Federal Agricultural Mortgage Corp Non-Callables	12,136	10,069	2,067	—
Federal Farm Credit Bank Non-Callables	25,285	4,069	12,706	8,510
Federal Home Loan Bank Non-Callables	11,963	—	1,628	10,335
Federal Home Loan Mortgage Corporation Non-Callables	2,067	—	2,067	—
Federal National Mortgage Association Non-Callables	20,741	—	11,786	8,955
	\$ 137,832	\$ 79,778	\$ 30,254	\$ 27,800
Investment Ratings	Moody's	S&P		
US Treasury Bills	P-1	A-1+		
US Treasury Notes	Aaa	AA+		
Federal Agricultural Mortgage Corp Non-Callables*	N/A	N/A		
Federal Farm Credit Bank Non-Callables	Aaa	AA+		
Federal Home Loan Bank Non-Callables	Aaa	AA+		
Federal Home Loan Mortgage Corporation Non-Callables	Aaa	AA+		
Federal National Mortgage Association Non-Callables	Aaa	AA+		

* Investments not rated by Moody's and S&P

As of June 30, 2019, of the \$437.6 million held by the Trustee, \$234.8 million in cash and cash equivalents was invested in United States Government Money Market Funds, and \$202.8 million was invested in short- and long-term investments with entities as follows (in thousands):

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Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 to 3	3 to 5
US Treasury Bills	\$ 30,210	\$ 30,210	\$ —	\$ —
US Treasury Notes	99,603	97,618	1,985	—
Federal Agricultural Mortgage Corp Non-Callables	3,991	—	3,991	—
Federal Farm Credit Bank Non-Callables	24,574	20,046	2,459	2,069
Federal Home Loan Bank Callables	5,981	5,981	—	—
Federal Home Loan Bank Discounts	14,958	14,958	—	—
Federal Home Loan Bank Non-Callables	16,440	4,979	1,601	9,860
Federal Home Loan Mortgage Corporation Non-Callables	4,003	1,990	2,013	—
Federal National Mortgage Association Callables	2,997	2,997	—	—
	\$ 202,757	\$ 178,779	\$ 12,049	\$ 11,929
Investment Ratings	Moody's	S&P		
Federal Agricultural Mortgage Corp Non-Callables*	N/A	N/A		
Federal Farm Credit Bank Non-Callables	Aaa	AA+		
Federal Home Loan Bank Callables	Aaa	AA+		
Federal Home Loan Bank Discounts	P-1	A-1+		
Federal Home Loan Bank Non-Callables	Aaa	AA+		
Federal Home Loan Mortgage Corporation Non-Callables	Aaa	AA+		
Federal National Mortgage Association Non-Callables	Aaa	AA+		

* Investment not rated by Moody's and S&P

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(g) Fair Value of Combined Investments and Derivative Instruments

The fair value of the Department's investments and derivative instruments as of June 30, 2020 and 2019, is as follows (in thousands):

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	—
Debt Securities with Clark County Investment Pool				
U.S. Treasuries	\$ 148,335	\$ 148,335	\$ —	
U.S. Agencies	225,524	2,640	222,884	
Corporate Obligations	131,146	—	131,146	
Money Market Funds	2,374	2,374	—	
Commercial Paper	75,995	—	75,995	
Negotiable CD	66,994	—	66,994	
Collateralized Mortgage Obligations	1,520	—	1,520	
Asset Backed Securities	32,994	—	32,994	
Subtotal	684,882	153,349	531,533	
Debt Securities held by Trustee				
U.S. Treasury Bills	42,270	42,270	—	
U.S. Treasury Notes	23,370	23,370	—	
Federal Agricultural Mortgage Corp Non-Callables	12,136	—	12,136	
Federal Farm Credit Bank Non-Callables	25,285	—	25,285	
Federal Home Loan Bank Non-Callables	11,963	—	11,963	
Federal Home Loan Mortgage Corporation Non-Callables	2,067	—	2,067	
Federal National Mortgage Association Non-Callables	20,741	—	20,741	
Money Market Funds	291,595	291,595	—	
Subtotal	429,427	357,235	72,192	
Debt Securities Derivative Instruments				
Derivative Instruments - Assets	1,920	—	1,920	
Derivative Instruments - Liability	(72,801)	—	(72,801)	
Subtotal	(70,881)	—	(70,881)	
Total	<u>\$ 1,043,428</u>	<u>\$ 510,584</u>	<u>\$ 532,844</u>	

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As of As of June 30, 2019

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	—	Significant Other Observable Inputs (Level 2)
Debt Securities with Clark County Investment Pool				
U.S. Treasuries	\$ 255,696	\$ 255,696	\$ —	
U.S. Agencies	240,724	1,796	238,928	
Corporate Obligations	148,554	—	148,554	
Money Market Funds	17,926	17,926	—	
Commercial Paper	50,332	—	50,332	
Negotiable CD	83,933	—	83,933	
Collateralized Mortgage Obligations	2,604	—	2,604	
Asset Backed Securities	25,061	—	25,061	
Subtotal	824,830	275,418	549,412	
Debt Securities held by Trustee				
U.S. Treasury Bills	30,210	30,210	—	
U.S. Treasury Notes	99,603	99,603	—	
Federal Agricultural Mortgage Corp Non-Callables	3,991	—	3,991	
Federal Farm Credit Bank Non-Callables	24,574	—	24,574	
Federal Home Loan Bank Callables	5,981	—	5,981	
Federal Home Loan Bank Discounts	14,958	14,958	—	
Federal Home Loan Bank Non-Callables	16,440	—	16,440	
Federal Home Loan Mortgage Corporation Non-Callables	4,003	—	4,003	
Federal National Mortgage Association Non-Callables	2,997	—	2,997	
Money Market Funds	234,186	234,186	—	
Subtotal	436,943	378,957	57,986	
Debt Securities Derivative Instruments				
Derivative Instruments - Assets	12,250	—	12,250	
Derivative Instruments - Liability	(44,473)	—	(44,473)	
Subtotal	(32,223)	—	(32,223)	
Total	\$ 1,229,550	\$ 654,375	\$ 575,175	

Securities classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities or offer same-day liquidity at a price of par. Securities classified at Level 2 of the fair value hierarchy are generally valued using a matrix pricing technique. Matrix pricing is the process of estimating the market price of a bond based on the quoted prices of more frequently traded comparable bonds.

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3.) GRANTS RECEIVABLE

Grants receivable as of June 30, 2020 and 2019, consists of the following (in thousands):

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
CARES Act	\$ 26,184	\$ —
FAA Grants	1,983	4,191
TSA OTA	—	2,363
Total	<u>\$ 28,167</u>	<u>\$ 6,554</u>

4.) RESTRICTED ASSETS

The Master Indenture of Trust requires segregation of certain assets into restricted accounts. The Department has also included Passenger Facility Charges and Jet A Fuel Tax revenue-related assets as restricted assets, because these assets have been pledged for capital projects and debt service. Restricted assets consist of the following at June 30, 2020 and 2019 (in thousands):

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	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Restricted for capital projects:		
Cash and investments - PFC and other bond proceeds	\$ 68,342	\$ 76,815
Cash and investments - PFC	44,015	101,957
Accounts receivable - PFC	1,529	12,653
Grant reimbursements receivable	28,167	4,291
Interest receivable	2,091	5,417
Subtotal restricted for capital projects	<u>144,144</u>	<u>201,133</u>
Restricted for debt service:		
Bond funds:		
Cash and investments - PFC bonds	74,047	60,792
Cash and investments - other bonds	194,396	254,612
Other receivable	5,102	8,474
Interest receivable	2	21
Subtotal restricted for bond funds	<u>273,547</u>	<u>323,899</u>
Debt service reserves:		
Cash and investments - PFC bonds	36,174	50,939
Cash and investments - other bonds	145,467	103,342
Subtotal restricted for debt service reserves	<u>181,641</u>	<u>154,281</u>
Subordinate and other debt coverage reserves:		
Cash and investments	39,329	35,101
Interest receivable	141	204
Other receivable - Jet A Fuel Tax	667	3,017
Subtotal restricted for subordinate and other debt coverage reserves	<u>40,137</u>	<u>38,322</u>
Subtotal restricted for debt service	<u>495,325</u>	<u>516,502</u>
Other restricted assets:		
Cash and investments - Working capital and contingency	23,856	23,333
Cash and investments - Capital fund and rate stabilization	28,887	52,800
Custodian account	2,050	12,060
Land - Heliport facility	3,718	3,718
Land - Henderson runway	9,300	9,300
Subtotal other restricted assets	<u>67,811</u>	<u>101,211</u>
Total restricted assets	<u><u>\$ 707,280</u></u>	<u><u>\$ 818,846</u></u>
Restricted assets by class:		
Total current assets	\$ 220,903	\$ 303,764
Total capital assets	13,018	13,018
Total other non-current assets	<u>473,359</u>	<u>502,064</u>
Total restricted assets:	<u><u>\$ 707,280</u></u>	<u><u>\$ 818,846</u></u>

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5.) RETIREMENT SYSTEM

Plan Description

Public Employees Retirement System of Nevada (PERS or System) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. The Department contributes, through the County, to the System. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

As of June 30, 2020 and 2019, the Department had a net pension liability of \$178.4 million and \$176.6 million, respectively, which represents the Department's percentages, 15.7% and 15.5%, respectively, of the County's net pension liability. These percentages were determined based on the contributions to PERS by the Department during fiscal years 2019 and 2018, relative to the total contributions to PERS by the County during those fiscal years.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS §286.575-.579.

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Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with 30 years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or at age 55 with 30 years of service or any age with 33 1/3 years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with 20 years of service, or at any age with 30 years of service. Police/fire members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, at age 50 with 20 of service and at any age with 33 1/3 years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as police/fire accredited service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both regular and police/fire members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the EPC or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

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The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased or decreased pursuant to NRS §286.421 and §286.450.

The actuarial funding method used is the Entry Age Normal Cost method. It is intended to meet the funding objective and to result in a relatively level long-term contributions requirement as a percentage of salary. For the fiscal years ended June 30, 2019 and 2018, the statutory employer-employee matching rate was 14.50% for regular employees and 20.75% for police or fire employees, and the respective employer- pay contribution rates were 28.00% for Regular employees and 40.50% for police or fire employees. For the fiscal year ended June 30, 2020, the statutory employer-employee matching rate was 15.25% for regular employees and 22.0% for police or fire employees, and the respective employer-pay contribution rates were 29.25% for Regular employees and 42.50% for police or fire employees.

For the fiscal year ended June 30, 2019, the Department's contributions were \$12.6 million. A total of \$13.9 million was contributed during the fiscal year ended June 30, 2020; these contributions after the measurement date are recognized as a deferred outflow of resources, as further described in the "Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions" section of this note.

Summary of Significant Accounting and Reporting Policies

For the purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the PERS and additions to or deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, 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.

Basis of Accounting

The underlying financial information used to prepare the pension allocation schedules is based on the PERS financial statements. The PERS financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America that apply to governmental accounting for fiduciary funds.

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Contributions for employer pay dates that fall within the PERS fiscal years ending June 30, 2019 and 2018, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations.

The total pension liability is calculated by the PERS actuary. The System's fiduciary net position is reported in the PERS financial statements, and the net pension liability is disclosed in the PERS notes to the financial statements. An annual report containing financial statements and required information for the System may be obtained at www.nvpers.org, by writing to PERS, 693 W. Nye Lane, Carson City, Nevada 89703- 1599, or by calling (775) 687-4200.

Investment Policy

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following is the target asset allocation adopted by the Board as policy as of June 30, 2019:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

* As of the plan fiscal years ended June 30, 2019 and 2018, the PERS long-term inflation assumption was 2.75%.

The following is the target asset allocation adopted by the Board as policy as of June 30, 2018:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

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Net Pension Liability

The net pension liabilities as of June 30, 2020 and 2019, were measured as of June 30, 2019 and 2018, respectively, and the total pension liabilities used to calculate the net pension liabilities for those years were determined by actuarial valuations as of those dates. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers in the System.

Net Pension Liability Discount Rate Sensitivity

The following table presents the Department's share of the County's net pension liability as of June 30, 2020, based on the System's net pension liability for the System's fiscal years ended June 30, 2019, calculated using the discount rate 7.5%, as well as what the Department's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

Plan Fiscal Year	1% Decrease in Discount Rate		1% Increase in Discount Rate	
	6.5%	7.5%	7.5%	8.5%
2019	\$ 276,170	\$ 178,360	\$ 97,056	

The following table presents the Department's share of the County's net pension liability as of June 30, 2019, based on the System's net pension liability for the System's fiscal years ended June 30, 2018, calculated using the discount rate 7.5%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

Plan Fiscal Year	1% Decrease in Discount Rate		1% Increase in Discount Rate	
	6.5%	7.5%	7.5%	8.5%
2018	\$ 269,279	\$ 176,581	\$ 99,554	

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Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the June 30, 2019 measurement:

Inflation rate:	2.75%
Investment rate of return:	7.5%
Productivity pay increase:	0.5%
Projected salary increases:	
Regular:	4.25% to 9.15%, depending on service*
Police/Fire:	4.55% to 13.90%, depending on service*
* Rates include inflation and productivity increases	
Consumer Price Index:	2.75%
Other assumptions:	Same as those used in the June 30, 2019 funding actuarial valuation

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the June 30, 2018 measurement:

Inflation rate:	2.75%
Payroll growth:	5.00%, including inflation
Investment rate of return:	7.50%
Productivity pay increase:	0.50%
Projected salary increases:	
Regular:	4.25% to 9.15%, depending on service*
Police/Fire:	4.55% to 13.90%, depending on service*
* Rates include inflation and productivity increases	
Consumer Price Index:	2.75%
Other assumptions:	Same as those used in the June 30, 2018 funding actuarial valuation

Actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of the experience review completed in 2018. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2019 and 2018, 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 as of June 30, 2019 and 2018.

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Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2020 and 2019, the Department recognized pension expense of \$33.8 million and \$26.1 million, respectively. At June 30, 2019 and 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Differences between expected and actual experience *	\$ 6,688	\$ 5,532	\$ 5,144	\$ 8,196
Changes in assumptions *	7,258	9,305	—	—
Net difference between projected and actual earnings on investments	—	—	8,873	841
Changes in proportion and differences between actual contributions and proportionate share of contributions *	1,253	1,611	2,354	3,068
Contributions to PERS after measurement date	13,915	12,633	—	—
	<u>\$ 29,114</u>	<u>\$ 29,081</u>	<u>\$ 16,371</u>	<u>\$ 12,105</u>

* FY 2020 Average expected remaining service lives: 6.18 years;
FY 2019 Average expected remaining service lives: 6.22 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$13.9 million will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$12.6 million were recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to the year ended June 30, 2020, will be recognized in pension expense as follows (in thousands):

Fiscal Year	Pension Expense / (Revenue)
2021	\$ 244
2022	(3,600)
2023	522
2024	912
2025	671
Thereafter	79

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6.) OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the Other Post Employment Benefit (OPEB) Plans

OPEB Plans Administered as Trusts

Plan Description

The Clark County Self-Funded (CCSF) OPEB Trust provides OPEB to all permanent full-time employees of Clark County (primary government only and including the Department) enrolled in the Clark County Self-Funded Group Medical and Dental Benefit Plans. The CCSF OPEB Trust is a single-employer, defined benefit OPEB plan administered by Clark County, Nevada. CCSF OPEB Trust issues a publicly available financial report. The report may be obtained at https://www.clarkcountynv.gov/government/departments/finance/boards_and_committees.php.

Benefits Provided

CCSF OPEB Trust provides medical, dental, vision, and prescription drug benefits to eligible retirees and beneficiaries. Retirees are eligible to continue coverage in the Clark County Self-Funded Group Medical and Dental Benefit Plan as a participant with active employees at a blended premium rate as an implicit subsidy. Benefit provisions are established and amended through negotiations between the respective unions and the County.

Basis of Accounting

For the purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense, information about the fiduciary net position of CCSF has been determined on the same basis as they are reported by CCSF. Further, additions to or deductions from the CCSF fiduciary position have been determined on the same basis as they are reported by CCSF. Accordingly, 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.

Contributions

The CCSF OPEB Trust does not have contractually or statutorily required contributions. State law requires health insurance to be provided to retirees at a blended rate. For the fiscal year ended June 30, 2019, the Department's contributions were \$10.8 million. A total of \$8.8 million was contributed during the fiscal year ended June 30, 2020; these contributions after the measurement date are recognized as a deferred outflow of resources, as further

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described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

OPEB Plans Not Administered as Trusts

Plan Descriptions

CC RHPP

Clark County Retiree Health Program Plan (CC RHPP) provides OPEB to all permanent full-time employees of Clark County (primary government only and including the Department) enrolled in the health maintenance organization (HMO) Plan. The plan also provides life insurance to eligible retirees of Clark County (primary government only and including the Department). The CC RHPP is a non-trust, single-employer defined benefit OPEB Plan, administered by Clark County, which does not issue stand-alone financial statements.

PEBP

Public Employees' Benefits Plan (PEBP) is a non-trust, agent multiple-employer defined benefit OPEB plan administered by the State of Nevada. Clark County subsidizes eligible retirees' contributions to PEBP. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to future retirees, however, County employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP with a subsidy provided by the County as determined by the number of years of service. The Department is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who have enrolled in this plan. The subsidy is set by the State Legislature. The PEBP issues a publicly available financial report. The report may be obtained at <https://pebp.state.nv.us/resources/fiscal-utilization-reports/>.

Benefits Provided

CC RHPP

CC RHPP provides medical, dental, vision, prescription drug, and life insurance benefits to eligible retirees and beneficiaries. Retirees are eligible to continue coverage in the HMO Plan as a participant with active employees at a blended premium rate, resulting in an implicit subsidy. Benefit provisions are established and amended through negotiations between the respective unions and the County. Benefit payments were \$0.2 million and \$0.2 million during the fiscal years ended June 30, 2019 and 2018, respectively. A total of \$0.2 million in estimated benefit

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payments were made during the fiscal year ended June 30, 2020; these benefit payments after the plan measurement date are recognized as a deferred outflow of resources, as further described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

PEBP

PEBP plan provides medical, dental, prescription drug, Medicare Part B, and life insurance coverage to eligible retirees and their spouses. Benefits are provided through a third-party insurer. Benefit payments were \$0.2 million and \$0.2 million during the fiscal years ended June 30, 2019 and 2018, respectively. A total of \$0.2 million in benefit payments were made during the fiscal year ended June 30, 2020; these benefit payments after the plan measurement date are recognized as a deferred outflow of resources, as further described in the "OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources" section of this note.

Net OPEB Liability and Changes in the Net OPEB Liability

The Department's total net OPEB liability as of June 30, 2020, \$39.9 million, was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018. The Department's portion of the CCSF and RHPP OPEB liabilities is calculated based on the Department's census data for the plan valuation year. The Department's portion of the PEBP OPEB liability is allocated to the Department, based on the proportion of the Department's PEBP subsidy payments as a portion of all PEBP payments made by the County, during the PEBP actuarial valuation year. The Department's CCSF fiduciary net position consists of contributions made by the Department to the CCSF Trust, including adjustments such as investment earnings.

The following table presents the changes in the Department's net OPEB liability during June 30, 2020 (in thousands):

	CCSF	CC RHPP	PEBP	Total
Net OPEB liability at June 30, 2019	\$ 28,966	\$ 18,417	\$ 3,623	\$ 51,006
Changes recognized for the fiscal year:				
Service cost	2,408	1,012	—	3,420
Interest cost	3,779	748	137	4,664
Changes in assumptions or other inputs	(7,468)	1,385	178	(5,905)
Benefit payments	(421)	(206)	(159)	(786)
Net change in total OPEB liability	(1,702)	2,939	156	1,393
Net change in plan's fiduciary net position	(12,527)	N/A	N/A	(12,527)
Net OPEB liability at June 30, 2020	<u>\$ 14,737</u>	<u>\$ 21,356</u>	<u>\$ 3,779</u>	<u>\$ 39,872</u>

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The Department's total net OPEB liability as of June 30, 2019 was \$51.0 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. The following table presents the changes in the Department's net OPEB liability during June 30, 2019 (in thousands):

	CCSF	CC RHPP	PEBP	Total
Net OPEB liability at June 30, 2018	68,126	13,675	3,753	85,554
Changes recognized for the fiscal year:				
Service cost	6,992	991	—	7,983
Interest cost	2,993	522	138	3,653
Differences between expected and actual	(25,290)	6,043	104	(19,143)
Changes in assumptions or other inputs	(21,991)	(2,608)	(207)	(24,806)
Benefit payments	(441)	(206)	(165)	(812)
Net change in total OPEB liability	(37,737)	4,742	(130)	(33,125)
Net change in plan's fiduciary net position	(1,423)	N/A	N/A	(1,423)
Net OPEB liability at June 30, 2019	28,966	18,417	3,623	51,006

The Department's fiduciary net position for CCSF as of June 30, 2019 and 2018 was \$31.1 million and \$18.6 million, respectively. The following table presents the changes in the Department's fiduciary net position during June 30, 2019 and 2018 (in thousands):

	2019	2018
	CCSF	CCSF
Beginning CCSF fiduciary net position	\$ 18,593	\$ 17,170
Changes in CCSF fiduciary net position recognized for the fiscal year		
Employer contributions	10,802	441
Net investment income	2,150	1,423
Benefit payments	(421)	(441)
Administrative expense	(4)	—
Net change in CCSF fiduciary net position	12,527	1,423
Ending CCSF fiduciary net position	\$ 31,120	\$ 18,593

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Employees Covered by Benefit Terms

At June 30, 2018, the valuation date for the June 30, 2020 and 2019 net OPEB Liability, the following employees were covered by the benefit terms for the OPEB plans:

	CCSF	CC RHPP	PEBP*	Total
Inactive employees or beneficiaries currently receiving benefit payments	101	53	45	199
Active employees	795	607	—	1,402
Covered spouses	25	15	—	40
Total	921	675	45	1,641

*As of November 1, 2008, PEBP was closed to any new participants.

Actuarial assumptions and other inputs:

The Net OPEB liability as of June 30, 2020 (using the measurement date of June 30, 2019), was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry age normal, based on level percentage of salary
Inflation	2.00%
Discount Rate - CCSF*	5.26%
Discount Rate - CC RHPP and PEBP	3.50%
Salary increases	3.00% per annum
Health care cost trend rates	4.5%/4.0%, ultimate
Municipal Bond rate	3.50%
Retirees' share of benefit related costs	0% to 100% of premium amounts, based on years of service
Investment return on CCSF assets **	7.50%
Post-retirement mortality rates	RP-2014 generational table, back-projected to 2006, then scaled using MP-2018, applied on a gender-specific basis

* The discount rate was based on blending of Bond Buyer 20-Bond GO Index and Expected Return on Assets Assumption.

** The long-term expected rate of return on the CCSF OPEB Trust investments was based upon a description of the plan assets invested in Retirement Benefits Investment Fund (RBIF) and Clark County Treasurer Investment Pool.

The Net OPEB liability as of June 30, 2019 (using the measurement date of June 30, 2018), was determined using the following actuarial assumptions and other inputs:

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Actuarial Cost Method	Entry age normal, based on level percentage of salary
Inflation	2.00%
Discount Rate - CCSF*	4.57%
Discount Rate - CC RHPP and PEPP	3.87%
Salary increases	3.00% per annum
Health care cost trend rates	4.5%/4.0%, ultimate
Municipal Bond rate	3.87%
Retirees' share of benefit related costs	0% to 100% of premium amounts, based on years of service
Investment return on CCSF assets **	7.50%
Post-retirement mortality rates	RP-2014 generational table, back-projected to 2006, then scaled using MP-2018, applied on a gender-specific basis

* The discount rate was based on the Bond Buyer 20-Bond GO Index.

** The long-term expected rate of return on the CCSF OPEB Trust investments was based upon a description of the plan assets invested in Retirement Benefits Investment Fund (RBIF) and Clark County Treasurer Investment Pool.

Rationale for Assumptions:

For the actuarial valuation dated June 30, 2018, demographic assumptions are based on the Nevada PERS Actuarial Experience Study based on the 2018 Nevada PERS Actuarial Valuation. Salary scale and inflation assumptions are based on the 2018 Nevada PERS Actuarial Valuation.

Changes in Assumptions

The following are changes in assumptions from the June 30, 2018 plan measurement date to the June 30, 2019 measurement date:

CCSF

The discount rate was updated from 4.57% at June 30, 2018 to 5.26% at June 30, 2019, based on the blending of the long-term expected return on assets of the plan and the municipal bond rate. The increase of discount rate was primarily due to the department's increase in trust contribution compared to prior fiscal year.

CC RHPP and PEPP

The discount rate was updated from 3.87% at June 30, 2018 to 3.50% at June 30, 2019, based on the municipal bond rate.

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All Post Employment Benefit Plans

The following changes in assumptions were noted for all post employment benefit plans, from the plan measurement dates of June 30, 2017 to June 30, 2018:

- The marriage assumption was updated to reflect the most recent participant experience.
- The aging factors were updated to be based on the 2013 Society of Actuaries study.
- The termination rates and retirement rates were updated based on the 2018 Nevada PERS Actuarial Valuation results.
- The mortality table was updated from RP-2000 projected to year 2013 using Scale AA to RP-2014 with generational projection scale MP-2018.
- The salary scale assumption was updated to 3.0%.
- The investment rate of return was updated to 7.50%, based on the Nevada Retirement Benefits Investment Fund investment policy objective.
- The inflation rate was updated to 2.00%.

Discount Rate Information and Discount Rate Sensitivity

CCSF

The discount rates used to measure the Department's net OPEB liability was 5.26% as of June 30, 2020 and 4.57% as of June 30, 2019. As of measurement date June 30, 2019, the Department's portion of the Clark County CCSF OPEB Trust Assets, when projected in accordance with the method prescribed by GASB 75, is expected to be sufficient to make benefit payments to current members until the year ending June 30, 2052. The projection of cash flows used to determine the discount rate assumed employer and plan member contributions will be made at the current contribution rate. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the OPEB Plan's assets were projected to be sufficient to make projected future benefit payments for current plan members through the year 2052 for the Department. Payments after that date would be funded by employer assets.

The following presents the CCSF net OPEB liability, as of June 30, 2020, as well as what the CCSF net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage point higher than the current discount rate (in thousands):

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	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	4.26%	5.26%	6.26%
CCSF	\$ 24,127	\$ 14,737	\$ 7,432

The following presents the CCSF net OPEB liability, as of June 30, 2019, as well as what the CCSF net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage point higher than the current discount rate (in thousands):

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	3.57%	4.57%	5.57%
CCSF	\$ 38,704	\$ 28,966	\$ 21,389

CC RHPP and PEBP

The following presents CC RHPP and PEBP OPEB liabilities of the department, as of June 30, 2020, as well as what the OPEB liabilities would be if they were calculated using a discount rate that is 1- percentage-point lower or 1- percentage point higher than the current discount rate (in thousands):

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	2.50%	3.50%	4.50%
CC RHPP	25,962	21,356	17,470
PEBP	4,337	3,779	3,325

The following presents CC RHPP and PEBP OPEB liabilities of the department, as of June 30, 2019, as well as what the OPEB liabilities would be if they were calculated using a discount rate that is 1- percentage-point lower or 1- percentage point higher than the current discount rate (in thousands):

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	2.87%	3.87%	4.87%
CC RHPP	\$ 22,390	\$ 18,417	\$ 15,066
PEBP	\$ 4,159	\$ 3,623	\$ 3,189

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Healthcare Cost Trend Rate Sensitivity

The following presents the total net OPEB liability of the Department as of June 30, 2020, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease Ultimate 3.5%/3.0%	Trend Rates Ultimate 4.5%/4.0%	1% Increase Ultimate 5.5%/5.0%
CCSF	\$ 6,588	\$ 14,737	\$ 25,538
RHPP	16,994	21,356	26,846
PEBP	3,344	3,779	4,301
Total	\$ 26,926	\$ 39,872	\$ 56,685

The following presents the total net OPEB liability of the Department as of June 30, 2019, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease Ultimate 3.5%/3.0%	Trend Rates Ultimate 4.5%/4.0%	1% Increase Ultimate 5.5%/5.0%
CCSF	\$ 20,514	\$ 28,966	\$ 40,167
RHPP	14,656	18,417	23,153
PEBP	3,207	3,623	4,125
Total	\$ 38,377	\$ 51,006	\$ 67,445

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

OPEB Expense, for the years ended June 30, 2020 and 2019 is as follows (in thousands):

	CCSF	CC RHPP	PEBP	Total
2020	\$ (1,145)	\$ 2,055	\$ 315	\$ 1,225
2019	\$ 3,480	\$ 1,701	\$ 36	\$ 5,217

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At June 30, 2020 and 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB, from the following sources (in thousands):

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
CCSF				
Differences between expected and actual experience	\$ 330	\$ 390	\$ 21,429	\$ 23,360
Changes of assumptions or other inputs	—	—	33,078	29,231
Net excess of actual over projected earnings on OPEB plan investments	—	—	1,274	970
Contributions made after the measurement date	8,807	10,802	—	—
CCSF Total	<u>9,137</u>	<u>11,192</u>	<u>55,781</u>	<u>53,561</u>
CC RHPP				
Differences between expected and actual experience	5,353	5,857	—	—
Changes of assumptions or other inputs	1,279	—	2,863	3,175
Benefit payments made after the measurement date	195	206	—	—
RHPP Total	<u>6,827</u>	<u>6,063</u>	<u>2,863</u>	<u>3,175</u>
PEBP				
Benefit payments made after the measurement date	162	159	—	—
PEBP Total	<u>162</u>	<u>159</u>	<u>—</u>	<u>—</u>
Combined amounts, all plans				
Differences between expected and actual experience	5,683	6,247	21,429	23,360
Changes of assumptions or other inputs	1,279	—	35,941	32,406
Net excess of actual over projected earnings on OPEB plan investments	—	—	1,274	970
Contributions and benefit payments made after the measurement date	9,164	11,167	—	—
Total, all plans	<u>\$ 16,126</u>	<u>\$ 17,414</u>	<u>\$ 58,644</u>	<u>\$ 56,736</u>

The amount of \$9.2 million, reported as deferred outflows of resources related to OPEB from the Department's contributions and benefit payments subsequent to June 30, 2019 (the measurement date), will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. The amount of \$11.2 million, reported as deferred outflows of resources related to OPEB from the Department's contributions subsequent to the measurement date at June 30, 2018, was recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts

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reported as deferred outflows of resources and deferred inflows of resources, related to OPEB, will be recognized in OPEB expense as follows (in thousands):

For the fiscal year ending June 30,	CCSF	CC RHPP	PEBP	Total
2021	\$ (5,959)	\$ 295	\$ —	\$ (5,664)
2022	(5,959)	295	—	(5,664)
2023	(5,676)	295	—	(5,381)
2024	(5,646)	295	—	(5,351)
2025	(5,491)	295	—	(5,196)
Thereafter	(26,720)	2,294	—	(24,426)
	<u><u>\$ (55,451)</u></u>	<u><u>\$ 3,769</u></u>	<u><u>\$ —</u></u>	<u><u>\$ (51,682)</u></u>

7.) CHANGES IN CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows (in thousands):

	July 1, 2019	Additions	Deletions	June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 602,650	\$ —	\$ —	\$ 602,650
Avigation easement	332,562	—	—	332,562
Construction in progress	64,372	63,302	(30,143)	97,531
Total capital assets, not being depreciated	<u>999,584</u>	<u>63,302</u>	<u>(30,143)</u>	<u>1,032,743</u>
Capital assets, being depreciated:				
Land Improvements	1,757,497	17,210	—	1,774,707
Buildings and improvements	3,668,926	8,950	—	3,677,876
Machinery and equipment	566,964	7,406	(2,550)	571,820
Furniture and fixtures	45,868	—	(217)	45,651
Total capital assets being depreciated	<u>6,039,255</u>	<u>33,566</u>	<u>(2,767)</u>	<u>6,070,054</u>
Less accumulated depreciation:				
Land improvements	(1,047,101)	(60,617)	—	(1,107,718)
Buildings and improvements	(1,256,352)	(100,873)	—	(1,357,225)
Machinery and equipment	(384,464)	(26,929)	2,200	(409,193)
Furniture and fixtures	(31,509)	(2,230)	212	(33,527)
Total accumulated depreciation	<u>(2,719,426)</u>	<u>(190,649)</u>	<u>2,412</u>	<u>(2,907,663)</u>
Total capital assets being depreciated, net	<u>3,319,829</u>	<u>(157,083)</u>	<u>(355)</u>	<u>3,162,391</u>
Total capital assets, net	<u><u>\$ 4,319,413</u></u>	<u><u>\$ (93,781)</u></u>	<u><u>\$ (30,498)</u></u>	<u><u>\$ 4,195,134</u></u>

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	July 1, 2018	Additions	Deletions	June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 595,736	\$ 6,914	\$ —	\$ 602,650
Avigation easement	332,562	—	—	332,562
Construction in progress	43,301	71,951	(50,880)	64,372
Total capital assets, not being depreciated	971,599	78,865	(50,880)	999,584
Capital assets, being depreciated:				
Land Improvements	1,748,988	8,751	(242)	1,757,497
Buildings and improvements	3,634,284	34,642	—	3,668,926
Machinery and equipment	561,978	10,813	(5,827)	566,964
Furniture and fixtures	45,908	—	(40)	45,868
Total capital assets being depreciated	5,991,158	54,206	(6,109)	6,039,255
Less accumulated depreciation:				
Land improvements	(987,055)	(60,046)	—	(1,047,101)
Buildings and improvements	(1,156,016)	(100,336)	—	(1,256,352)
Machinery and equipment	(361,728)	(28,123)	5,387	(384,464)
Furniture and fixtures	(29,176)	(2,373)	40	(31,509)
Total accumulated depreciation	(2,533,975)	(190,878)	5,427	(2,719,426)
Total capital assets being depreciated, net	3,457,183	(136,672)	(682)	3,319,829
Total capital assets, net	\$ 4,428,782	\$ (57,807)	\$ (51,562)	\$ 4,319,413

8.) LONG-TERM DEBT

(a) Changes in Long-Term Debt Obligations

Changes in long-term debt obligations for the years ended June 30, 2020 and 2019 are summarized as follows (in thousands):

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	July 1, 2019	Additions	Refunding	Pay downs	June 30, 2020
SENIOR LIEN BONDS:					
2009 Series B Build America Bonds	\$ 300,000	\$ —	\$ (300,000)	\$ —	\$ — †
2010 Series C Build America Bonds	454,280	—	—	—	454,280 †
2010 Series D	87,785	—	(76,120)	(11,665)	— †
2015 Series A	59,915	—	—	—	59,915 †
2019 Series B	—	240,800	—	—	240,800 †
2019 Series C	—	70,510	—	—	70,510 †
Sub-Total Senior Lien Bonds	901,980	311,310	(376,120)	(11,665)	825,505
SUBORDINATE LIEN BONDS:					
2008 Series A-2	36,600	—	—	(9,840)	26,760 *
2008 Series B-2	36,635	—	—	(9,850)	26,785 *
2008 Series C-1	122,900	—	—	—	122,900 *
2008 Series C-2	62,915	—	—	(3,015)	59,900 *
2008 Series C-3	62,910	—	—	(3,010)	59,900 *
2008 Series D-1	52,995	—	—	(2,125)	50,870 *
2008 Series D-2A	100,000	—	—	—	100,000 *
2008 Series D-2B	99,605	—	—	—	99,605 *
2008 Series D-3	120,925	—	—	(530)	120,395 *
2009 Series C	168,495	—	(168,495)	—	— †
2010 Series B	350,000	—	(350,000)	—	— †
2011 Series B-1	73,200	—	—	(73,200)	— *
2014 Series A-1	21,490	—	—	(4,780)	16,710 †
2014 Series A-2	221,870	—	—	—	221,870 †
2017 Series A-1	54,035	—	—	(10,910)	43,125 †
2017 Series A-2	47,800	—	—	—	47,800 †
2019 Series A	—	107,530	—	—	107,530 †
2019 Series D	—	296,155	—	—	296,155 †
SUBORDINATE LIEN BONDS FROM DIRECT PLACEMENTS:					
2017 Series D	73,265	—	—	(19,700)	53,565 *
Sub-Total Subordinate Lien Bonds	1,705,640	403,685	(518,495)	(136,960)	1,453,870
PFC BONDS:					
2010 Series A	446,765	—	(446,150)	(615)	— †
2010 Series F-2	79,230	—	—	(79,230)	— *
2012 Series B	64,360	—	—	(4,530)	59,830 †
2015 Series C	98,965	—	—	(10,465)	88,500 †
2017 Series B	65,925	—	—	(6,945)	58,980 †
2019 Series E	—	369,045	—	—	369,045
Sub-Total PFC Bonds	755,245	369,045	(446,150)	(101,785)	576,355
JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:					
2013 Jet A Fuel Tax Series A	70,965	—	—	(5,020)	65,945 †
2017 Notes Series C	146,295	—	—	—	146,295 ‡
2018 Notes Series A	95,545	—	—	—	95,545 ‡
Sub-Total Junior Subordinate Lien Debt and Jet A Bonds	312,805	—	—	(5,020)	307,785
GENERAL OBLIGATION BONDS:					
2008 General Obligation Series A	43,105	—	—	—	43,105 *
2013 General Obligation Series B	32,915	—	—	—	32,915 †
Sub-Total General Obligation Bonds	76,020	—	—	—	76,020
Total principal outstanding	3,751,690	\$ 1,084,040	\$ (1,340,765)	\$ (255,430)	3,239,535
Premiums, discounts, and imputed debt from termination of hedges:		Additions	Amortization	Deletions	
Unamortized premiums	74,686	\$ 199,171	\$ (35,685)	\$ (7,361)	230,811
Unamortized discounts	(15,362)	—	1,118	4,185	(10,059)
Imputed debt from termination of hedges	5,885	—	(1,962)	—	3,923
	65,209	\$ 199,171	\$ (36,529)	\$ (3,176)	224,675
Current portion of long-term debt	(182,504)				(174,380)
Total long-term debt outstanding	\$ 3,634,395				\$ 3,289,830

* Variable Rate Debt Obligations

† Fixed Rate Bonds

‡ Bond Anticipation Notes

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	July 1, 2018	Additions	Refunding	Pay downs	June 30, 2019
SENIOR LIEN BONDS:					
2009 Series B Build America Bonds	\$ 300,000	\$ —	\$ —	\$ —	\$ 300,000 [†]
2010 Series C Build America Bonds	454,280	—	—	—	454,280 [†]
2010 Series D	100,185	—	—	(12,400)	87,785 [†]
2015 Series A	59,915	—	—	—	59,915 [†]
Sub-Total Senior Lien Bonds	<u>914,380</u>	<u>—</u>	<u>—</u>	<u>(12,400)</u>	<u>901,980</u>
SUBORDINATE LIEN BONDS:					
2008 Series A-2	46,200	—	—	(9,600)	36,600 [*]
2008 Series B-2	46,235	—	—	(9,600)	36,635 [*]
2008 Series C-1	122,900	—	—	—	122,900 [*]
2008 Series C-2	65,815	—	—	(2,900)	62,915 [*]
2008 Series C-3	65,810	—	—	(2,900)	62,910 [*]
2008 Series D-1	55,040	—	—	(2,045)	52,995 [*]
2008 Series D-2A	100,000	—	—	—	100,000 [*]
2008 Series D-2B	99,605	—	—	—	99,605 [*]
2008 Series D-3	121,435	—	—	(510)	120,925 [*]
2009 Series C	168,495	—	—	—	168,495 [†]
2010 Series B	350,000	—	—	—	350,000 [†]
2011 Series B-1	92,400	—	—	(19,200)	73,200 [*]
2014 Series A-1	22,340	—	—	(850)	21,490 [†]
2014 Series A-2	221,870	—	—	—	221,870 [†]
2017 Series A-1	65,505	—	—	(11,470)	54,035 [†]
2017 Series A-2	47,800	—	—	—	47,800 [†]
SUBORDINATE LIEN BONDS FROM DIRECT PLACEMENTS:					
2017 Series D	92,465	—	—	(19,200)	73,265 [*]
Sub-Total Subordinate Lien Bonds	<u>1,783,915</u>	<u>—</u>	<u>—</u>	<u>(78,275)</u>	<u>1,705,640</u>
PFC BONDS:					
2008 Series A	17,565	—	—	(17,565)	— [†]
2010 Series A	447,360	—	—	(595)	446,765 [†]
2010 Series F-2	97,470	—	—	(18,240)	79,230 [*]
2012 Series B	64,360	—	—	—	64,360 [†]
2015 Series C	98,965	—	—	—	98,965 [†]
2017 Series B	69,305	—	—	(3,380)	65,925 [†]
Sub-Total PFC Bonds	<u>795,025</u>	<u>—</u>	<u>—</u>	<u>(39,780)</u>	<u>755,245</u>
JUNIOR SUBORDINATE LIEN DEBT AND JET A BONDS:					
2013 Jet A Fuel Tax Series A	70,965	—	—	—	70,965 [†]
2017 Notes Series C	146,295	—	—	—	146,295 [‡]
2018 Notes Series A	95,545	—	—	—	95,545 [‡]
Sub-Total Junior Subordinate Lien Debt and Jet A Bonds	<u>312,805</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>312,805</u>
GENERAL OBLIGATION BONDS:					
2008 General Obligation Series A	43,105	—	—	—	43,105 [*]
2013 General Obligation Series B	32,915	—	—	—	32,915 [†]
Sub-Total General Obligation Bonds	<u>76,020</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>76,020</u>
Total principal outstanding	<u>3,882,145</u>	<u>—</u>	<u>—</u>	<u>(130,455)</u>	<u>3,751,690</u>
Premiums, discounts, and imputed debt from termination of hedges:			Amortization		
Unamortized premiums	92,527		(17,841)		74,686
Unamortized discounts	(16,631)		1,269		(15,362)
Imputed debt from termination of hedges	7,846		(1,961)		5,885
	<u>83,742</u>		<u>(18,533)</u>		<u>65,209</u>
Current portion of long-term debt	(130,455)				(182,504)
Total long-term debt outstanding	<u>\$ 3,835,432</u>				<u>\$ 3,634,395</u>

* Variable Rate Debt Obligations

† Fixed Rate Bonds

‡ Bond Anticipation Notes

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(b) Description of Outstanding Debt Issuance Types and Other Information

Senior Lien Bonds

The issuance of senior lien bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq.*), the Nevada Local Government Securities Law (NRS §§350.500 *et seq.*), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq.*). All senior lien bonds are issued in accordance with the Master Indenture of Trust dated May 1, 2003, (Indenture) between Clark County and The Bank of New York Mellon Trust Company, N.A.

Senior lien bonds are secured by and are payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient: 1) to provide for the payment of all Airport System operating and maintenance expenses in the fiscal year and 2) to provide an amount not less than 125% of the aggregate debt service requirement (Senior Lien Coverage) for all the senior lien bonds then outstanding for the fiscal year. The actual senior lien coverage ratios (the ratio of total revenue less operating expenses to debt service) for fiscal year 2020 and fiscal year 2019 were 3.28 and 4.82, respectively. As of June 30, 2020 and 2019, the Department had \$825.5 million and \$902.0 million in outstanding senior lien bonds, respectively.

Two of the Department's senior lien bonds, 2009 Series B and 2010 Series C, were issued as federally taxable Build America Bonds (BABs) under the American Recovery and Reinvestment Act of 2009. The Department receives a direct federal subsidy payment in the amount equal to 35% of the interest expense on the BABs. The interest subsidy on the BABs was \$10.2 million and \$17.0 million during the fiscal years ended June 30, 2020 and 2019, respectively. The subsidy is recorded as a non-capital grant, a component of other non-operating revenue.

Subordinate Lien Bonds

The issuance of subordinate lien bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq.*), the Nevada Local Government Securities Law (NRS §§350.500 *et seq.*), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq.*). All subordinate lien bonds are issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A.

Subordinate lien bonds are secured by and are payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service. Pursuant to the Indenture, the Department has covenanted to fix, charge, and collect rentals, fees, and

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charges for the use of the Airport System such that, in any fiscal year, the gross revenues, together with any other available funds, will at all times be at least sufficient 1. To provide for the payment of all Airport System operating and maintenance expenses in such fiscal year and 2. To provide an amount not less than 110% of the aggregate debt service requirement (Subordinate Lien Coverage) for all the senior lien and subordinate lien bonds then outstanding for the fiscal year. The coverages on the combined senior and subordinate lien debt for fiscal year 2020 and fiscal year 2019 were 1.52 and 1.65, respectively. As of June 30, 2020 and 2019, the Department had \$1,453.9 million and \$1,705.6 million in outstanding subordinate lien bonds, respectively.

Subordinate Lien Bonds from Direct Placements

On December 6, 2017, the County issued the Series 2017D Airport System Subordinate Lien Refunding Revenue Bonds (Series 2017D Bonds) for \$92.5 million to mature on July 1, 2022. The Series 2017D is issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A. The Series 2017D Bonds was issued to refund Series 2011B-2 Bonds and the Bank of America Preferred Funding Corporation agreed to purchase the bonds pursuant to the terms and provisions of a Direct Purchase Agreement. The purchase agreement for the Series 2017D Bonds constitutes a direct placement of debt. The Series 2017D bears interest at a floating rate that is reset monthly and payable every month. Interest payments are due on the first business day of each month and scheduled principal payments are due on July 1 of each year. As of June 30, 2020 and 2019, the Department had \$53.6 million and \$73.3 million in outstanding subordinate lien bonds from direct placements, respectively (these amounts are also included in the total of subordinate lien bonds noted above).

PFC Bonds

The issuance of PFC bonds is authorized pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq.*), the Nevada Local Government Securities Law (NRS §§350.500 *et seq.*), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq.*). All PFC bonds are issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A.

The PFC bonds are secured by a pledge of and lien upon pledged PFC revenues derived from a \$4.50 PFC which has been imposed by the County under authorization of the Federal Aviation Act. In addition, the PFC bonds are secured by and are payable from a claim on the net revenues of the Airport System on parity with that of the subordinate lien bonds and junior to that of the senior lien bonds. Effective October 1, 2008, the PFC rate is \$4.50 per qualifying enplaned passenger. As of June 30, 2020 and 2019, the Department had \$576.4 million and \$755.2 million in outstanding PFC pledged bonds, respectively.

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In fiscal years 2020 and 2019, the Department earned \$70.6 million and \$96.8 million, respectively, in PFC revenues and earned \$4.6 million and \$6.9 million, respectively, in PFC interest income. In fiscal years 2020 and 2019, the Department pledged \$90.6 million and \$77.0 million, respectively, toward debt service payments associated with outstanding PFC bonds and pledged no monies toward service payment on certain subordinate lien bonds that were used to fund PFC projects approved by the FAA. No coverage is required for the PFC bonds.

Junior Subordinate Lien Debt and Jet A Bonds

The junior subordinate lien debt and Jet A bonds comprise Jet A Fuel Tax bonds and bond anticipation notes issued pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq.*), the Nevada Local Government Securities Law (NRS §§350.500 *et seq.*), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq.*). These bonds and notes are issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A.

The junior subordinate lien debt and Jet A bonds are on parity with each other and are secured by and payable from the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service, subordinate lien debt service, and PFC lien debt service. These bonds and notes do not constitute debt of Clark County within the meaning of any constitutional or statutory provisions or limitations, and neither the full faith and credit nor the taxing power of the County is pledged to the payment thereof. As of June 30, 2020 and 2019, the Department had \$65.9 million and \$71.0 million, respectively, in outstanding Jet A bonds. Outstanding bond anticipation notes were \$241.8 million as of June 30, 2020 and 2019, respectively.

The Jet A Bonds are payable from and secured by a pledge of and lien upon the proceeds of a three-cent-per-gallon tax collected by the County on jet aviation fuel sold, distributed, or used in the County. Shortages in debt service from fuel tax collections are funded with Airport System revenues. As of June 30, 2020 and 2019, there was no shortage of Jet A Fuel Tax revenues to cover the Jet A Bonds debt service.

General Obligation Bonds

The general obligation bonds were issued pursuant to the Nevada Municipal Airports Act (NRS §§496.010 *et seq.*), the Nevada Local Government Securities Law (NRS §§350.500 *et seq.*), and the Nevada Registration of Public Securities Law (NRS §§348.010 *et seq.*). All general obligation bonds are issued in accordance with the Indenture between Clark County and The Bank of New York Mellon Trust Company, N.A.

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These bonds constitute direct and general obligations of the County. The full faith and credit of the County is pledged for the payment of principal and interest subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes and to certain other limitations on the amount of ad valorem taxes the County may levy.

The general obligation bonds are secured by and payable from a claim on the net revenues of the Airport System after the payment of all Airport System operating and maintenance expenses and after the payment of all senior lien debt service, subordinate lien debt service, PFC lien debt service, and junior subordinate lien and Jet A bonds lien debt service. Pursuant to the Indenture, the County has covenanted to fix, charge, and collect rentals, fees, and charges for the use of the Airport System sufficient to pay debt service on the senior lien bonds, the subordinate lien bonds, the general obligation (limited tax) airport bonds, the PFC bonds, and the junior subordinate lien debt and Jet A bonds. As of June 30, 2020 and 2019, the Department had \$76.0 million in outstanding general obligation bonds.

Other Information Related to Debt Issuances

The Department's outstanding bonds and notes (excluding direct placements) contain a provision that in an event of default, the Trustee shall enforce the rights of the bond owners if the Department is unable to make payment. The consequences in the event of a default may include various legal or financial actions taken against the Department by the Trustee, with financial actions being limited to the pursuit of amounts currently due.

The Department's outstanding bond series from direct placements, Series 2017D, contains a provision that upon the occurrence of any events of default, the bank has the right to accelerate all remaining outstanding amounts and any amounts owed to the purchaser.

The Department's variable rate demand bonds have 9 associated letters of credit and one line of credit. Under the letters of credit, the banks who issued the facilities are unconditionally obligated to pay principal and interest on the bonds secured by letters of credit when due, and to pay the purchase price of tendered bonds when tendered. The Department is obligated to immediately reimburse the banks who issued these facilities for principal and interest draws. According to the terms of the line of credit, the bank who issued the facility is obligated (absent a default by the County) to pay the purchase price of tendered bonds when tendered. In both cases, it is expected that tendered bonds will be remarketed and remarketing proceeds will be used to reimburse the issuing banks for the purchase price of tendered bonds. Each line or letter of credit has a three-year term out agreement. If a term-out agreement were to take effect, it would require all outstanding amounts to such series of bonds to be repaid within three years

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on an accelerated basis. The Department's line and letters of credit terminate on dates occurring between December 2020 and February 2024. Refer to Note 15 for additional information related to the letters of credit terminating within the next fiscal year.

Below summarizes the credit facilities securing the variable rate bonds at June 30, 2020 (in thousands):

Bond Series	Credit Provider	Facility Fee Rate	Remarketing Agent	Remarketing Fee Rate
2008A-GO	State Street Bank and Trust	0.35 %	Citi Bank N.A.	0.09 %
2008A-2	State Street Bank and Trust	0.38 %	J.P. Morgan Securities	0.10 %
2008B-2	State Street Bank and Trust	0.38 %	Citi Bank N.A.	0.10 %
2008C-1	Bank of America	0.45 %	Bank of America Merrill Lynch	0.07 %
2008C-2	State Street Bank and Trust	0.40 %	J.P. Morgan Securities	0.09 %
2008C-3	Sumitomo Mitsui Banking Corporation	0.42 %	Citi Bank N.A.	0.09 %
2008D-1	Sumitomo Mitsui Banking Corporation	0.49 %	Citi Bank N.A.	0.09 %
2008D-2A	Wells Fargo Bank, N.A.	0.38 %	Wells Fargo Securities	0.07 %
2008D-2B	Royal Bank of Canada	0.50 %	RBC Capital Markets	0.09 %
2008D-3	Bank of America	0.40 %	Citi Bank N.A.	0.09 %

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Credit Type	Original Commitment	Term out	Termination Date
Line of credit*	\$ 45,713	3 years	February 14, 2024
Letter of credit	53,321	3 years	July 1, 2022
Letter of credit	53,321	3 years	July 1, 2022
Letter of credit	130,941	3 years	December 4, 2020
Letter of credit	76,018	3 years	February 14, 2023
Letter of credit	76,018	3 years	February 14, 2024
Letter of credit	62,833	3 years	January 26, 2022
Letter of credit	106,641	3 years	February 24, 2023
Letter of credit	106,122	3 years	December 4, 2020
Letter of credit	130,903	3 years	June 2, 2023

* The full commitment amount on the Department's line of credit is unused as of June 30, 2020.

(c) Arbitrage Rebate Requirement

Tax-exempt bond arbitrage involves the investment of governmental bond proceeds which are derived from the sale of tax-exempt obligations in higher yielding taxable securities that generate a profit. The Tax Reform Act of 1986 imposes arbitrage restrictions on bonds issued by the County. Under this Act, an amount may be required to be rebated to the United States Treasury so that all interest on the bonds qualifies for exclusion from gross income for federal income tax purposes.

The Department's estimated arbitrage liability at June 30, 2020 and 2019, was \$0.02 million and \$0.02 million, respectively. The Department is current on all required arbitrage payments.

(d) Description of Bond Series Issuances, Calls, and Refundings During the Fiscal Years Ended June 30, 2020 and 2019

CLARK COUNTY DEPARTMENT OF AVIATION
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Senior Lien Bonds

On July 1, 2019, the Department issued the Series 2019 B Senior Series Revenue Bonds (Series 2019 B Bonds) for \$240.8 million. The net proceeds of \$300.0 million, along with a \$23.2 million contribution from the Department, were used to refund the outstanding principal and interest on the Senior Series 2009B Build America Bonds (Series 2009B Bonds) and to fund a new debt service reserve fund for the Series 2019 B Bonds. The refunding transaction for the Series 2009B Bonds resulted in an economic gain of \$88.2 million and a \$138.8 million reduction of the aggregate debt service payments associated with those bonds. The Series 2019 B Bonds have a stated interest rate of 5.00%, with yields varying from 1.68% to 2.50% with interest payments due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1 of each year until the scheduled maturity date of July 1, 2042.

On November 27, 2019, the Department issued the Series 2019 C Senior Revenue Bonds (Series 2019 C Bonds) for \$70.5 million. The net proceeds of \$72.6 million were used to refund the outstanding principal and interest on the Series 2010D Senior Lien Bonds (Series 2010 D Bonds) and to fund a new debt service reserve fund for the Series 2019 C Bonds. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain of \$1.7 million. The refunding transaction for the Series 2010 D Bonds resulted in an economic gain of \$6.4 million and \$9.1 million reduction of the aggregate debt service payments associated with those bonds. The Series 2019 C Bonds have a fixed interest rate of 5.00% with yields varying from 1.22% to 1.23%. Interest payments are due on July 1, 2020, January 1, 2021, and July 1, 2021. Scheduled principal payments are due on July 1, 2020 and July 1, 2021.

Subordinate Lien Bonds

On November 8, 2019, the Department called for the full redemption of the Series 2011 B-1 Bonds, which had an outstanding par value of \$53.5 million plus accrued interest of \$0.3 million.

On November 27, 2019, the Department issued the Series 2019 D Subordinate Lien Refunding Revenue Bonds (Series 2019 D Bonds) for \$296.2 million. The net proceeds of \$347.2 million, along with the prior debt service deposit and debt service reserve fund balance of \$35.7 million were used to refund the outstanding principal and interest on the Series 2010B Subordinate Lien Bonds and to fund a new debt service reserve fund for the Series 2019 D Bonds. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain of \$3.1 million. The refunding transaction for the Series 2009 C Bonds resulted in an economic gain of \$203.5 million and reduction of the aggregate debt service payments associated with those bonds of \$321.2 million. The Series 2019 D Bonds have a stated interest rate of 5.00% and with yields varying from 1.24% to 2.12%, with interest

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

payments due on January 1 and July 1 of each year, and staggered scheduled principal payments due on July 1 of each year until the scheduled maturity date of July 1, 2032.

On July 1, 2019, the Department issued the Series 2019 A Subordinate Lien Refunding Revenue Bonds (Series 2019 A Bonds) for \$107.5 million. The net proceeds of \$125.8 million, along with a \$51.3 million contribution from the Series 2017 Revocable Escrow Fund, were used to refund the outstanding principal and interest on the Series 2009 C Subordinate Lien Bonds and to fund a new debt service reserve fund for the Series 2019 A Bonds. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain of \$3.2 million. The refunding transaction for the Series 2009 C Bonds resulted in an economic gain of \$26.3 million and reduction of the aggregate debt service payments associated with those bonds of \$75.2 million. The Series 2019 A Bonds have a stated interest rate of 5.00%, with yields varying from 1.43% to 1.61%. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due starting July 1, 2023 and continuing for four years until the scheduled maturity date of July 1, 2026.

PFC Bonds

On November 8, 2019, the Department called for the full redemption of the Series 2010 F-2 PFC Bonds with an outstanding par value of \$60.3 million plus accrued interest of \$0.3 million.

On November 27, 2019, the Department issued the Series 2019 E PFC Refunding Revenue Bonds (Series 2019 E PFC) for \$369.0 million. The net proceeds of \$432.8 million were used to refund the outstanding principal and interest on the Series 2010 A PFC Bonds and to fund a new debt service reserve fund for the Series 2019 E PFC Bonds. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a loss of \$3.5 million. The refunding transaction for the Series 2010 A Bonds resulted in an economic gain of \$204.4 million and reduction of the aggregate debt service payments associated with those bonds of \$337.2 million. The Series 2019 E PFC Bonds have a stated interest rate of 5.00% with yields varying from 1.22% to 2.13%. Interest payments are due on January 1 and July 1 of each year, and scheduled principal payments are due on July 1 of each year until the scheduled maturity date of July 1, 2033.

(e) Long-term Debt Obligations

The following tables summarize of long-term debt obligations at June 30, 2020 and 2019 (in thousands):

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June 30, 2020

	Series	Purpose	Pledged Revenue
<i>Senior Lien Bonds</i>	2010C	Issued to fund the construction of Terminal 3	Airport System Revenue
	2015A	Refunded Series 2005A	Airport System Revenue
	2019B	Refunded Series 2009B	Airport System Revenue
	2019C	Refunded Series 2010D	Airport System Revenue
<i>Subordinate Lien Bonds</i>	2008A2	Refunded Series 2006 B1	Airport System Revenue
	2008B2	Refunded Series 2006 B1	Airport System Revenue
	2008C1*		Airport System Revenue
	2008C2*	*Refunded Series 2005 C1A, Series 2005 C1B, Series 2005 C2, Series 2005 C3, Series 2005 D1, Series 2005 D2, Series 2005 E1, Series 2005 E2, Series 2005 E3	Airport System Revenue
	2008C3*		Airport System Revenue
	2008D1*		Airport System Revenue
	2008D2*		Airport System Revenue
	2008D3	Refunded Series 2001C	Airport System Revenue
	2014A1	Refunded Series 2004 A1 and Series 2004 A2	Airport System Revenue
	2014A2	Refunded Series 2004 A1 and Series 2004 A2	Airport System Revenue
<i>Subordinate Lien Bonds from Direct Placements</i>	2017A1	Refunded Series 2007 A1	Airport System Revenue
	2017A2	Refunded Series 2007 A1	Airport System Revenue
	2019A	Refunded Series 2009C	Airport System Revenue
	2019D	Refunded Series 2010B	Airport System Revenue
	2017D	Refunded Series 2011 B-2	Airport System Revenue
<i>PFC Bonds</i>	2012B PFC	Refunded Series 1998A	Passenger Facility Charge Revenue
	2015C PFC	Refunded Series 2007	Passenger Facility Charge Revenue
	2017B PFC	Refunded Series 2007 A1 Bonds and funded a new debt service reserve fund for the Series 2017B Bonds	Passenger Facility Charge Revenue
	2019E PFC	Refunded Series 2010A PFC	Passenger Facility Charge Revenue
<i>Junior Subordinate Lien and Jet A Bonds</i>	2013A	Refunded Series 2003C	Jet Aviation Fuel Tax Revenue
	2017C	Refunded Series 2015 B	Airport System Revenue
	2018A	Refunded Series 2014B	Airport System Revenue
<i>General Obligation Bonds</i>	2008A	Refunded Series 2003A	Airport System Revenue
	2013B	Refunded Series 2003B	Airport System Revenue

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Issue Date	Maturity Date	Interest Rate	Original Issue	6/30/2020
2/23/2010	7/1/2045	6.82%	\$ 454,280	\$ 454,280
4/30/2015	7/1/2040	5%	59,915	59,915
7/1/2019	7/1/2042	5%	240,800	240,800
11/27/2019	7/1/2021	5.00%	70,510	70,510
	Subtotal			<u>825,505</u>
	Unamortized premiums			<u>63,991</u>
	Current portion			<u>(46,875)</u>
	Total Senior Lien Bonds			<u>842,621</u>
6/26/2008	7/1/2022	weekly variable rate **	50,000	26,760
6/26/2008	7/1/2022	weekly variable rate **	50,000	26,785
3/19/2008	7/1/2040	weekly variable rate **	122,900	122,900
3/19/2008	7/1/2029	weekly variable rate **	71,550	59,900
3/19/2008	7/1/2029	weekly variable rate **	71,550	59,900
3/19/2008	7/1/2036	weekly variable rate **	58,920	50,870
3/19/2008	7/1/2040	weekly variable rate **	199,605	199,605
3/19/2008	7/1/2029	weekly variable rate **	122,865	120,395
4/8/2014	7/1/2024	4.00%- 5.00%	95,950	16,710
4/8/2014	7/1/2036	4.00%- 5.00%	221,870	221,870
4/25/2017	7/1/2022	4.00%- 5.00%	65,505	43,125
4/25/2017	7/1/2040	5%	47,800	47,800
7/1/2019	7/1/2026	5%	107,530	107,530
11/27/2019	7/1/2032	5%	296,155	296,155
12/6/2017	7/1/2022	monthly variable rate †	92,465	53,565
	Subtotal			<u>1,453,870</u>
	Unamortized premiums			<u>77,920</u>
	Unamortized discounts			<u>(10,059)</u>
	Current portion			<u>(64,920)</u>
	Total Subordinate Lien Bonds			<u>1,456,811</u>
7/2/2012	7/1/2033	5%	64,360	59,830
7/22/2015	7/1/2027	5	98,965	88,500
4/25/2017	7/1/2025	3.25%-5.00%	69,305	58,980
11/27/2019	7/1/2033	5.00%	369,045	369,045
	Subtotal			<u>576,355</u>
	Unamortized premiums			<u>74,769</u>
	Unamortized discounts			<u>—</u>
	Current portion			<u>(57,315)</u>
	Total PFC Bonds			<u>593,809</u>
4/2/2013	7/1/2029	5.00%	70,965	65,945
6/29/2017	7/1/2021	5.00%	146,295	146,295
6/29/2018	7/1/2021	5.00%	95,545	95,545
	Subtotal			<u>307,785</u>
	Unamortized premiums			<u>11,397</u>
	Current portion			<u>(5,270)</u>
	Total Junior Subordinate Lien and Jet A Bonds			<u>313,912</u>
2/26/2008	7/1/2027	variable	43,105	43,105
4/2/2013	7/1/2033	5.00%	32,915	32,915
	Subtotal			<u>76,020</u>
	Unamortized premiums			<u>2,734</u>
	Total General Obligation Bonds			<u>78,754</u>
	Imputed debt from termination of hedges			<u>3,923</u>
	Total long-term debt			<u>\$ 3,289,830</u>

** Interest on the variable-rate bonds is determined by each remarketing agent and is reset weekly. The owners of such bonds are permitted to tender the bonds for repurchase on seven business days' notice.

† Interest on the Series 2017D is paid at 70% of LIBOR plus 49 basis points and is reset monthly.

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June 30, 2019

	Series	Purpose	Pledged Revenue
<i>Senior Lien Bonds</i>	2009B	Issued to fund height restriction litigation settlements and the construction of Terminal 3	Airport System Revenue
	2010C	Issued to fund the construction of Terminal 3	Airport System Revenue
	2010D	Issued to fund the construction of Terminal 3	Airport System Revenue
	2015A	Refunded Series 2005A	Airport System Revenue
<i>Subordinate Lien Bonds</i>	2008A2	Refunded Series 2006 B1	Airport System Revenue
	2008B2	Refunded Series 2006 B1	Airport System Revenue
	2008C1*		Airport System Revenue
	2008C2*	*Refunded Series 2005 C1A, Series 2005 C1B, Series 2005 C2, Series 2005 C3, Series 2005 D1, Series 2005 D2, Series 2005 E1, Series 2005 E2, Series 2005 E3	Airport System Revenue
	2008D1*		Airport System Revenue
	2008D2*		Airport System Revenue
	2008D3	Refunded Series 2001C	Airport System Revenue
	2009C	Issued to fund the construction of Terminal 3	Airport System Revenue
	2010B	Issued to fund Terminal 3 project costs	Airport System Revenue
	2011B1	Refunded Series 2008A1 and Series 2008B1	Airport System Revenue
	2014A1	Refunded Series 2004 A1 and Series 2004 A2	Airport System Revenue
	2014A2	Refunded Series 2004 A1 and Series 2004 A2	Airport System Revenue
<i>Subordinate Lien Bonds from Direct Placements</i>	2017A1	Refunded Series 2007 A1	Airport System Revenue
	2017A2	Refunded Series 2007 A1	Airport System Revenue
<i>PFC Bonds</i>	2017D	Refunded 2011B2	Airport System Revenue
	2010A PFC	Issued to fund Terminal 3 project costs	Passenger Facility Charge Revenue
	2010F2 PFC	Refunded Series 2005A	Passenger Facility Charge Revenue
	2012B PFC	Refunded Series 1998A	Passenger Facility Charge Revenue
	2015C PFC	Refunded Series 2007	Passenger Facility Charge Revenue
	2017B PFC	Refunded Series 2007 A1 Bonds and funded a new debt service reserve fund for the Series 2017B Bonds	Passenger Facility Charge Revenue
<i>Junior Subordinate Lien and Jet A Bonds</i>	2013A	Refunded Series 2003C	Jet Aviation Fuel Tax Revenue
	2017C	Refunded Series 2015B	Airport System Revenue
	2018A	Refunded Series 2014B	Airport System Revenue
<i>General Obligation Bonds</i>	2008A	Refunded Series 2003A	Airport System Revenue
	2013B	Refunded Series 2003B	Airport System Revenue

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Issue Date	Maturity Date	Interest Rate	Original Issue	June 30, 2019
9/24/2009	7/1/2042	6.88%	\$ 300,000	\$ 300,000
2/23/2010	7/1/2045	6.82%	454,280	454,280
2/23/2010	7/1/2024	3.00%- 5.00%	132,485	87,785
4/30/2015	7/1/2040	5.00%	59,915	59,915
	Subtotal			<u>901,980</u>
	Unamortized premiums			<u>8,814</u>
	Current portion			<u>(11,665)</u>
	Total Senior Lien Bonds			<u>899,129</u>
6/26/2008	7/1/2022	weekly variable rate **	50,000	36,600
6/26/2008	7/1/2022	weekly variable rate **	50,000	36,635
3/19/2008	7/1/2040	weekly variable rate **	122,900	122,900
3/19/2008	7/1/2029	weekly variable rate **	71,550	62,915
3/19/2008	7/1/2029	weekly variable rate **	71,550	62,910
3/19/2008	7/1/2036	weekly variable rate **	58,920	52,995
3/19/2008	7/1/2040	weekly variable rate **	199,605	199,605
3/19/2008	7/1/2029	weekly variable rate **	122,865	120,925
9/24/2009	7/1/2026	5.00%	168,495	168,495
2/3/2010	7/1/2042	5.00%- 5.75%	350,000	350,000
8/3/2011	7/1/2022	weekly variable rate **	100,000	73,200
4/8/2014	7/1/2024	4.00%- 5.00%	95,950	21,490
4/8/2014	7/1/2036	4.00%- 5.00%	221,870	221,870
4/25/2017	7/1/2022	4.00%- 5.00%	65,505	54,035
4/25/2017	7/1/2040	5.00%	47,800	47,800
12/6/2017	7/1/2022	monthly variable rate †	92,465	73,265
	Subtotal			<u>1,705,640</u>
	Unamortized premiums			<u>23,851</u>
	Unamortized discounts			<u>(11,071)</u>
	Current portion			<u>(123,344)</u>
	Total Subordinate Lien Bonds			<u>1,594,076</u>
2/3/2010	7/1/2042	3.00%- 5.25%	450,000	446,765
11/4/2010	7/1/2022	weekly variable rate **	100,000	79,230
7/2/2012	7/1/2033	5.00%	64,360	64,360
7/22/2015	7/1/2027	5.00%	98,965	98,965
4/25/2017	7/1/2025	3.25%- 5.00%	69,305	65,925
	Subtotal			<u>755,245</u>
	Unamortized premiums			<u>19,221</u>
	Unamortized discounts			<u>(4,291)</u>
	Current portion			<u>(41,475)</u>
	Total PFC Bonds			<u>728,700</u>
4/2/2013	7/1/2029	5.00%	70,965	70,965
6/29/2017	7/1/2018	5.00%	146,295	146,295
6/29/2018	7/1/2021	5.00%	95,545	95,545
	Subtotal			<u>312,805</u>
	Unamortized premiums			<u>19,825</u>
	Current portion			<u>(5,020)</u>
	Bonds			<u>327,610</u>
2/26/2008	7/1/2027	weekly variable rate **	43,105	43,105
4/2/2013	7/1/2033	5.00%	32,915	32,915
	Subtotal			<u>76,020</u>
	Unamortized premiums			<u>2,975</u>
	Total General Obligation Bonds			<u>78,995</u>
	Imputed debt from termination of hedges			5,885
	Total long-term debt			<u>\$ 3,634,395</u>

** Interest on the variable-rate bonds is determined by each remarketing agent and is reset weekly. The owners of such bonds are permitted to tender the bonds for repurchase on seven business days' notice

† Interest on the Series 2017D is paid at 70% of LIBOR plus 49 basis points and is reset monthly.

CLARK COUNTY DEPARTMENT OF AVIATION
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(f) Schedule of Pledged Revenues

The following is a comparison of the pledged Department revenues recognized during the years ended June 30, 2020 and 2019 to the principal and interest requirements for the liens directly collateralized by those revenues (in thousands):

	2020	2019
Net operating revenues	\$ 211,591	\$ 285,872
Non-operating revenues available for debt service		
CARES Act Airport Grant	48,657	—
BABs interest subsidy	10,204	16,948
Reimbursement from County funds	6,288	—
Interest income	16,801	20,200
Total revenues pledged for debt service	<u>\$ 293,541</u>	<u>\$ 323,020</u>
Less: Senior lien debt service	(96,882)	(70,622)
Total revenues pledged for Subord. lien debt service	<u>\$ 196,659</u>	<u>\$ 252,398</u>
PFC revenue	70,640	96,783
PFC fund interest income	4,563	6,938
Total PFC revenues pledged for Subordinate lien PFC bonds	<u>\$ 75,203</u>	<u>\$ 103,721</u>
Total revenues pledged for Subord. lien debt service including total PFC revenues	<u><u>\$ 271,862</u></u>	<u><u>\$ 356,119</u></u>
Subordinate lien PFC bond debt service	(90,595)	(77,810)
Subordinate lien bond debt service	<u>(120,135)</u>	<u>(145,180)</u>
Total Subordinate lien (including PFC bonds) debt service	<u><u>\$ (210,730)</u></u>	<u><u>\$ (222,990)</u></u>
Total revenue pledged for debt service after payment of Senior and Subordinate liens	<u><u>\$ 61,132</u></u>	<u><u>\$ 133,129</u></u>
Jet A fuel tax revenue	9,676	11,979
Jet A fund interest income	1,552	1,441
Total Jet A fuel tax revenues pledged for Jet A bonds	<u><u>\$ 11,228</u></u>	<u><u>\$ 13,420</u></u>
Jet A tax bond debt service	(8,567)	(8,568)
Total revenue pledged for debt service after payment of Senior, Subordinate, and Jet A fuel tax liens	<u><u>\$ 63,793</u></u>	<u><u>\$ 137,981</u></u>
Junior Subordinate lien notes debt service	(12,092)	(12,132)
General obligation bonds debt service*	(2,382)	(2,548)

*Additionally secured by the full faith and credit of the County

(g) Schedule of Debt Principal and Interest

Principal and interest payments on debt at June 30, 2020, are as follows (in thousands):

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CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

Fiscal Year Ended June 30,	Total		Senior Lien Bonds		Subordinate Lien Bonds **	
	Principal	Interest	Principal	Interest *	Principal	Interest
2021	\$ 174,380	\$ 132,848	\$ 46,875	\$ 48,704	\$ 45,170	\$ 37,966
2022	407,845	117,222	23,635	46,609	64,610	35,222
2023	172,970	104,719	—	46,018	98,100	32,429
2024	152,250	97,710	—	46,018	88,355	28,582
2025	140,200	91,299	—	46,018	92,110	25,187
2026-2030	681,050	381,666	45,445	226,754	364,940	90,058
2031-2035	586,445	268,475	92,205	207,651	339,970	45,246
2036-2040	430,785	185,996	175,310	172,769	255,475	13,227
2041-2045	387,135	103,551	335,560	103,133	51,575	418
2046-2050	106,475	3,631	106,475	3,631	—	—
Total	<u>\$ 3,239,535</u>	<u>\$ 1,487,117</u>	<u>\$ 825,505</u>	<u>\$ 947,305</u>	<u>\$ 1,400,305</u>	<u>\$ 308,335</u>

** Subordinate Lien Bonds from Direct Placements are excluded from these figures and presented separately.

CLARK COUNTY DEPARTMENT OF AVIATION
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Subordinate Lien Bonds from Direct Placements				PFC		Jet A Fuel Tax Bonds Bond Anticipation Notes			General Obligation Bonds		
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 19,750	\$ 130	\$ 57,315	\$ 29,075	\$ 5,270	\$ 15,258	\$ —	\$ 1,715				
19,800	146	52,425	24,589	247,375	8,941	—	1,715				
14,015	43	55,045	21,902	5,810	2,612	—	1,715				
—	—	57,795	19,081	6,100	2,314	—	1,715				
—	—	41,685	16,378	6,405	2,001	—	1,715				
—	—	190,380	51,713	36,825	4,749	43,460	8,392				
—	—	121,710	12,542	—	—	32,560	3,036				
—	—	—	—	—	—	—	—				
—	—	—	—	—	—	—	—				
—	—	—	—	—	—	—	—				
\$ 53,565	\$ 319	\$ 576,355	\$ 175,280	\$ 307,785	\$ 35,875	\$ 76,020	\$ 20,003				

(h) Deferred Outflows of Resources Related to Debt

The Department has incurred deferred costs, which comprise unamortized losses on bond refundings and deferred losses on imputed debt resulting from the revaluation of certain interest rate swaps pursuant to the refunding of certain hedged bonds.

Such deferred outflows are as follows at June 30, 2020 and 2019 (in thousands):

	2020	2019
2008 Series A-2	\$ 1	\$ 1
2008 Series A	486	555
2008 Series B-2	1	1
2008 Series C	881	1,291
2008 Series D-2	9,201	9,884
2008 Series D-3	581	657
2010 Series F-2	—	669
2011 Series B-1	—	11
2012 Series B	855	1,341
2013 Series B	59	74
2014 Series A-2	2,577	2,799
2015 Series C	2,406	2,993
2019 Series E	3,189	—
Total unamortized losses on refunded bonds	<u>20,237</u>	<u>20,276</u>
Deferred losses on imputed debt	<u>3,923</u>	<u>5,885</u>
Total other deferred costs	<u>\$ 24,160</u>	<u>\$ 26,161</u>

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(i) Deferred Inflows of Resources Related to Debt

The following schedule details the unamortized gains on bond refundings, presented as deferred inflows, at June 30 2020 and 2019 (in thousands):

	2020	2019
	\$	\$
2008 Series D-1	32	39
2013 Jet A Fuel Tax Series A	619	971
2014 Series A-1	366	503
2015 Series A	851	898
2017 Series A-1	578	1,157
2017 Series A-2	1,720	1,811
2017 Series B PFC	872	1,192
2019 Series A	2,604	—
2019 Series C	600	—
2019 Series D	2,839	—
Total unamortized gains on refunded bonds	<u>\$ 11,082</u>	<u>\$ 6,571</u>

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9.) DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

(a) Interest Rate Swaps

The intention of the Department's implementation of a swap portfolio was to convert variable interest rate bonds to synthetically fixed interest rate bonds as a means to lower its borrowing costs when compared to fixed-rate bonds at the time of issuance. The Department executed several floating-to-fixed swaps in connection with its issuance of variable rate bonds and forward starting swaps to lock in attractive synthetically fixed rates for future variable rate bonds.

The derivative instruments are valued at fair value. The fair values of the interest rate derivative instruments are estimated using an independent pricing service. The valuations provided are derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The instruments' expected cash flows are calculated using the zero-coupon discount method, which takes into consideration the prevailing benchmark interest rate environment as well as the specific terms and conditions of a given transaction and which assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates.

The income approach is then used to obtain the fair value of the instruments by discounting future expected cash flows to a single valuation using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and the time value of money. This valuation technique is applied consistently across all instruments. Given the observability of inputs that are significant to the entire sets of measurements, the fair values of the instruments are based on inputs categorized as Level 2.

The mark-to-market value for each swap had been estimated using the zero-coupon method. Under this method, future cash payments were calculated either based on using the contractually-specified fixed rate or based on using the contractually-specified variable forward rates as implied by the SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index yield curve (formerly known as the Bond Market Association Municipal Swap Index yield curve, or BMA Municipal Swap Index yield curve), as applicable. Each future cash payment was adjusted by a factor called the swap rate, which is a rate that is set, at the inception of the swap and at the occurrence of certain events, such as a refunding, to such a value as to make the mark-to-market value of the swap equal to zero. Future cash receipts were calculated either based on using the contractually-specified fixed rate or based on using the contractually-specified variable forward rates as implied by the LIBOR (London Interbank Offered Rate) yield curve or the CMS (Constant Maturity Swap rate) yield curve, as applicable. The future cash

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payment, as modified by the swap rate factor, and the future cash receipt due on the date of each and every future net settlement on the swap were netted, and each netting was then discounted using the discount factor implied by the LIBOR yield curve for a hypothetical zero-coupon rate bond due on the date of the future net settlement. These discounted nettings were then summed to arrive at the mark-to-market value of the swap.

All swaps entered into by the Department comply with the County's swap policy. Each swap is written pursuant to guidelines and documentation promulgated by the International Swaps and Derivatives Association (ISDA), which include standard provisions for termination events such as failure to pay or bankruptcy. The Department retains the right to terminate any swap agreement at fair value prior to maturity. The Department has termination risk under the contract, particularly if an additional termination event (ATE) were to occur. An ATE occurs either if the credit rating of the bonds associated with a particular swap agreement and the rating of the swap insurer fall below a pre-defined credit rating threshold or if the credit rating of the swap counterparty falls below a threshold as defined in the swap agreement.

With regard to credit risk, potential exposure is mitigated through the use of an ISDA credit support annex (CSA). Under the terms of master agreements between the Department and the swap counterparties, each swap counterparty is required to post collateral with a third party when the counterparty's credit rating falls below the trigger level defined in each master agreement. This arrangement protects the Department from credit risks inherent in the swap agreements. As long as the Department retains insurance, the Department is not required to post any collateral; only the counterparties are required to post collateral.

The initial notional amounts and outstanding notional amounts of all active swaps, as well as the breakout of floating-to-fixed swaps, basis swaps, and fixed-to-fixed swaps as of June 30, 2020 and 2019, are summarized as follows (in thousands):

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Swap #	Interest Rate Swap Description	Associated Variable Rate Bonds or Amended Swaps	County Pays	County Receives
02	Basis Swap	N/A	SIFMA Swap Index - 0.41%	72.5% of USD LIBOR - 0.410%
04	Basis Swap	N/A	SIFMA Swap Index	68.0% of USD LIBOR + 0.435%
07A	‡ Floating-to-Fixed	2008 A-2	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%
07B	‡ Floating-to-Fixed	2008 B-2, 2017 D	4.3057% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%
08A	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%
08B	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%
08C	Floating-to-Fixed	2008C	4.0000% to 7/2015, 3.0000% to maturity	82.0% of 10 year CMS - 0.936%
09A	Floating-to-Fixed	2008 D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%
09B	Floating-to-Fixed	2008 D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%
09C	Floating-to-Fixed	2008 D-1	5.0000% to 7/2015, 1.2100% to maturity	82.0% of 10 year CMS - 1.031%
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B	4.0030% to 7/2015, 2.2700% to maturity	62.0% of USD LIBOR + 0.280%
12A	** Floating-to-Fixed	2008C, 2008 D-3, 2008A GO	5.6260% to 7/2017, 0.2500% to maturity	64.7% of USD LIBOR + 0.280%

‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds, and swap #07B was re-associated with the Series 2011 B-2 Bonds. On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017D Bonds and therefore re-associating \$92.5 million in notional of swap #07B with 2017D Bonds.

** On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. The \$4.48 million of the entire notional amount of swap #14A, \$73.0 million, was associated with the 2008A General Obligation Bonds, with the excess notional balance classified as an investment derivative instrument. The entire notional amount of swap #14B, \$201.9 million, was associated both with the principal of the 2008A General Obligation Bonds remaining after the association of swap #14A and with the 2013 C-1 and 2013 C-2 Notes. Although these Notes are deemed to mature in perpetuity, the 2008A General Obligation Bond matures on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities had been classified as investment derivative instruments. On November 19, 2013, the Department partially terminated swap #14B and re-associated with variable rate bonds. Swaps #14A and 14B were fully hedged derivative instruments. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative instrument. On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the \$47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while \$29.1 million and \$0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and 14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

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Effective Date	Maturity Date	Initial Notional Amount	Counterparty	Counterparty Ratings			Outstanding Notional	
				Moody's	S&P	Fitch	June 30, 2020	June 30, 2019
8/23/2001	7/1/2036	\$ 185,855	Citigroup Financial Products Inc.	A3	BBB+	A	\$ 64,409	\$ 64,930
7/1/2003	7/1/2025	200,000	Citigroup Financial Products Inc.	A3	BBB+	A	83,431	94,600
7/1/2008	7/1/2022	150,000	JPMorgan Chase Bank, N.A.	A3	BBB+	A	80,275	109,800
7/1/2008	7/1/2022	150,000	UBS AG	Aa2	A+	AA	80,350	109,900
3/19/2008	7/1/2040	151,200	Citigroup Financial Products Inc.	Aa3	A+	AA-	135,575	139,725
3/19/2008	7/1/2040	31,975	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	28,650	29,525
3/19/2008	7/1/2040	31,975	UBS AG	Aa3	A+	AA-	28,650	29,525
3/19/2008	7/1/2036	41,330	Citigroup Financial Products Inc.	A3	BBB+	A	35,680	37,175
3/19/2008	7/1/2036	8,795	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	7,595	7,910
3/19/2008	7/1/2036	8,795	UBS AG	Aa3	A+	AA-	7,595	7,910
3/19/2008	7/1/2040	29,935	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	29,935	29,935
3/19/2008	7/1/2040	29,935	UBS AG	Aa3	A+	AA-	29,935	29,395
7/1/2009	7/1/2026	200,000	Citigroup Financial Products Inc.	A3	BBB+	A	200,000	200,000
Total		<u>\$ 1,219,795</u>					<u>\$ 812,080</u>	<u>\$ 890,870</u>

(b) Derivative Instruments

The Department has both hedging and investment derivative instruments. Hedging derivative instruments are derivative instruments that significantly reduce an identified financial risk by substantially offsetting changes in the cash flows of an associated hedgeable item. Hedging derivative instruments are required to be tested for their effectiveness. Effectiveness of hedging derivative instruments is first tested using the consistent critical terms method. If critical terms analysis fails because the critical terms of the hedged item and the hedging instrument do not match, a quantitative method is employed, typically regression analysis. On an annual basis and consistent with the fiscal year end, the Department employs an external consulting firm to perform this evaluation. Investment derivative instruments are either derivative instruments entered into primarily for income or profit purposes or derivative instruments that do not meet the criteria of an effective hedging derivative instrument.

The following are the fair values and changes in fair values of the Department's interest rate swap agreements for the fiscal years ended June 30, 2020 and 2019 (in thousands):

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Swap #	Description	Fair Value and Classifications as of June 30, 2020		Changes in Fair Value for the Twelve Months Ended June 30, 2020			Net Change in Fair Value
		Derivative Instrument Classification	Fair Value	Increase (Decrease) in Deferred Inflows	Increase (Decrease) in Deferred Outflows		
Hedging derivative instruments							
07A ‡	Floating-to-Fixed Interest Rate Swap	Non-current liability	\$ (450)	\$ (553)	\$ —	\$ (553)	
07B ‡	Floating-to-Fixed Interest Rate Swap	Non-current liability	(497)	(962)	—	(962)	
10B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(6,080)	—	3,142	(3,142)	
10C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(6,080)	—	3,142	(3,142)	
12A **	Floating-to-Fixed Interest Rate Swap	Non-current asset	1,205	(9,345)	—	(9,345)	
Total hedging derivative instrument activities			(11,902)	\$ (10,860)	\$ 6,284		(17,144)
Investment derivative instruments							
2	Basis Rate Swap	Non-current liability	(787)	(363)	—	(363)	
4	Basis Rate Swap	Non-current asset	715	(417)	—	(417)	
08A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(37,862)	(11,775)	—	(11,775)	
08B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(8,010)	(2,492)	—	(2,492)	
08C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(8,010)	(2,492)	—	(2,492)	
09A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(3,526)	(2,788)	—	(2,788)	
09B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(750)	(593)	—	(593)	
09C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(750)	(593)	—	(593)	
Total investment derivative instrument activities			(58,980)	\$ (21,513)	\$ —		(21,513)
Total			\$ (70,882)	\$ (21,513)	\$ —	\$ (38,657)	

‡ On August 3, 2011, the Department refunded the outstanding principal of Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds and swap #07B was re-associated with the Series 2011 B-2 Bonds.

** On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the \$47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while \$29.1 million and \$0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

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Swap #	Description	Derivative Instrument Classification	Fair Value and Classifications as of June 30, 2019		Changes in Fair Value for the Twelve Months Ended June 30, 2019		
			Fair Value		Increase (Decrease) in Deferred Inflows	Increase (Decrease) in Deferred Outflows	Net Change in Fair Value
Hedging derivative instruments							
07A ‡	Floating-to-Fixed Interest Rate Swap	Non-current asset	\$ 103	\$ (1,639)	\$ —	\$ —	\$ (1,639)
07B ‡	Floating-to-Fixed Interest Rate Swap	Non-current asset	465	(1,278)	—	—	(1,278)
10B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(2,938)	—	2,173	—	(2,173)
10C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(2,937)	—	2,173	—	(2,173)
12A**	Floating-to-Fixed Interest Rate Swap	Non-current asset	10,550	(9,365)	—	—	(9,365)
14A**	Floating-to-Fixed Interest Rate Swap	Non-current liability	—	—	1,607	—	(1,607)
14B**	Floating-to-Fixed Interest Rate Swap	Non-current liability	—	—	(27,003)	—	27,003
Total hedging derivative instrument activities			\$ 5,243	\$ (12,282)	\$ (21,050)	\$ 8,768	
Investment derivative instruments							
02	Basis Rate Swap	Non-current liability	(423)	499	—	—	499
04	Basis Rate Swap	Non-current asset	1,132	2	—	—	2
08A	Floating-to-Fixed Interest Rate Swap	Non-current liability	(26,087)	(8,450)	—	—	(8,450)
08B	Floating-to-Fixed Interest Rate Swap	Non-current liability	(5,518)	(1,787)	—	—	(1,787)
08C	Floating-to-Fixed Interest Rate Swap	Non-current liability	(5,518)	(1,787)	—	—	(1,787)
09A	Floating-to-Fixed Interest Rate Swap	Non-current asset	(738)	(1,921)	—	—	(1,921)
09B	Floating-to-Fixed Interest Rate Swap	Non-current asset	(157)	(409)	—	—	(409)
09C	Floating-to-Fixed Interest Rate Swap	Non-current asset	(157)	(409)	—	—	(409)
Remaining portions of swaps after April 6, 2010 terminations							
14A **	Floating-to-Fixed Interest Rate Swap		—	—	1,548	—	1,548
14B **	Floating-to-Fixed Interest Rate Swap		—	—	(30,683)	—	(30,683)
15 *	Fixed-to-Fixed Swap (formerly Swap #03)	Non-current asset	—	(145)	—	—	(145)
16 *	Fixed-to-Fixed Swap (formerly Swap #05)	Non-current asset	—	(99)	—	—	(99)
18 *	Fixed-to-Fixed Swap (formerly Swap #13)	Non-current asset	—	634	—	—	634
Total investment derivative instrument activities			\$ (37,466)	\$ (13,872)	\$ (29,135)	\$ (43,007)	
Total			\$ (32,223)			\$ (34,239)	

* On April 6, 2010, the Department terminated the "on market" (at-market coupon) portion of its floating-to-fixed swaps #03, #05, (as well as swaps #11, and #13, not presented above). To fund the terminations, the Department fully terminated the "off-market" (step-coupon) portion of swap #11 and partially terminated \$162.2 million of \$229.9 million notional of the "off-market" portion of swap #03. The agreements related to swaps #03, #05, and #13 were amended and restated, and the new terms of the swap agreements are presented in the table above as swaps #15, #16, #17, and #18, respectively. Swap #17 was terminated on November 19, 2013. Swaps #15, #16, and #18 were terminated on December 19, 2018.

‡ On August 3, 2011, the Department refunded the outstanding principal of its Series 2008 A-1 and B-1 Bonds with the Series 2011 B-1 and B-2 Bonds, respectively. Upon refunding, swap #07B was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-1 Bonds, and swap #07A was re-associated with the cash flows of the \$100 million of outstanding principal of the Series 2011 B-2 Bonds. On November 19, 2013, to better match the principal amortizations, swap #07A was re-associated with the Series 2011 B-1 Bonds, and swap #07B was re-associated with the Series 2011 B-2 Bonds.

** On July 1, 2011, forward swaps #14A and #14B, both with a trade date of April 17, 2007, became effective as scheduled. The \$4.48 million of the entire notional amount of swap #14A, \$73.0 million, was associated with the 2008A General Obligation Bonds, with the excess notional balance classified as an investment derivative instrument. The entire notional amount of swap #14B, \$201.9 million, was associated both with the principal of the 2008A General Obligation Bonds remaining after the association of swap #14A and with the 2013 C-1 and 2013 C-2 Notes. Although these Notes are deemed to mature in perpetuity, the 2008A General Obligation Bond matures on July 1, 2027, a date in advance of the maturities of swaps #14A and #14B, which occur on July 1, 2030 and July 1, 2037, respectively. Therefore, those portions of swaps #14A and #14B associated with these excess maturities had been classified as investment derivative instruments. On November 19, 2013, the Department partially terminated swap #14B and re-associated with variable rate bonds. Swaps #14A and #14B were fully hedged derivative instruments. On July 1, 2016, the outstanding notional amounts previously associated with the 2013 C-1 Notes were re-associated with the 2008 D-2A and 2008 D-2B Bonds to maximize the hedging of the derivative instrument. On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the \$47.5 million in notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A while \$29.1 million and \$0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

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On August 3, 2011, the Department refunded the Series 2008 B-1 Bonds and the Series 2008 A-1 Bonds with the Series 2011 B-2 Bonds and the Series 2011 B-1 Bonds, respectively. Upon refunding, \$100.0 million in notional of swap #07A and \$100.0 million in notional of swap #07B were re-associated with the 2011 B-1 Bonds and the 2011 B-2 Bonds, respectively. This re-association resulted in a revaluation of swaps #07A and #07B to adjust the overall swap rate of each swap to the market rate, creating a deferred loss on imputed debt for each swap, and an equivalent offsetting liability for each swap, imputed debt, in the amounts of \$10.7 million for swap #07A and \$10.7 million for swap #07B. These deferred losses on imputed debt and corresponding imputed debts are amortized against each other on a straight-line basis over the remaining lives of the swaps. In November 2013, the Department re-associated swap #07A with the 2011 B-1 Bonds and re-associated swap #07B with the 2011 B-2 Bonds. On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017D Bonds and therefore re-associating \$92.5 million in notional of swap #07B with 2017D Bonds.

On November 19, 2013, the Department fully terminated swaps #06, #12B, and #17, and partially terminated swap #14B. Because swap #14B was only partially terminated, its outstanding notional value was reduced by \$56.8 million from \$202.0 million to \$145.2 million. At the transaction closing, the fair values of all the terminated swaps or portions thereof, coupled with their related accrued interest, resulted in a net termination payment of \$0. The Department executed this transaction to lower overall swap exposure, reduce interest rate risk, increase cash flow, reduce debt service, and tailor its swap portfolio to better match its variable rate bond portfolio. Upon completion of the termination, the Department re-associated the investment component of each of swap derivative instruments #14A and #14B with variable rate bonds, thereby resulting in the full hedging of these swaps.

On December 19, 2018, the Department fully terminated swaps #14A, #14B, #15, #16, and #18, causing a reduction in outstanding notional value of \$442.4 million, from \$1,333.3 million to \$890.9 million. The transaction closing resulted in a net termination payment of \$5.2 million. The Department executed this transaction to lower overall swap exposure, reduce interest rate risk, increase cash flow, and reduce debt service. Upon completion of the termination, the \$47.5 million in notional amount of swap #12A was re-associated to 2008D-3, from swap #14. Additionally, \$29.1 million and \$0.4 million in notional amounts from swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B, associated to 2008D-2A, 2008D-2B, and 2010 F-2 PFC Bonds, were not associated with other active hedged swaps as of the termination date.

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(c) Hedging Derivative Instruments

As of June 30, 2020, the Department had five outstanding floating-to-fixed interest rate swap agreements considered to be hedging derivative instruments in accordance with the provisions of GASB 53, which is a decrease from seven swap agreements at June 30, 2019. The five outstanding hedging swaps have been structured with step-down coupons to reduce the cash outflows of the fixed leg of those swaps in the later years of the swap.

Forward Starting Swap Agreements – Hedging Derivative Instruments

On January 3, 2006, the Department entered into five swap agreements (swaps #7A, #7B, #12A, #12B, and #13) to hedge future variable rate debt as a means to lower its borrowing costs and to provide favorable synthetically fixed rates for financing the construction of Terminal 3 and other related projects. Swaps #7A and #7B, with notional amounts of \$150.0 million each, became effective July 1, 2008, while swaps #12A and #12B, with notional amounts totaling \$550.0 million, became effective July 1, 2009. To better match its outstanding notional of floating-to-fixed interest rate swaps to the cash flows associated with its outstanding variable rate bonds, on April 6, 2010, the Department terminated \$543.3 million in notional amounts of its outstanding floating-to-fixed interest rate swaps (swaps #3, #5, #10A, and #11) and \$150.0 million in the notional amount of the July 1, 2010, forward starting swap #13. On April 17, 2007, the Department entered into two additional forward starting swaps, swaps #14A and #14B, with notional amounts totaling \$275.0 million, which became effective on July 1, 2011, and the Department later re-associated the investment component of each of swap derivative instruments #14A and #14B with variable rate bonds. Swaps #14A and #14B were subsequently terminated on December 19, 2018.

Notional Amounts and Fair Values - Hedging Derivative Instruments

The notional amounts of the swap agreements match the principal portions of the associated debt and contain reductions in the notional amounts that are expected to follow the reductions in principal of the associated debt, except as discussed in the section on rollover risk.

Due to an overall decrease in variable rates, one of the Department's hedging derivative instruments had a positive fair value as of June 30, 2020 as compared to three which had a positive fair value as of June 30, 2019.

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Associated Debt Cash Flows - Hedging Derivative Instruments

The following are the net cash flows for the Department's hedging derivative instruments for the years ended June 30, 2020 and 2019 (in thousands):

Swap #	Interest Rate Swap Description	Associated Variable Rate Bonds	Counterparty Swap Interest			Interest to Bondholders (Pay)	Net Interest Payments	
			(Pay)	Receive	Net		2020	2019
07A	Floating-to-Fixed	2008 A-2	\$ (1,706)	\$ 3,170	\$ 1,464	\$ (1,704)	\$ (240)	\$ (175)
07B *	Floating-to-Fixed	2008 B-2, 2017D	—	1,465	1,465	(1,757)	(292)	(526)
10B	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(426)	257	(169)	(1,181)	(1,350)	(1,201)
10C	Floating-to-Fixed	2008 D-2A, 2008 D-2B	(168)	—	(168)	(1,181)	(1,349)	(1,200)
12A **	Floating-to-Fixed	2008A GO, 2008C, 2008 D-3	(3,722)	6,762	3,040	(3,078)	(38)	(309)
14A **	Floating-to-Fixed	2008 D-2, 2013 D-3	—	—	—	—	—	(13,809)
14B **	Floating-to-Fixed	2008 C, 2008 D-2A, 2008 D-2B, 2008A GO, 2010 F-2 PFC	—	—	—	—	—	(37,404)
			<u>\$ (6,022)</u>	<u>\$ 11,654</u>	<u>\$ 5,632</u>	<u>\$ (8,901)</u>	<u>\$ (3,269)</u>	<u>\$ (54,624)</u>

* On December 6, 2017, the Series 2011 B-2 Bonds were refunded by the issuance of Series 2017D Bonds and therefore re-associating \$92.5 million in notional of swap #07B with 2017D Bonds.

** On December 19, 2018, swaps #14A and 14B were terminated. Upon the termination, the \$47.5 million of notional amount of swap #12A was re-associated to 2008D-3 Bonds from swap #14A, while \$29.1 million and \$0.4 million in notional amounts of swap #12A were re-associated to 2008A General Obligation Bonds and 2008C Bonds, respectively, from swap #14B. Notional amounts of swaps #14A and #14B associated to 2008D-2A, 2008-D2B, and 2010 F-2 PFC were not re-associated with other active hedged swaps as of the termination date.

Credit Risk - Hedging Derivative Instruments

The Department was exposed to credit risk on the one hedging derivative instrument that had positive fair value totaling \$1.2 million as of June 30, 2020. However, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The following are the hedging swaps and their amounts at risk as of June 30, 2020, along with the counterparty credit ratings for these swaps (in thousands):

Swap #	Description	Counterparty	Counterparty Ratings			Credit Risk Exposure
			Moody's	S&P	Fitch	
12A	Floating-to-Fixed	Citigroup Financial Products Inc.	A3	BBB+	A	\$ 1,205

The Department was exposed to credit risk on the three hedging derivative instruments that had positive fair values totaling \$23.4 million as of June 30, 2019. However, a CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The following are the hedging swaps and their amounts at risk as of June 30, 2018, along with the counterparty credit ratings for these swaps (in thousands):

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Swap #	Description	Counterparty	Counterparty Ratings			Credit Risk Exposure
			Moody's	S&P	Fitch	
07A	Floating-to-Fixed	JPMorgan Chase Bank, N.A.	Aa2	A+	AA	\$ 103
07B	Floating-to-Fixed	UBS AG	Aa3	A+	AA-	465
12A	Floating-to-Fixed	Citigroup Financial Products Inc.	A3	BBB+	A	10,550
						<u>\$ 11,118</u>

The counterparty to swap #12A is required to post collateral pursuant to the terms of the ISDA CSA Agreement, given that the credit rating of this counterparty declined to the rating threshold defined in the ISDA CSA Agreement. As of June 30, 2020 and 2019, the cash collateral posted with the custodian for Swap #12A was \$2.1 million and \$12.1 million, respectively.

Basis and Interest Rate Risk – Hedging Derivative Instruments

All hedging derivative instruments are subject to basis risk and interest rate risk should the relationship between the LIBOR rate and the Department's bond rates converge. If a change occurs that results in the rates moving to convergence, the expected cost savings and expected cash flows of the swaps may not be realized.

Tax Policy Risk – Hedging Derivative Instruments

The Department is exposed to tax risk if a permanent mismatch (shortfall) occurs between the floating rate received on the swap and the variable rate paid on the underlying variable rate bonds due to changes in tax law such that any federal or state tax exemption of municipal debt is eliminated or its value is reduced.

Termination Risk – Hedging Derivative Instruments

The Department is exposed to termination risk if either the credit rating of the bonds associated with the swap or the credit rating of the swap counterparty falls below the threshold defined in the swap agreement, i.e. if an ATE occurs. If at the time of the ATE the swap has a negative fair value, the Department would be liable to the counterparty for a payment equal to the swap's fair value. For all swap agreements, except for swaps #08A and #09A, the Department is required to designate a day between 5 and 30 days to provide written notice following the ATE date. For swaps #08A and #09A, the designated date is 30 days after the ATE date.

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Market Access Risk - Hedging Derivative Instruments

The Department is exposed to market access risk, which is the risk that the Department will not be able to enter credit markets or that credit will become more costly. For example, to complete a hedging instrument's objective, an issuance of refunding bonds may be planned in the future. If at that time the Department is unable to enter credit markets, expected cost savings may not be realized.

Foreign Currency Risk - Hedging Derivative Instruments

All hedging instruments are denominated in US dollars, therefore, the Department is not exposed to foreign currency risk.

Rollover Risk and Other Risks – Hedging Derivative Instruments

There exists the possibility that the Department may undertake additional refinancing with respect to its swaps to improve its debt structure or cash flow position and that such refinancing may result in hedging swap maturities that do not extend to the maturities of the associated debt, in hedging swaps becoming decoupled from associated debt, in the establishment of imputed debt, or in the creation of losses.

d) *Investment Derivative Instruments*

Credit Risk - Investment Derivative Instruments

The Department was exposed to credit risk on the investment derivative instruments that had positive fair value totaling \$0.7 million as of June 30, 2020, and \$1.1 million as of June 30, 2019. A CSA is in place to provide collateral to protect the value of the swaps under specific circumstances. The investment swaps and their amounts at risk as of June 30, 2020, along with the counterparty credit ratings for these swaps, are as follows (in thousands):

Swap #	Interest Rate Swap Description	Counterparty	Counterparty Ratings			Credit Risk Exposure
			Moody's	S&P	Fitch	
04	Basis Swap	Citigroup Financial Products Inc.	A3	BBB+	A	\$ 715

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The investment swaps and their amounts at risk as of June 30, 2019, along with the counterparty credit ratings for these swaps, are as follows (in thousands):

Swap #	Description	Counterparty	Counterparty Ratings			Credit Risk Exposure
			Moody's	S&P	Fitch	
04	Basis Swap	Citigroup Financial Products Inc.	A3	BBB+	A	\$ 1,132

Interest Rate Risk – Investment Derivative Instruments

Swaps #02 and #04 are subject to interest rate risk should the relationship between the LIBOR rate and the SIFMA rate converge. If economic conditions change such that these rates converge, the expected cash flows of the swaps and expected cost savings may not be realized.

Swaps #08A, #08B, and #08C, and swaps #09A, #09B, and #09C are subject to interest rate risk should the relationship between the 10-year CMS rate (Constant Maturity Swap rate) and the LIBOR rate converge. If economic conditions change such that these rates converge, the expected cash flows of the swaps and expected cost savings may not be realized.

(e) Projected Maturities and Interest on Variable Rate Bonds, Bond Anticipation Notes, and Swap Payments

Using the rates in effect on June 30, 2020, the approximate maturities and interest payments of the Department's variable rate debt and bond anticipation notes associated with the interest rate swaps, as well as the net payment projections on the floating-to-fixed interest rate swaps, are as follows (in thousands):

Fiscal Year Ended June 30,	Variable Rate Bonds		Direct Placement Bonds		Net Swap Payments	Total
	Principal	Interest	Principal	Interest		
2021	\$ 28,825	\$ 1,090	\$ 19,750	\$ 130	\$ 615	\$ 50,410
2022	29,130	1,040	19,800	146	(822)	49,294
2023	23,710	993	14,015	43	(934)	37,827
2024	10,055	964	—	—	(877)	10,142
2025	36,260	922	—	—	(808)	36,374
2026-2030	237,960	3,559	—	—	(4,256)	237,263
2031-2035	137,865	2,137	—	—	(3,437)	136,565
2036-2040	170,460	911	—	—	(1,531)	169,840
2041-2045	35,955	27	—	—	(46)	35,936
Total	<u>\$ 710,220</u>	<u>\$ 11,643</u>	<u>\$ 53,565</u>	<u>\$ 319</u>	<u>\$ (12,096)</u>	<u>\$ 763,651</u>

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10.) PAYMENTS TO CLARK COUNTY

The Department reimburses the County for providing the Airport System with fire services, police services, legal services, administrative services, and certain maintenance services based on the actual cost of those services. The total amounts billed for these services were \$36.0 million and \$36.5 million for the fiscal years ended June 30, 2020 and 2019, respectively.

11.) COMMITMENTS AND CONTINGENCIES

(a) Construction in Progress

As of June 30, 2020, the Department's management estimates that future expenditures which have been committed through execution of construction contracts will require an additional outlay of approximately \$37.4 million to bring those projects to completion.

(b) Litigation and Claims

General Litigation

The Department, through the County, is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The opinion of County management, based on the advice of the County Attorney, is that the outcome of such claims will not have a material adverse effect on the Department's financial position, results of operations or liquidity at June 30, 2020.

Other Litigation

The County is a party to numerous other actions and claims in connection with the ownership and operation of the Airport System, including personal injury claims, employment-related claims, and construction claims, but, in the opinion of the District Attorney, the actions and claims described in this paragraph are not expected, in the aggregate, to have a material adverse effect on the financial condition of the Airport System. Cases of note are as follows:

U.S. Department of Justice v. Nevada Links and Clark County

The County was served with a lawsuit filed by the Department of Justice regarding a modification to a 1999 lease that the County entered into involving land subject to the Southern Nevada Public Lands Management Act. The

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For the Fiscal Years Ended June 30, 2020 and 2019

complaint alleges that a 2011 amendment impermissibly changed the rent structure in violation of the County's duty to obtain fair market value for the land. While the initial demand requests the present value of future rent, in the event of an adverse ruling, the County would likely be subject to back rent of approximately \$12.0 million. Alternatively, the complaint seeks rescission of the amendment, which would relieve the County of the back rent obligation. The County has no objection to rescission, but plans to vigorously defend the claims for back rent. At this time, counsel is unable to predict the outcome of the dispute. The current tenant is also a defendant in this litigation and may share responsibility for back payments. NV Links submitted an Expert Appraisal Report indicating that the market value of the County's leased fee interest as of September 6, 2011 was \$900,000. Each party has submitted their own renewed Motions for Summary Judgment, and the Court still has not set a date in determining the motion for summary judgments. Due to the COVID-19 pandemic, all brief due dates and court scheduling and determination has been temporarily postponed. The court has not given any indication as to whether and when a hearing will be scheduled.

12.) RENTALS AND OPERATING LEASES

The Department leases land, buildings, and terminal space to various tenants and concessionaires under operating agreements that expire at various times through 2099. Charges to air carriers are generated from terminal building rentals, gate use fees, and landing fees in accordance with the Agreement or with the provisions of the applicable County ordinance. Under the terms of these agreements, concession fees are based principally either on a percentage of the concessionaires' gross sales or a stated minimum annual guarantee, whichever is greater, or on other land and building rents that are based on square footage rental rates.

The Department received \$201.0 million and \$225.8 million in the years ended June 30, 2020 and 2019, respectively, for contingent rental payments in excess of the stated annual minimum guarantees.

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The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2020, for the upcoming fiscal years (in thousands):

	Minimum Future Rents
2021	\$ 252,368
2022	137,217
2023	135,335
2024	129,843
2025	123,241
Thereafter	521,257

13.) RISK MANAGEMENT

The Department is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and customers; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and County self-insured programs for off-airport auto liability, employee medical benefits, and workers' compensation.

From time-to-time, the Department carries cash and cash equivalents on deposit with financial institutions in excess of federally-insured limits. However, the extent of any future loss to be sustained as a result of uninsured deposits in the event of a failure of a financial institution, if any, is not subject to estimation at this time.

The County has established a fund for self-insurance related to medical benefits provided to employees and covered dependents. An independent claims administrator handles all claims procedures. The County also provides an option for employees to select an independent health maintenance organization for medical benefits.

The County has also established a fund for self-insurance related to workers' compensation claims. The County maintains reinsurance coverage obtained from private insurers for losses in excess of \$1.0 million per claim.

The Department reimburses the County at a per capita rate for employee medical benefits and for a percentage of payrolls for workers' compensation coverage. Rates for this coverage are uniform for all County departments and are adjusted based on the overall performance of the self-insured medical benefits fund and the self-insured workers' compensation fund.

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For the Fiscal Years Ended June 30, 2020 and 2019

As a participant in the County's self-insured programs, the Department is assessed annual fees based on the allocation of each respective fund. These assessments are charged to the Department's expense each year. There is no separate accounting for the Department's claims. Accordingly, information regarding claims liability and payments is not presented in this financial report.

Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

14.) AIRPORT LAND TRANSFERS

The Southern Nevada Public Land Management Act of 1998, Public Law 105-263, was enacted by Congress in October 1998. A provision of this law provided that the Bureau of Land Management (BLM), an agency of the United States Department of the Interior, transfer approximately 5,000 acres of land to the Department, without consideration, subject to the following:

1. Valid existing rights;
2. Agreement that the land be managed in accordance with the law, with 49 U.S.C. §47504 (relating to airport noise compatibility planning), and with regulations promulgated pursuant to that section;
3. Agreement that, if any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall contain a limitation that requires uses be compatible with the Interim Cooperative Management Agreement and with Airport Noise Compatibility Planning provisions (14 C.F.R. Part 150); and
4. Agreement that, if any land is sold, leased, or otherwise conveyed by the Department, such sale, lease, or other conveyance shall be at fair market value. The Department contributes 85% of the gross proceeds from the sale, lease, or other conveyance of such land directly to the BLM for use in purchasing, improving, or developing other land for environmental purposes. The Department contributes 5% of the gross proceeds from the sale, lease, or other conveyance of such land directly to the State for use in its general education program. The remainder is available for use by the Department for the benefit of airport development and the Noise Compatibility Program.

Due to the uncertainty of any future benefit to the Department, a value has not been assigned to, nor was income reported relating to, land not yet sold or leased under the Southern Nevada Public Land Management Act of 1998. Gross proceeds from the sale and lease of CMA land for the years ended June 30, 2020 and 2019, were \$11.0 million

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For the Fiscal Years Ended June 30, 2020 and 2019

and \$6.2 million, respectively. The Department's share of these proceeds were \$1.1 million and \$0.6 million for the years ended June 30, 2020 and 2019, respectively.

Additionally, on May 22, 2019, the BLM transferred a parcel of land valued at \$4.8 million to the Department, pursuant to the authority contained in Section 516 of the Airport and Airway Improvement Act of September 3, 1982 and §49 U.S.C. 47125.

15.) SUBSEQUENT EVENTS

Subsequent to June 30, 2020, the following significant events occurred:

1. On November 5, 2020, S&P Global Ratings lowered its long-term rating and underlying rating to A+ from AA- on the Department's senior airport system revenue bonds and lowered to A from A+ the long-term rating and underlying rating on the Department's subordinate-lien debt and PFC revenue debt, the junior-subordinate lien, and the underlying rating on the jet aviation fuel tax bonds.
2. On October 20, 2020, the Board approved the extension of the credit facility associated with the 2008C-1 Bonds provided by Bank of America, N.A. for a period of eighteen months as well as the credit facility associated with the 2008D-2B Bonds provided by Royal Bank of Canada for a period of ninety days, respectively. The Department is actively working to finalize a new agreement which would extend the credit facility associated with the 2008D-2B Bonds an additional two to three years.
3. On October 6, 2020, the Board authorized the Department to execute letters of agreement with concessionaires which would extend the terms of their current agreements by an additional year and would also modify MAG obligations. Effective November 1, 2020, MAG was reduced by 75% for concessionaires. Beginning January 2021, the MAG will then be recalculated for each agreement on the specified recalculation date, as per normal procedures. In some instances, MAG is being waived for concessionaires who are affected by major construction or concourse closures for the period of the closure or construction.
4. On July 21, 2020, the Board approved an amendment to the Agreement (2020 Amendment) which extended the terms of the Agreement through June 30, 2021 with extension options through June 30, 2030. Effective July 1, 2020, a total of 13 signatory airlines have agreed to the 2020 Amendment.

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For the Fiscal Years Ended June 30, 2020 and 2019

5. In May 2020, the County introduced a Voluntary Separation Program (VSP) which offered employees lump-sum payments and paid health insurance continuance as an incentive to voluntarily separate. Applications from employees were accepted from May 20, 2020 through July 6, 2020. Employees received VSP participation approvals from the Board on July 10, 2020 and were required to separate by August 7, 2020. A total of 93 employees participated from the Department. Total lump-sum payouts associated with the Department's VSP participants totaled \$2.8 million.

REQUIRED SUPPLEMENTARY INFORMATION

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CLARK COUNTY DEPARTMENT OF AVIATION
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Required Supplementary Information
As of June 30, 2020 and 2019

Schedule of Proportionate Share of Net Pension Liability

Last Ten Fiscal Years *

(in thousands)

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Proportion of the Plan's collective net pension liability	\$ 178,360	\$ 176,581	\$ 170,398	\$ 174,029	\$ 142,762
Proportionate share of the collective net pension liability	1.31%	1.29%	1.28%	1.29%	1.25%
Covered payroll	\$ 89,678	\$ 85,678	\$ 82,499	\$ 78,305	\$ 76,440
Proportionate share of the collective net pension liability as a percentage of the covered payroll	198.89%	206.10%	198.88%	222.25%	186.76%
Plan's fiduciary net position	\$ 44,284,253	\$ 41,431,687	\$ 38,686,253	\$ 35,002,029	\$ 34,610,720
Plan's fiduciary net position as a percentage of the total pension liability	76.46%	75.24%	74.40%	72.20%	75.10%

* FY 2015 was the first year of implementation of GASB 68. This schedule is intended to show information over a period of ten years. Information for additional years will be presented as it becomes available.

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior (plan valuation year).

Changes in assumptions:

Significant changes in assumptions between the June 30, 2017 plan measurement date and June 30, 2016 plan measurement date include: the inflation rate was updated to 2.75% from 3.50%, the investment rate of return was updated to 7.50% from 8.00%, the productivity pay increase was updated to 0.5% from 0.75%, projected salary increases were updated to 4.25% to 9.15% for regular (depending on service) from 4.60% to 9.75%, projected salary increases were updated to 4.55% to 13.90% for police/fire (depending on service) from 5.25% - 14.5%, and the consumer price index was updated to 2.75% from 3.50%.

No significant changes in assumptions have been noted between the other plan valuation years.

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FY 2015

\$ 130,301

1.25%

\$ 73,355

177.63%

\$ 33,575,081

76.30%

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As of June 30, 2020 and 2019

Schedule of Defined Benefit Plan Contributions
Last Ten Fiscal Years *
(in thousands)

Plan Year Ended June 30,	Contractually Required Contribution (statutorily determined)	(a) Contributions in Relation to the statutorily Determined Contributions		Contribution Deficiency (Excess)	(b) Covered Payroll †	(a)/(b) Contributions as a Percentage of Covered Payroll
		\$	9,842	\$	9,842	
2015	\$ 9,842	\$ 9,842	\$ —	\$ 76,440	12.9%	
2016	10,963	10,963	—	78,305	14.0%	
2017	11,550	11,550	—	82,499	14.0%	
2018	12,047	12,047	—	85,678	14.1%	
2019	12,633	12,633	—	89,678	14.1%	
2020	13,915	13,915	—	94,690	14.7%	

* FY 2015 was the first year of implementation. This schedule is intended to show information over a period of ten years. Information for additional years will be presented as it becomes available.

† Covered payroll is based on current fiscal year eligible payroll cost.

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Required Supplementary Information
As of June 30, 2020 and 2019

Schedule of Changes in the Net Other Post Employment Benefit Plan Liability and Related Ratios
Last Ten Fiscal Years *
(in thousands)

	CCSF	CC RHPP	PEBP	Total
Net OPEB liability at June 30, 2017	\$ 72,515	\$ 13,535	\$ 4,159	\$ 90,209
Changes recognized for the fiscal year:				
Service cost	7,199	979	—	8,178
Interest	2,745	413	118	3,276
Differences between expected and actual experience	510	356	13	879
Changes in assumptions***	(11,662)	(993)	(384)	(13,039)
Benefit payments	(1,323)	(615)	(153)	(2,091)
Net change in total OPEB liability	(2,531)	140	(406)	(2,797)
Net change in plan's fiduciary net position**	(1,858)	N/A	N/A	(1,858)
Net OPEB liability at June 30, 2018	<u>\$ 68,126</u>	<u>\$ 13,675</u>	<u>\$ 3,753</u>	<u>\$ 85,554</u>
Covered-employee payroll	\$ 47,578	\$ 32,721	N/A	80,299
Net OPEB liability as a percentage of covered-employee payroll	143.0%	42.0%	N/A	107.0%
CCSF fiduciary net position	\$ 17,170	**	**	N/A
CCSF total OPEB liability	\$ 85,296	N/A	N/A	N/A
Proportion of CCSF fiduciary net position as a percentage of CCSF total liability	20.1%	N/A	N/A	N/A
	CCSF	CC RHPP	PEBP	Total
Net OPEB liability at June 30, 2018	\$ 68,126	\$ 13,675	\$ 3,753	\$ 85,554
Changes recognized for the fiscal year:				
Service cost	6,992	991	—	7,983
Interest	2,993	522	138	3,653
Differences between expected and actual experience	(25,290)	6,043	104	(19,143)
Changes in assumptions***	(21,991)	(2,608)	(207)	(24,806)
Benefit payments	(441)	(206)	(165)	(812)
Net change in total OPEB liability	\$ (37,737)	\$ 4,742	\$ (130)	\$ (33,125)
Net change in plan's fiduciary net position**	\$ (1,423)	N/A	N/A	\$ (1,423)
Net OPEB liability at June 30, 2019	<u>\$ 28,966</u>	<u>\$ 18,417</u>	<u>\$ 3,623</u>	<u>\$ 51,006</u>
Covered-employee payroll	\$ 47,954	\$ 34,607	N/A	82,561.144
Net OPEB liability as a percentage of covered-employee payroll	60.4%	53.2%	N/A	61.8%
CCSF fiduciary net position	\$ 18,593	**	**	N/A
CCSF total OPEB liability	\$ 47,559	N/A	N/A	N/A
Proportion of CCSF fiduciary net position as a percentage of CCSF total liability	39.1%	N/A	N/A	N/A

(continued on next page)

CLARK COUNTY DEPARTMENT OF AVIATION
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Required Supplementary Information
As of June 30, 2020 and 2019

Schedule of Changes in the Net Other Post Employment Benefit Plan Liability and Related Ratios

Last Ten Fiscal Years *

(in thousands - continued from previous page)

	CCSF	CC RHPP	PEBP	Total
Net OPEB liability at June 30, 2019	\$ 28,966	\$ 18,417	\$ 3,623	\$ 51,006
Changes recognized for the fiscal year:				
Service cost	2,408	1,012	—	3,420
Interest	3,779	748	137	4,664
Differences between expected and actual experience	—	—	—	—
Changes in assumptions***	(7,468)	1,385	178	(5,905)
Benefit payments	(421)	(206)	(159)	(786)
Net change in total OPEB liability	<u>(1,702)</u>	<u>2,939</u>	<u>156</u>	<u>1,393</u>
Net change in plan's fiduciary net position**	<u>(12,527)</u>	<u>N/A</u>	<u>N/A</u>	<u>(12,527)</u>
Net OPEB liability at June 30, 2020	<u><u>\$ 14,737</u></u>	<u><u>\$ 21,356</u></u>	<u><u>\$ 3,779</u></u>	<u><u>\$ 39,872</u></u>
Covered-employee payroll	\$ 49,392	\$ 35,645	N/A	85,037
Net OPEB liability as a percentage of covered-employee payroll		29.8%	59.9%	46.9 %
CCSF fiduciary net position	\$ 31,120	**	**	N/A
CCSF total OPEB liability	\$ 45,857	N/A	N/A	N/A
Proportion of CCSF fiduciary net position as a percentage of CCSF total liability		67.9%	N/A	N/A

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As of June 30, 2020 and 2019

	2019	2018	2017
	CCSF	CCSF	CCSF
Beginning CCSF fiduciary net position	\$ 18,593	\$ 17,170	\$ 15,312
Changes in CCSF fiduciary net position recognized for the fiscal year			
Employer contributions	10,802	441	1,323
Net investment income	2,150	1,423	1,859
Benefit payments	(421)	(441)	(1,323)
Administrative expense	(4)	—	(1)
Net change in CCSF fiduciary net position	<u>12,527</u>	<u>1,423</u>	<u>1,858</u>
Ending CCSF fiduciary net position	<u><u>\$ 31,120</u></u>	<u><u>\$ 18,593</u></u>	<u><u>\$ 17,170</u></u>

* Fiscal year 2018 was the first year of implementation for GASB 75. This schedule is intended to show information over a period of ten years. Information for additional years will be presented as it becomes available.

** There are no assets accumulated in a trust that meets the criteria in GASB 75 to pay related benefits for these plans.

*** Significant changes in assumptions from the June 30, 2017 valuation to the June 30, 2018 valuation were as follows:

CCSF: The discount rate was updated from 3.60% at June 30, 2017 to 4.57% at June 30, 2018, based on the blending of the long-term expected return on assets of the plan and the municipal bond rate.

CC RHPP and PEBP: The discount rate was updated from 3.87% at June 30, 2017 to 3.58% at June 30, 2017 based on the municipal bond rate.

All Post Employment Benefit Plans: The marriage assumption was updated to reflect the most recent participant experience. The aging factors were updated to be based on the 2013 Society of Actuaries study. The termination rates and retirement rates were updated based on the 2018 Nevada PERS Actuarial Valuation results. The mortality table was updated from RP-2000 projected to year 2013 using Scale AA to RP-2014 with generational projection scale MP-2018.

The salary scale assumption was updated to 3.0%. The inflation rate was updated to 2.00%. The investment rate of return was updated to 7.50%, based on the Nevada Retirement Benefits Investment Fund investment policy objective.

Significant changes in assumptions from the June 30, 2018 valuation to the June 30, 2019 valuation were as follows:

CCSF: The discount rate was updated from 4.57% at June 30, 2018 to 5.26% at June 30, 2019, based on the blending of the long-term expected return on assets of the plan and the municipal bond rate. The increase of discount rate was primarily due to the department's increase in trust contribution compared to prior fiscal year.

CC RHPP and PEBP: The discount rate was updated from 3.87% at June 30, 2018 to 3.50% at June 30, 2019, based on the municipal bond rate.

There have been no significant changes in benefits provided to retirees.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Required Supplementary Information
As of June 30, 2020 and 2019

Schedule of Other Post Employment Benefit Plan Contributions - CCSF
Last Ten Fiscal Years *
(in thousands)

	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
	CCSF	CCSF	CCSF
Required contribution (actuarially determined)	\$ 3,318	\$ 9,129	\$ 8,313
Contributions in relation to the actuarially determined contributions	8,807	10,802	714
Contribution excess (deficiency)	<u>\$ 5,489</u>	<u>\$ 1,673</u>	<u>\$ (7,599)</u>
Covered-employee payroll	49,392	47,954	47,578
Contributions as a percentage of covered-employee payroll	17.8%	22.5%	1.5%

* Fiscal year 2018 was the first year of implementation for GASB 75. This schedule is intended to show information over a period of ten years. Information for additional years will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

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CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Supplementary Information
As of June 30, 2020 and 2019

Schedule of Airport Revenue Bond Debt Service Coverage

For the Fiscal Years Ended June 30, 2020 and 2019

(in thousands)

	Reference	FY 2020	FY 2019
Operating revenue		\$ 497,833	\$ 565,873
Operating expenses		(286,242)	(280,001)
Net operating revenues	(a)	211,591	285,872
CARES Act Airport Grant		48,657	—
BABs Interest Subsidy		10,204	16,948
Reimbursement from County funds		6,288	—
Interest income		16,801	20,200
Net revenue available for debt service	(b)	\$ 293,541	\$ 323,020
Other available funds:			
Senior lien coverage	(c)	24,221	17,656
Subordinate lien coverage		12,014	14,518
Total other available funds for debt service	(d)	\$ 36,235	\$ 32,174
Net revenue and other available funds for debt service	(e)	329,776	355,194
PFC revenue		70,640	96,783
PFC fund interest income		4,563	6,938
Total PFC revenue	(f)	\$ 75,203	\$ 103,721
Senior lien debt service	(g)	96,882	70,622
Subordinate lien debt service	(h)	120,135	145,180
Subordinate PFC debt service paid with PFC revenue	(i)	75,203	77,810
Subordinate PFC debt service paid with PFC fund balance		15,392	—
Total subordinate PFC debt service		\$ 90,595	\$ 77,810
<u>Coverage ratios</u>			
Senior lien based on net revenues*	b/g	3.03	4.57
Senior lien including other available funds (1.25 required)	(b+c)/g	3.28	4.82
Subordinate lien after payment of senior lien*	(e-g)/h	1.94	1.96
Senior and subordinate lien			
including other available funds (1.10 required)	e/(g+h)	1.52	1.65
Subordinate PFC bonds*	f/i	1.00	1.33

*Provided for informational purposes only

Statistical Section

CLARK COUNTY DEPARTMENT OF AVIATION

CLARK COUNTY, NEVADA

Overview of Information Provided in the Statistical Section

The information provided in the statistical section has not been audited. It is intended to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, the notes to the financial statements, and the required supplementary information in order to understand and assess the Department's economic condition.

Financial trends:

Financial trend data has been provided to assist users in understanding and assessing how the Department's financial position has changed over time. Schedules included are:

- Schedule of Revenues, Expenses, and Changes in Net Position, Budget vs. Actual
- Summary of Changes in Net Position
- Summary of Net Position
- Summary of Operating Expenses
- Summary of Non-operating Income and Expenses

Revenue Capacity:

Revenue capacity information has been provided to assist users in assessing and understanding the Department's major revenue sources. Schedules included are:

- Summary of Operating Revenues
- Summary of Restricted Revenues

Debt Capacity:

Debt capacity information has been provided to assist users in understanding and assessing the Department's ability to service existing debt and ability issue additional debt in the future. Schedules included are:

- Schedule of Airport Revenue Bond Debt Service Coverage
- Ratios of Airport Revenue Bond Debt Service to Total Operating Revenues and Expenses
- Outstanding Debt Principal Balance by Type

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Overview of Information Provided in the Statistical Section

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within with the Department's financial activities take place. Schedules included are:

- Visitor, Convention and Room Statistics
- Demographic and Economic Statistics
- Employment by Industry

Operating information:

Operating information has been provided to assist users with contextual information about the Department's operations and resources and to assist the reader in using financial statement information to understand and assess the Department's economic condition. Schedules included are:

- Passenger and Operating Statistics
- Market Share of Air Carriers
- Per Passenger Calculations
- Full Time Equivalent Employees
- Nature, Volume and Usage of Capital Assets

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Schedule of Revenues, Expenses, and Changes in Net Position
Budget vs. Actual for the Fiscal Year Ended June 30, 2020
(With Comparative Totals for the Fiscal Year Ended June 30, 2019) (in thousands)

	FY 2020			FY 2019	
	Budget	Actual	Variance	Actual	Actual
Operating Revenues					
Landing fees and other aircraft fees	\$ 51,306	\$ 43,379	\$ (7,927)	\$ 51,895	
Gate use fees	29,375	28,430	(945)	29,175	
Terminal concessions	76,766	58,999	(17,767)	75,843	
Terminal building and use fees	185,000	188,664	3,664	190,551	
Parking and ground transportation fees	67,577	59,221	(8,356)	71,941	
Gaming fees	36,666	28,606	(8,060)	37,395	
Rental car facility and concession fees	75,731	57,191	(18,540)	73,836	
Ground rents and use fees	25,446	24,146	(1,300)	25,303	
Other	9,054	9,197	143	9,935	
Total Operating Revenue	556,922	497,833	(59,089)	565,873	
Operating Expenses					
Salaries and wages	106,945	99,005	(7,940)	93,784	
Employee benefits	61,254	52,415	(8,839)	47,276	
Contracted and professional services	65,753	67,154	1,401	65,115	
Repairs and maintenance	26,474	20,988	(5,486)	24,970	
Utilities and communications	26,789	23,843	(2,946)	23,946	
Materials and supplies	17,305	17,501	196	19,470	
Administrative expenses	7,059	5,336	(1,723)	5,440	
Total Operating Expenses	311,580	286,242	(25,338)	280,001	
Operating income before depreciation	245,342	211,591	(33,751)	285,872	
Depreciation/Amortization	197,000	190,649	(6,351)	190,874	
Operating income or (loss)	48,342	20,942	(27,400)	94,998	
Non-operating Revenues (Expenses)					
Passenger Facility Charge revenue	96,825	70,640	(26,185)	96,783	
Jet A Fuel Tax	12,472	9,676	(2,796)	11,979	
Interest and investment income	11,000	13,773	2,773	188	
Interest expense	(198,710)	(122,953)	75,757	(160,194)	
Capital contributions	6,526	23,030	65,161	22,281	
Net gain (loss) from disposition of capital assets	500	76	(424)	232	
Other non-operating revenue	9,000	16,972	1,684	16,948	
CARES Act Airport Grant	—	48,657	48,657	—	
Total non-operating revenues (expenses)	(62,389)	59,871	164,629	(11,783)	
Change in net position	(14,047)	80,813	94,860	83,215	
Net position, beginning of year	1,446,538	1,446,538	—	1,363,323	
Net position, end of year	\$ 1,432,491	\$ 1,527,351	\$ 94,860	\$ 1,446,538	

This schedule provides information on budget and actual figures for the current year and actual figures for the prior year for revenues, expenses, and changes in net position.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Summary of Changes in Net Position

Last Ten Fiscal Years

(in thousands)

Fiscal Year	Operating Revenue	Percentage Increase/(Decrease)	Operating Expenses	Percentage Increase/(Decrease)	Income Before Depreciation	Percentage Increase/Decrease	Depreciation and Amortization	Percentage Increase/(Decrease)
2011	392,554	8.3%	217,353	(4.5%)	175,201	30.0 %	136,104	1.3%
2012	355,411	(9.5%)	223,106	2.6%	132,305	(24.5)%	137,052	0.7%
2013	496,572	39.7%	236,511	6.0%	260,061	96.6 %	199,528	45.6%
2014	507,055	2.1%	233,978	(1.1%)	273,077	5.0 %	198,247	(0.6%)
2015	521,729	2.9%	235,937	0.8%	285,792	4.7 %	198,672	0.2%
2016	540,200	3.5%	241,158	2.2%	299,042	4.6 %	197,738	(0.5%)
2017	550,612	1.9%	255,386	5.9%	295,226	(1.3)%	195,035	(1.4%)
2018	559,319	1.6%	271,873	6.5%	287,446	(2.6)%	191,840	(1.6%)
2019	565,873	1.2%	280,001	3.0%	285,872	(0.5)%	190,874	(0.5%)
2020	497,833	(12.0%)	286,242	2.2%	211,591	(26.0)%	190,649	(0.1%)

This schedule provides information on operating revenues and expenses, non-operating income, capital contributions, and changes in net position for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Operating Income	Percentage Increase/(Decrease)	Non-Operating Income (Expense)	Percentage Increase/(Decrease)	Income before Capital Contributions	Percentage Increase/(Decrease)	Capital Contributions	Percentage Increase/(Decrease)	Change in Net Position	Percentage Increase/(Decrease)
\$ 39,097	9976.5 %	\$ (25,597)	(36.4)%	\$ 13,500	(133.9)%	\$ 16,761	(26.9)%	30,261	(278.7)%
(4,747)	(112.1)%	(162,232)	533.8 %	(166,979)	(1336.9)%	36,752	119.3 %	(130,227)	(530.3)%
60,533	(1375.2)%	(93,200)	(42.6)%	(32,667)	(80.4)%	10,467	(71.5)%	(22,200)	(83.0)%
74,830	23.6 %	(132,746)	42.4 %	(57,916)	77.3 %	9,794	(6.4)%	(48,122)	116.8 %
87,120	16.4 %	(81,794)	(38.4)%	5,326	(109.2)%	30,013	206.4 %	35,339	(173.4)%
101,304	16.3 %	(99,021)	21.1 %	2,283	(57.1)%	19,222	(36.0)%	21,505	(39.1)%
100,191	(1.1)%	(50,288)	(49.2)%	49,903	2085.9 %	49,276	156.4 %	99,179	361.2 %
95,606	(4.6)%	(27,476)	(45.4)%	68,130	36.5 %	7,517	(84.7)%	75,647	(23.7)%
94,998	(0.6)%	(34,064)	24.0 %	60,934	(10.6)%	22,281	196.4 %	83,215	10.0 %
20,942	(78.0)%	36,841	(208.2)%	57,783	(5.2)%	23,030	3.4 %	80,812	(2.9)%

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Summary of Net Position

Last Ten Fiscal Years

(in thousands)

Fiscal Year	Net Investment					Total Net Position
	in Capital	Restricted for Capital	Restricted for Debt Service	Restricted for Other	Unrestricted Net Position	
2011	\$ 1,021,835	\$ 25,881	\$ 197,681	\$ 29,423	\$ 269,748	\$ 1,544,568
2012	920,794	29,105	191,675	50,240	186,131	1,377,945
2013	860,622	34,861	152,972	63,631	243,659	1,355,745
2014	775,098	37,846	166,940	75,182	252,557	1,307,623
2015	666,778	64,783	181,526	76,906	198,861	1,188,854
2016	619,109	59,445	242,817	76,349	212,639	1,210,359
2017	714,945	66,129	212,012	82,120	234,332	1,309,538
2018	668,209	84,356	264,923	84,077	261,758	1,363,323
2019	701,267	124,317	316,042	89,152	215,760	1,446,538
2020	937,167	75,802	279,634	65,761	168,987	1,527,351

This schedule provides information on the restricted and unrestricted components of net position for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Summary of Operating Expenses
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Total	Salaries and Benefits		Professional Services		Utilities	Repairs, Supplies, and Maintenance	Insurance		Administrative	
		\$	\$	\$	\$			\$	\$	\$	\$
2011	\$ 217,353	\$ 111,186	\$ 49,203	\$ 20,199	\$ 31,128	\$ 2,314	\$ 3,323				
2012	223,106	111,195	51,900	20,970	34,230	2,283	2,528				
2013	236,511	118,701	56,372	23,001	33,461	2,529	2,447				
2014	233,978	117,903	54,205	24,404	32,145	2,579	2,742				
2015	235,937	120,067	52,610	25,666	32,770	2,467	2,357				
2016	241,158	121,697	54,687	24,338	34,020	2,395	4,021				
2017	255,386	134,420	56,667	22,779	36,135	2,283	3,102				
2018	271,873	139,783	59,937	24,106	40,023	2,007	6,017				
2019	280,001	141,060	65,115	23,946	44,440	2,364	3,076				
2020	268,741	151,420	67,154	23,843	20,988	2,075	3,261				

This schedule provides information on operating expenses by type for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Summary of Non-Operating Income and Expenses
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Passenger Facility Charges	Jet A Fuel Tax Revenue	Interest and Investment Income	Interest Expense	Other Non-Operating Income	Gain/(Loss) from Disposition of Assets	Total Non-operating Income/(Expense)
2011	\$ 77,949	\$ 7,318	\$ 51,334	\$ (180,231)	\$ 18,069	\$ (35)	\$ (25,596)
2012	79,648	7,425	(59,272)	(175,102)	18,069	(33,000)	\$ (162,232)
2013	79,933	11,268	48,248	(249,325)	17,283	(607)	\$ (93,200)
2014	79,524	10,389	(8,927)	(230,690)	16,768	190	\$ (132,746)
2015	83,921	10,542	6,813	(210,002)	16,750	10,182	\$ (81,794)
2016	89,567	11,337	(16,977)	(199,850)	16,840	62	\$ (99,021)
2017	90,793	12,050	29,355	(199,267)	16,822	(41)	\$ (50,288)
2018	94,597	11,795	12,807	(164,486)	16,986	825	\$ (27,476)
2019	96,783	11,979	118	(160,194)	16,948	232	\$ (34,134)
2020	70,640	9,676	13,773	(122,953)	59,341	76	\$ (11,816)

This schedule provides information on non-operating income and expenses by source and/or activity for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Summary of Operating Revenues
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Total Operating Revenue	Rentals and Fees					Concessions					Other
		Landing Fees	Aircraft Fees	Building Rentals	Land Rentals	Ground Transportation	Gaming	Terminal Concessions	Parking Fees	Misc.		
2011	\$ 392,554	\$ 57,656	\$ 5,619	\$ 155,827	\$ 18,578	\$ 40,614	\$ 25,908	\$ 53,023	\$ 28,326	\$ 7,003		
2012	355,412	38,460	6,459	130,080	18,817	43,372	25,719	56,550	28,778	7,177		
2013	496,572	53,451	5,997	248,211	20,119	45,049	23,865	62,047	30,540	7,293		
2014	507,055	54,924	6,298	242,847	21,605	47,545	25,566	65,910	33,704	8,656		
2015	521,729	54,342	6,575	249,505	22,122	50,650	27,657	66,586	36,034	8,258		
2016	540,200	50,905	6,715	261,708	22,020	54,873	29,516	67,009	38,852	8,602		
2017	550,612	48,833	7,055	257,963	22,849	60,510	34,410	71,153	38,616	9,223		
2018	559,319	43,683	7,338	252,938	25,019	62,827	36,051	75,478	39,002	16,983		
2019	565,873	43,557	8,337	257,824	25,303	66,920	37,395	75,843	40,759	9,935		
2020	497,833	36,253	7,126	246,983	24,146	52,132	28,606	58,999	34,392	9,197		

This schedule provides operating income by revenue type as rentals, fees, and concessions for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Summary of Restricted Revenues
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Jet A Fuel Tax Revenue	Jet A Fuel Tax Per Enplaned Passenger	Passenger Facility Charges	PFC Per Enplaned Passenger
2011	\$ 7,318	\$ 0.36	\$ 77,949	\$3.85
2012	7,425	0.35	79,648	3.80
2013	11,268	0.54	79,933	3.83
2014	10,389	0.49	79,524	3.75
2015	10,542	0.48	83,921	3.84
2016	11,337	0.49	89,567	3.84
2017	12,050	0.5	90,793	3.79
2018	11,795	0.48	94,597	3.85
2019	11,979	0.47	96,783	3.84
2020	9,676	0.51	70,640	3.71

This schedule provides information on restricted revenues for capital project funding collected from fuel taxes and passenger fees for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Schedule of Airport Revenue Bond Debt Service Coverage (From Operating Revenues and Interest Income Available for Debt Service)
Last Ten Fiscal Years (in thousands)

Fiscal Year	(a) Total Revenue Available for Senior Debt Service	(b) Total Revenue Available for Subordinate Debt Service	(c) Less: Operating and Maintenance Expenses	(d) (a) minus (c) Net Revenue Available for Senior Debt Service	(e) (b) minus (c) Net Revenue Available for Subordinate Debt Service	(f) Senior Debt Service	(d)/(f) Senior Lien Coverage (1.25 Required*)	(g) Subordinate Lien Debt Service	(e)/(f+g) Senior and Subordinate Lien Coverage (1.10 Required*)
	\$ 413,762	\$ 419,503	\$ 217,353	\$ 196,409	\$ 202,150	\$ 63,194	3.11	\$ 57,407	1.68
2011	\$ 413,762	\$ 419,503	\$ 217,353	\$ 196,409	\$ 202,150	\$ 63,194	3.11	\$ 57,407	1.68
2012	368,951	373,156	223,106	145,845	150,050	31,670	4.61	42,053	2.04
2013	532,135	547,115	236,511	295,624	310,604	71,102	4.16	149,804	1.41
2014	543,229	557,773	233,978	309,251	323,795	70,559	4.38	145,442	1.50
2015	560,237	572,092	235,937	324,300	336,155	79,533	4.08	118,553	1.70
2016	580,171	594,208	241,158	339,013	353,050	75,401	4.50	140,369	1.64
2017	585,379	599,642	255,386	329,993	344,256	71,778	4.60	142,633	1.61
2018	599,958	614,429	271,873	328,085	342,556	71,945	4.56	144,707	1.58
2019	620,677	635,195	280,001	340,676	355,194	70,622	4.82	145,180	1.65
2020	604,004	616,018	286,242	317,762	329,776	96,882	3.28	120,135	1.52

* Required by Master Indenture of Trust, dated May 1, 2003, as amended

Schedule of Passenger Facility Charge (PFC) Revenue Bond Debt Service Coverage From PFC Revenues and PFC Interest Income Available for Debt Service Last Ten Fiscal Years (in thousands)

Fiscal Year	PFC Coverage (none Required)	
	PFC Revenue	PFC Debt Service
2011	\$ 78,997	\$ 82,187
2012	80,688	76,586
2013	80,158	76,402
2014	80,250	76,231
2015	84,675	76,185
2016	91,425	75,977
2017	91,383	76,957
2018	95,912	77,231
2019	103,720	77,810
2020	75,203	90,595

This schedule provides information on coverage requirements for senior lien and subordinate lien debt service as defined in the Master Indenture of Trust dated May 1, 2003. For illustrative purposes, this schedule also provides calculated coverage for Passenger Facility Charge revenue bonds issued by the Department.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Ratios of Airport Revenue Bond Debt Service to Total Operating Revenues and Expenses
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Subordinate Lien Debt Service			Total Debt Service	Operating Revenues	Ratio of Debt Service to Revenues	Operating Expenses	Ratio of Debt Service to Expenses
	Senior Lien Debt Service	Lien Debt Service	Total Debt Service					
2011	\$ 63,194	\$ 57,407	\$ 120,601	\$ 392,554	3.25	\$ 217,353		1.80
2012	31,670	42,053	73,723	355,411	4.82	223,106		3.03
2013	71,102	149,804	220,906	496,572	2.25	236,511		1.07
2014	70,559	145,442	216,001	507,055	2.35	233,978		1.08
2015	79,533	118,553	198,086	521,729	2.63	235,937		1.19
2016	75,401	140,369	215,770	540,200	2.50	241,158		1.12
2017	71,778	142,633	214,411	550,612	2.57	255,386		1.19
2018	71,945	144,707	216,652	559,319	2.58	271,873		1.25
2019	70,622	145,180	215,802	565,873	2.62	280,001		1.30
2020	96,882	120,135	217,017	497,833	2.29	286,242		1.32

This schedule provides information on bond debt service ratios for operating revenues and operating expenses for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Outstanding Debt Principal Balance by Type
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Senior Lien Bonds	Subordinate Lien Bonds	Passenger Facility Charge Bonds	Junior Subordinate Lien Debt and Jet A Bonds	General Obligation Bonds	Total Outstanding Debt
2011	\$ 1,087,034	\$ 2,060,279	\$ 1,068,266	\$ 405,414	\$ 78,803	\$ 4,699,796
2012	1,043,717	2,041,597	1,040,543	293,206	78,888	4,497,951
2013	992,820	2,019,542	1,002,761	382,335	78,973	4,476,431
2014	983,010	2,009,578	982,757	375,286	80,199	4,430,830
2015	971,455	1,982,261	949,193	368,077	79,958	4,350,944
2016	953,131	1,960,532	919,885	359,118	79,717	4,272,383
2017	937,343	1,846,989	852,691	350,188	79,476	4,066,687
2018	924,198	1,799,575	813,894	341,139	79,235	3,958,041
2019	910,794	1,718,420	770,715	332,630	78,995	3,811,554
2020	889,496	1,521,731	651,124	319,182	78,754	3,460,287

This schedule provides information on bond debt valued at outstanding principal net of unamortized premiums and discounts for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Visitor, Convention, and Room Statistics (Las Vegas)

Last Ten Calendar Years

Calendar Year	Total Visitor Volume	Convention Attendance	Total Available Hotel-Motel Rooms	Occupancy Rates
2011	38,928,708	4,865,272	150,161	83.8 %
2012	39,727,022	4,944,014	150,481	84.4 %
2013	39,668,221	5,107,416	150,593	84.3 %
2014	41,126,512	5,169,054	150,544	86.8 %
2015	42,312,216	5,891,151	149,213	87.7 %
2016	42,936,109	6,310,616	149,339	89.1 %
2017	42,214,200	6,646,200	146,993	88.7 %
2018	42,116,800	6,501,800	149,158	88.2 %
2019	42,523,700	6,649,100	150,259	88.9 %
2020	not available	not available	not available	not available

Source: Las Vegas Convention and Visitors Authority - City of Las Vegas figures

This schedule provides visitor, room, and convention statistics for the Las Vegas metropolitan area for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Demographic and Economic Statistics (Clark County, Nevada)

Last Ten Calendar Years

Calendar Year	(1) Clark County Population	(2) Personal Income	Per Capita Personal Income	(3) School Enrollment	(4) Labor Force	(4) Unemployment Rate
2011	1,966,630	70,652,760,000	35,926	309,899	995,532	13.3%
2012	2,008,654	74,886,428,000	37,282	308,377	1,000,923	11.3%
2013	2,062,253	75,957,334,000	36,832	311,218	1,006,724	9.6%
2014	2,102,238	81,821,005,000	39,533	314,598	1,019,653	7.8%
2015	2,147,641	85,970,490,000	40,652	317,759	1,047,528	6.8%
2016	2,205,207	91,150,359,000	42,284	319,172	1,048,043	5.8%
2017	2,248,390	97,457,342,000	44,217	321,991	1,060,660	5.5%
2018	2,284,616	105,087,856,000	47,090	324,030	1,098,114	4.8%
2019	2,325,798	not available	not available	325,081	1,131,551	4.0%
2020	not available	not available	not available	323,787	not available	not available

Source: (1) Clark County Department of Comprehensive Planning

(2) U.S. Bureau of Economic Analysis

(3) Clark County School District (in fiscal year format) * Estimated

(4) State of Nevada Department of Employment, Training and Rehabilitation

This table includes historical revisions, therefore, certain amounts presented may not be comparable to amounts presented in prior reports.

This schedule provides information on certain Clark County demographic and economic statistics for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Employment by Industry (Clark County, Nevada)
 Current Year and Nine Years Ago

Industry	2020		2011	
	Employees	% of Total Employment	Employees	% of Total Employment
Leisure and Hospitality	221,700	24.85 %	264,200	32.72 %
Trade, Transportation and Utilities	160,600	18.00 %	148,300	18.37 %
Professional and Business Services	123,700	13.87 %	101,900	12.62 %
Education and Health Services	94,900	10.64 %	72,700	9.00 %
Government	102,700	11.51 %	90,100	11.16 %
Construction	72,200	8.09 %	37,300	4.62 %
Financial Activities	54,000	6.05 %	40,000	4.95 %
Other Services	27,100	3.04 %	23,700	2.93 %
Manufacturing	24,900	2.79 %	19,700	2.44 %
Information	9,600	1.08 %	9,400	1.16 %
Mining and Logging	600	0.07 %	200	0.02 %
Total for principal employers	<u><u>892,000</u></u>		<u><u>807,500</u></u>	

Source: United States Bureau of Labor Statistics

This schedule provides employment by industry in Clark County for the current year and the year nine years prior.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Passenger and Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Aircraft Operations (Departures)	Landed Weight(000 lbs.)	Total Enplaned Passengers	Cargo Tons
2011	224,388	24,288,033	20,266,091	95,555
2012	227,206	24,855,800	20,962,087	96,173
2013	221,755	24,313,676	20,872,526	105,100
2014	219,437	24,431,409	21,224,639	104,101
2015	216,604	24,668,357	21,863,773	109,319
2016	215,887	25,803,661	23,307,617	108,695
2017	220,229	26,493,451	23,973,303	117,035
2018	223,879	26,856,277	24,596,343	126,830
2019	225,571	27,418,216	25,223,715	132,975
2020	185,107	22,749,778	19,037,659	125,932

This schedule provides information on passenger and landed weight statistics for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Market Share of Air Carriers
Last Three Fiscal Years

Airline	FY 2020			FY 2019			FY 2018		
	Enplaned Passengers			Enplaned Passengers			Enplaned Passengers		
	Number	Percent of Total	Increase/Decrease	Number	Percent of Total	Increase/Decrease	Number	Percent of Total	Increase/Decrease
Southwest	6,241,218	32.8%	(30.4%)	8,971,760	35.6%	(1.1%)	9,069,000	36.8%	(0.3%)
Spirit	2,019,837	10.6%	(14.5%)	2,361,517	9.4%	25.6%	1,880,051	7.6%	14.8%
Delta	1,923,499	10.1%	(23.4%)	2,512,623	10.0%	5.5%	2,381,513	9.7%	8.8%
American	1,718,451	9.0%	(23.4%)	2,244,777	8.9%	(2.1%)	2,292,713	9.3%	(1.4%)
United	1,490,791	7.8%	(28.8%)	2,094,660	8.3%	7.1%	1,955,411	8.0%	3.6%
Frontier	1,401,842	7.4%	13.4%	1,236,031	4.9%	1.7%	1,215,538	4.9%	17.2%
Allegiant	886,811	4.7%	(25.0%)	1,182,786	4.7%	(0.5%)	1,189,097	7.4%	2.1%
Alaska	788,679	4.1%	(28.2%)	1,098,729	4.4%	(5.9%)	1,167,678	4.8%	(1.9%)
International	1,300,773	6.8%	(31.0%)	1,883,962	7.5%	3.5%	1,820,003	4.8%	(6.0%)
General Aviation & Other	413,014	2.2%	(22.9%)	535,678	2.1%	11.4%	480,924	2.1%	3.4%
JetBlue	409,161	2.1%	(29.8%)	582,487	2.3%	(16.7%)	699,266	2.8%	1.2%
Sun Country	208,719	1.1%	(2.5%)	214,140	0.8%	57.5%	135,926	0.6%	21.6%
Hawaiian	193,433	1.0%	(23.8%)	253,940	1.0%	(0.8%)	256,069	1.0%	(0.9%)
Charter Airlines	30,548	0.2%	(29.9%)	43,557	0.2%	0.3%	43,443	0.2%	(1.4%)
Contour	10,883	0.1%	58.2%	6,878	—%	—%	—	—%	—%
California Pacific	—	—%	(100.0%)	190	—%	—%	—	—%	—%
Elite	—	—%	—%	—	—%	(100.0%)	9,711	—%	—%
Total Enplanements	19,037,659	100.0%	(342.0%)	25,223,715	100.0%	2.6%	24,596,343	100.0%	2.8%

This schedule provides market share information by air carrier for the last three fiscal years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Per Passenger Calculations
 Last Ten Fiscal Years

Fiscal Year	Concessions				Concession Revenue per Enplaned Passenger	Operating Expenses per Enplaned Passenger	Outstanding Debt per Enplaned Passenger	Airport		Airline Cost per Enplaned Passenger
	Ground Trsp	Gaming	Terminal	Parking				Revenue Bond Debt Service per Enplaned Passenger		
2011	\$ 3.59	\$ 1.28	\$ 2.62	\$ 1.40	\$ 8.89	\$ 10.72	\$ 231.90	\$ 5.79	\$ 8.46	
2012	3.69	1.23	2.70	1.37	8.99	10.64	214.58	3.52	8.51	
2013*	3.89	1.14	2.97	1.46	9.46	11.22	214.47	10.58	12.22	
2014	3.92	1.20	3.11	1.59	9.82	11.02	208.76	10.18	11.74	
2015	3.95	1.26	3.04	1.65	9.90	10.78	199.00	9.05	11.60	
2016	3.95	1.26	2.87	1.66	9.74	10.24	183.30	9.24	11.05	
2017	4.14	1.43	2.96	1.61	10.14	10.64	169.41	8.93	10.13	
2018	4.14	1.47	3.07	1.59	10.27	11.05	160.92	8.81	9.89	
2019	4.37	1.56	3.16	1.70	10.79	11.66	169.41	8.99	9.91	
2020	3.33	1.16	2.40	1.40	8.29	11.62	160.68	9.43	12.55	
Average	\$ 3.90	\$ 1.30	\$ 2.89	\$ 1.54	\$ 9.63	\$ 10.96	\$ 191.24	\$ 8.45	\$ 10.61	

This schedule provides information on concession revenues, operating expenses, bond debt and service coverage, and airline cost, all normalized per enplaned passenger for the last ten years of the Department's operations.

* In June 2012, Terminal 3 became fully operational.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Full Time Equivalent Employees

Last Ten Fiscal Years

Fiscal Year	Total
2011	1,321
2012	1,469
2013	1,481
2014	1,400
2015	1,364
2016	1,377
2017	1,402
2018	1,434
2019	1,453
2020	1,460
Average Annual Increase (Decrease)	1.1%

This schedule provides information on the number of full time equivalent employees for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Nature, Volume, and Usage of Capital Assets - Last Ten Fiscal Years

	For the Fiscal Years Ended:			
	2020	2019	2018	2017
Indicators of the Level of Demand for Services				
Airlines:	33	36	29	29
Destinations served:	156	156	137	150
Daily flight operations:	1,202	1,492	1,480	1,501
Daily commercial operations:	839	992	965	953
Annual passengers:	37,963,942	50,488,456	49,226,068	47,946,907
McCarran International Airport Site:				
Runways:	2,820 acres	2,820 acres	2,820 acres	2,820 acres
	26R*/8L: 14,512' X 150'	26R*/8L: 14,510' X 150'	26R*/8L: 14,512' X 150'	26R*/8L: 14,510' X 150'
	26L*/8R: 10,525' X 150'	26L*/8R: 10,525' X 150'	26L*/8R: 10,525' X 150'	26L*/8R: 10,526' X 150'
	19R/1L*: 8,988' X 150'	19R/1L*: 8,988' X 150'	19R/1L*: 8,988' X 150'	19R/1000L*: 8,985' X 150'
	19L/1R: 9,775' X 150'	19L/1000R: 9,775' X 150'	19L/1R: 9,771' X 150'	19L/1000R: 9,775' X 150'
	* ILS equipped	* ILS equipped	* ILS equipped	* ILS equipped
Gates	109	109	109	109
Terminal buildings:				
Rentable Space	2,318,410	2,318,410	2,340,694	2,340,694
Public Space	1,617,519	1,617,519	1,540,266	1,540,266
Total Usable Space	3,935,929	3,935,929	3,880,960	3,880,960
Administration	520,077	520,077	510,482	510,482
Mechanical/Utilities	640,098	640,098	497,036	497,036
Total Space	5,096,104	5,096,104	4,888,478	4,888,478
Parking:				
Short-term	1,381	1,381	1,381	1,381
Valet	917	917	769	769
Long-Term	7,363	7,363	7,363	7,471
Surface Lot(s)	1,235	1,235	624	624
Terminal 2 Public	N/A	N/A	N/A	N/A
Economy	5,724	5,724	5,100	5,100
Remote	526	526	1,954	1,954
Total Public Parking Spaces	17,146	17,146	17,191	17,299
Consolidated Car Rental Facility:				
Customer Service Building (Sq. Ft.)	111,000	111,000	111,000	111,000
Garage (Sq. Ft.)	1,800,000	1,800,000	1,800,000	1,800,000
Vehicle Capacity	5,000+	5,000+	5,000+	5,000+
Shuttle Bus Fleet (units)	48	48	48	48

This schedule provides information on the nature, volume, and usage of the Department's capital assets for the last ten years of the Department's operations.

CLARK COUNTY DEPARTMENT OF AVIATION
CLARK COUNTY, NEVADA
Statistical Section

Nature, Volume, and Usage of Capital Assets - Last Ten Fiscal Years (continued)

For the Fiscal Years Ended:

2016	2015	2014	2013	2012	2011
31	32	35	44	39	36
152	149	(including 27 international)	(including 27 international)	(including 26 international)	(including 21 international)
1,463	1,429	1,432	1,429	1,465	1,423
938	907	931	929	959	942
46,629,208	43,685,099	42,323,363	41,681,296	41,874,993	40,495,125
2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres	2,820 acres
25R*/7L: 14,510' X 150'	25R*/7L: 14,510' X 150'	25R*/7L: 14,510' X 150'	25R*/7L: 14,510' X 150'	25R*/7L: 14,510' X 150'	25R*/7L: 14,510' X 150'
25L*/7R: 10,526' X 150'	25L*/7R: 10,526' X 150'	25L*/7R: 10,526' X 150'	25L*/7R: 10,526' X 150'	25L*/7R: 10,526' X 150'	25L*/7R: 10,526' X 150'
19R/1000L*: 8,985' X 150'	19R/1000L*: 8,985' X 150'	19R/1000L*: 8,985' X 150'	19R/1000L*: 8,985' X 150'	19R/1000L*: 8,985' X 150'	19R/1000L*: 8,985' X 150'
19L/1000R: 9,775' X 150'	19L/1000R: 9,775' X 150'	19L/1000R: 9,775' X 150'	19L/1000R: 9,775' X 150'	19L/1000R: 9,775' X 150'	19L/1000R: 9,775' X 150'
* ILS equipped	* ILS equipped	* ILS equipped	* ILS equipped	* ILS equipped	* ILS equipped
109	110	110	110	110	104
2,340,694	2,340,694	2,340,694	2,340,694	2,340,694	1,017,254
1,540,266	1,540,266	1,540,266	1,540,266	1,540,266	767805.44
3,880,960	3,880,960	3,880,960	3,880,960	3,880,960	1785059.44
510,482	510,482	510,482	510,482	510,482	381529.57
497,036	497,036	497,036	497,036	497,036	182612.65
4,888,478	4,888,478	4,888,478	4,888,478	4,888,478	2349201.66
1,381	1,381	1,381	1,381	1,381	791
857	1,530	1,530	1,530	1,530	932
7,363	7,363	7,363	7,363	7,363	3,432
624	624	624	624	624	N/A
N/A	N/A	N/A	N/A	N/A	272
5,100	5,100	5,100	5,100	5,100	5100
1,954	1,954	1,954	1,954	1,954	1,984
17,279	17,952	17,952	17,952	17,952	12,511
111,000	111,000	111,000	111,000	111,000	111,000
1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
5,000+	5,000+	5,000+	5,000+	5,000+	5,000+
50	50	50	50	50	50

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APPENDIX C

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SERIES INDENTURE

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

Following is a summary of certain provisions of the Master Indenture. This summary is not intended to be definitive and is qualified in its entirety by reference to the Master Indenture.

DEFINITIONS

The terms set forth below have the same meanings in the Master Indenture, this Official Statement and this Appendix except as otherwise noted. Unless the context otherwise requires, the terms defined under this caption will, for all purposes of this Official Statement, have the meanings herein specified. All defined terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Master Indenture.

“Additional Project” means (a) any additions, betterments, extensions, other improvements, or equipment of or related to the Airport System, and (b) any airport or airport related facility hereafter constructed, or otherwise acquired, or operated and maintained by the County at any site or sites other than the site of the Airport and any additions, betterments, extensions, or other improvements of any such airport or airport facilities; but excluding any Special Facilities.

“Aggregate Debt Service Requirements” means, for any Bond Year, the sum of the Debt Service Requirements of any Senior Lien Revenue Securities payable from the Net Revenues, which payment is secured by a pledge of and lien on the Net Revenues of the Airport System.

“Airport Facilities” or **“Airport System”** has the meaning set forth in the front part of this Official Statement.

“Airport Management Consultant” means an independent airport management consultant or airport management consulting firm, as from time to time appointed and compensated by the Governing Body on the behalf and in the name of the County, (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation and management of airports and airport facilities and (b) who is selected and retained by the Governing Body, in the name of the County, and is compensated thereby, but who is not in the regular employ or control of the County.

“Board” means the Board of County Commissioners of Clark County, in the State of Nevada, including any successor of the County.

“Bond Year” means the 12 months commencing on July 2nd of any calendar year and ending on July 1 of the next succeeding calendar year.

“Chairman” means the de jure or de facto chairman of the Governing Body and chosen as such officer by the Governing Body from the members thereof, and means the de jure or de facto vice chairman of the Governing Body whenever the chairman thereof is unable to act in such capacity, and the defined term means, his successor in functions, if any.

“Clerk” means the de jure or de facto county clerk of the County and chosen as such officer by the electors of the County, and means a de jure or de facto deputy clerk of the County whenever the clerk thereof is unable to act in such capacity, and the defined term means his successor in functions, if any.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, which has a capital and surplus of \$25,000,000

or more, and which is located within the United States; and such term includes, without limitation, any "Trust Bank."

"Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year.

"Consulting Engineer" means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, as from time to time determined by the County, which Person or Persons (a) have a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities, (b) are entitled to practice and are practicing as such under the laws of the State, and (c) are selected, retained and compensated by the Governing Body, in the name and on behalf of the County, and who may be in the regular employ or control of the County.

"Debt Service Requirements" or "Securities Requirements," means, for any Fiscal Year, as applied to any series of Revenue Bonds or other Revenue Securities issued under the Master Indenture, the sum of (a) the amount required to pay the interest on all Outstanding Senior Lien Revenue Securities of such series which is payable during the Comparable Bond Year, but if the Revenue Bonds or Revenue Securities of any series bear interest at a variable rate of interest, then except as provided in the Master Indenture with respect to Revenue Bonds subject to a Qualified Swap, the interest rate used in the foregoing determination will be the prevailing interest rate on such Revenue Bonds or Revenue Securities at the time of calculation, but neither greater than any maximum interest rate pertaining to such variable interest rate nor less than any minimum interest rate pertaining to such variable interest rate; (b) the amount required to pay the principal of all Outstanding Serial Senior Lien Revenue Securities and any prior redemption premiums due in connection therewith of such series which is payable in the Comparable Bond Year; (c) the Sinking Fund Requirements of the Outstanding Term Senior Lien Revenue Securities of such series for such Bond Year (other than Term Senior Lien Revenue Securities constituting Senior Guaranteed Obligations); and (d) the amount of any Senior Guaranteed Obligation Requirements for any Senior Guaranteed Obligations due in the Comparable Bond Year.

Any computation of the Debt Service Requirements is made for the computation of the Senior Lien Revenue Securities of the series to which the computation pertains as the Securities Requirements fall due (other than by call of Revenue Securities for prior redemption as the County's option except as hereinafter specifically provided) during any one succeeding Bond Year, but including in any computation as a part of the Debt Service Requirements for the Bond Year the Sinking Fund Requirements becoming due and payable therein, for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any such Revenue Securities last become due at their respective fixed maturity dates or on a Redemption Date on which any Revenue Bonds and any other Revenue Securities thereafter maturing are called for prior redemption or on which the County has obligated itself to such Revenue Bonds or any other Revenue Securities for prior redemption, whichever time is earlier, if any, by not including as Outstanding any Revenue Securities which are no longer Outstanding under the defeasance provisions of the Master Indenture, subject to the following provisions:

(i) In any computation of the Debt Service Requirements preliminary to the computation of the Maximum Aggregate Debt Service Requirements for the Debt Service Reserve Fund, the computation pertains to the Outstanding Senior Lien Revenue Securities, including, without limitation, any Senior Guaranteed Obligations, without taking into account any Swap Termination Payments due in connection therewith, and the computation pertains to the same Fiscal Year or other 12-month period in the case of the computation under Section 705A of the Master Indenture (relating to the earnings test required to be met as a condition precedent to the issuance of additional Senior Lien Revenue Securities),

(ii) In any computation for the issuance of additional Senior Lien Revenue Securities as provided in the Master Indenture, for the issuance of additional Senior Lien Revenue Securities to refund Outstanding Senior Lien Revenue Securities or other Revenue Securities as provided in the Master Indenture, and of the Debt Service Requirements under the Rate Maintenance Covenant in the Master Indenture, the computation pertains to the Outstanding Senior Lien Securities, including, without limitation, any Senior Parity Guaranteed Obligations, without, for purposes of the conditions for issuing additional Senior Lien Revenue Securities in the Master Indenture and the conditions for issuing additional Senior Lien Revenue Securities to refund Outstanding Senior Lien Revenue

Securities or other Revenue Securities as provided in the Master Indenture, taking into account any Swap Termination Payments due in connection therewith, and in the computation of paragraph (1) of the Rate Maintenance Covenant, but not paragraph (2) thereof, the computation also pertains to any Subordinate Revenue Securities, be they General Obligation Securities or Subordinate Revenue Securities the payment of which is secured by a pledge of or lien on the Net Revenues, or both such a pledge and such a lien, so including any Subordinate Guaranteed Obligations; and in the computation of either or both the Debt Service Requirements as required for the issuance of additional Senior Lien Revenue Securities and the amounts required by the Rate Maintenance Covenant there shall be excluded from the amounts to be paid thereunder those amounts which are to be paid in any Fiscal Year or its Comparable Bond Year, as the case may be, with revenues other than those derived as Pledged Revenues from the operation of the Airport Facilities, e.g., with revenues constituting Revenue Bond proceeds, grants in aid from the Federal Government, or otherwise.

For purposes of computing the Debt Service Requirements of Revenue Bonds and other Revenue Securities with respect to which a Qualified Swap is in effect, the interest payable thereon (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable thereon in accordance with the terms thereof plus any amount required to be paid by the County to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the County pursuant to the Qualified Swap, or (b) for purposes of computing the Debt Service Requirements preliminary to the computation of the Maximum Aggregate Debt Service Requirements for the Debt Service Reserve Fund as provided in the Master Indenture, for purposes of any computation for the issuance of additional Senior Lien Revenue Securities as provided in the Master Indenture, and for purposes of any computation for the issuance of additional Senior Lien Revenue Securities to refund Outstanding Senior Lien Revenue Securities or other Revenue Securities as provided in the Master Indenture, shall be deemed to be the amount accruing at the fixed rate as provided in the Qualified Swap. No computation of Debt Service Requirements under the Master Indenture shall take into account Swap Termination Payments unless such Swap Termination Payments are then due and payable in accordance with the terms of the related Qualified Swap.

For purposes of computing the Debt Service Requirements of a Qualified Swap with respect to which no Revenue Bonds remain Outstanding or of that portion of a Qualified Swap with respect to which the notional amount is greater than the principal amount of Outstanding Revenue Bonds to which such Qualified Swap relates, (a) for purposes of the provisions of the Master Indenture relating to payment of interest from the Bond Fund, the interest payable therefor shall be deemed to be the net amount, if any, required to be paid by the County to the Qualified Swap Provider pursuant to the Qualified Swap, and (b) for purposes of any computation of Debt Service Requirements for a period after the date of computation, the interest payable thereon shall be deemed to be the net amount most recently paid, as of the date of computation, by the County to the Qualified Swap Provider thereunder or (expressed as a negative number) by the Qualified Swap Provider to the County thereunder.

“Defeasance Securities” means (a) Federal Securities which are not callable for redemption prior to their maturity by any Person other than the owner thereof and (b) other Investment Securities (i) which either are not callable for redemption prior to their maturities by any Person other than the owner thereof or for which an option to redeem prior to maturity has previously been irrevocably exercised (or an irrevocable covenant to exercise such option has previously been made by the Person entitled to exercise such option) and the redemption date of such securities has thereby been irrevocably fixed prior to the use of any such securities as Defeasance Securities, and (ii) which at the time of their initial use as Defeasance Securities are rated in the highest generic rating category by Standard & Poor’s or Moody’s.

“Director” means the de jure or de facto director of aviation of the County and designated as such by the County, and means the de jure or de facto chief assistant of that official or the acting director of aviation, if any, of the County whenever the director of aviation is unable to act in such capacity, or the successor of the director of aviation in functions, if any.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which are unconditionally guaranteed by, the United States.

“Financial Consultant” means the firm which is retained by the County to render to it fiscal advice and to perform financial advisory services in connection with a series of bonds and the Airport Facilities.

“Fiscal Year” means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; and if the Nevada legislature changes the statutory fiscal year relating to the County, the Fiscal Year will conform to such modified statutory fiscal year from the time of each such modification, if any.

“General Obligation Requirements” means an amount derived from Pledged Revenues sufficient to pay the principal of, any prior redemption premium due in connection with, and the interest on any Airport System improvement or refunding project, or both improvement project and refunding project, General Obligation Securities and to be credited to the Subordinate Securities Fund or the Capital Fund as provided in the Master Indenture, except to the extent the County may appropriate money therefor from other sources of funds.

“General Obligation Securities” means general obligation bonds, general obligation notes or general obligation securities issued for purposes pertaining to the Airport System payable from general (ad valorem) taxes and for the payment of which the County pledges its full faith and credit, which payment may be additionally made from the Net Revenues deposited to the Capital Fund created by the Master Indenture; but if the payment of such General Obligation Securities is additionally secured by a pledge of and lien on the Net Revenues, or both such a pledge and such a lien, as Subordinate Revenue Securities are to be paid from the Subordinate Securities Fund.

“Governing Body” means the Board.

“Gross Revenues” has the meaning set forth in the front part of this Official Statement.

“Guaranteed Obligation Requirements” means, with respect to any Guaranteed Obligations pertaining to any series of Senior Lien Revenue Securities or Subordinate Revenue Securities, regardless of whether any calculation of the designated requirements for inclusion in any Debt Service Requirements for any Bond Year and pertaining to any reserve account, any earnings test for the issuance of additional Revenue Securities, the rate maintenance covenant in the Master Indenture or any other rate maintenance covenant which in turn pertains to any Subordinate Revenue Securities, is made prior to, on or after the fixed maturity date of such Guaranteed Obligations, the sum of the amounts to be accumulated in the Bond Fund or Subordinate Securities Fund, as the case may be, by the County in each Fiscal Year for payment by the County in the Comparable Bond Year to a Qualified Bank, as compensation for the payment from the proceeds of its Letter of Credit of at least wholly or in part the principal amount of the Guaranteed Obligations in accordance with the related Letter of Credit Agreement, but subject to the following provisions:

(a) In the case of any calculation made prior to the fixed maturity date of the Guaranteed Obligations for each Comparable Bond Year, (i) in the calculation for the period from the date of the calculation to and including the fixed maturity date of such obligations, (a) there shall be excluded from the calculation the principal amount of the Guaranteed Obligations, but (b) the interest thereon shall be included in the calculation as a part of the interest as the same becomes due on and before that fixed maturity date, and (ii) for the period after such maturity date there shall be included in the calculation for each Bond Year the maximum amount required to be paid by the County to the Qualified Bank (whether by reason of scheduled payments, payments required to be made at the option or demand of the Qualified Bank, or otherwise) pursuant to the Letter of Credit Agreement as if the Letter of Credit had been drawn upon its full amount to pay the Guaranteed Obligations on the fixed maturity date thereof; and

(b) In the case of any calculation made on or after the fixed maturity date of the Guaranteed Obligations, there shall be included in the calculation for the Bond Year in which the calculation is made and for each subsequent Bond Year the amount required to be paid by the County to the Qualified Bank (whether by reason of scheduled payments, payments required to be made at the option or demand of the Qualified Bank or otherwise) as compensation in accordance with the terms of the Letter of Credit Agreement, if at the time of or prior to the calculation the Letter of Credit shall have been drawn upon wholly or in part to pay the principal of the Guaranteed Obligations, or both the principal thereof and the interest thereon, as the case may be, and in such case the repayment obligations under the Letter of Credit Agreement shall constitute Senior Lien Revenue Securities or Subordinate Revenue Securities, as the case may be.

“Guaranteed Obligations” means either Senior Guaranteed Obligations or Subordinate Guaranteed Obligations, or both of the foregoing, as the context requires.

“Investment Securities” means:

(a) Bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States;

(b) If the laws of the State permit any of the following investments to be made at the time the investment is made, any of the following investments:

(i) Interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any State or the Federal Government, including the State of Nevada, or any national banking association that are members of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Deposit Insurance Corporation, if either (a) the capital and surplus of such bank or savings and loan association is at least equal to \$10,000,000 or (b) such time deposits in any bank or savings and loan association are secured by obligations described in subparagraphs (a) and (if then so permitted by law) (b) (ii) of this definition or by tax-exempt unlimited general obligation bonds of a state or municipal government rated “A” or better by one or more nationally recognized rating agencies, in the aggregate having at all times a market value (exclusive of accrued interest) at least equal to such time deposits so secured, including accrued interest (or by any combination of such securities);

(ii) Bonds, debentures, or notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies; Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor;

(iii) Repurchase agreements or reverse repurchase agreements with banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which such agreements are secured by securities which are obligations described in subparagraph (a) of this definition;

(iv) Repurchase agreements or reverse repurchase agreements with banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture and government bond dealers reporting and trading with the Federal Reserve Bank of New York, which such agreements are secured (if then so permitted by law) by securities which are obligations described in subparagraph (b)(ii) of this definition;

(v) Banker’s acceptances endorsed and guaranteed by banks described in subparagraph (b)(i) of this definition or as otherwise described in the Master Indenture which have a capital and surplus of \$25,000,000 or more;

(vi) New housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government;

(vii) Any bond or other obligation the interest on which is excluded from gross income under Section 103 of the Tax Code which has a rating in one of the two highest generic rating categories from Moody’s or Standard & Poor’s;

(viii) Money market funds registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, as amended, and having a rating by Standard & Poor's of AAAm-G, AAAm, or AAm and if rated by Moody's, rated Aaa, Aa1 or Aa2; and

(ix) Any other security or account in which the Treasurer of, or any municipality corporation in, the State is from time to time authorized to invest public funds.

“Letter of Credit” means an irrevocable and unconditional letter of credit issued to the Trustee by a Qualified Bank which is issued to secure payment of Guaranteed Obligations on their maturity date or is used to fund all or a portion of the Debt Service Reserve Fund created by the Master Indenture.

“Letter of Credit Agreement” means the agreement between the County and the Qualified Bank pursuant to which the Qualified Bank agrees to issue a Letter of Credit and which sets forth the repayment obligation of the County to the Qualified Bank on account of any draw under the Letter of Credit, which agreement shall be authorized by the County in the Series Indenture which also authorizes the issuance of the Guaranteed Obligations or the funding of all or a part of the Debt Service Reserve Fund created by the Master Indenture with a Letter of Credit.

“Maximum Aggregate Debt Service Requirements” means, as of the date of calculation, the Aggregate Debt Service Requirements as computed for the Bond Year in which such sum is the largest.

“Moody’s” means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Standard & Poor's) as may be designated in writing by the County and, with respect to any particular series of Revenue Bonds, approved in writing by any bond insurer insuring payment of principal of and interest on such Revenue Bonds.

“Net Rent Lease” means a lease of property or facilities pertaining to the Airport System or Special Facilities entered into by the County pursuant to which the lessee or licensee agrees to pay to the County rentals during the term thereof, and to pay in addition all operations and maintenance expenses pertaining to the leased facilities, including, without limitation, maintenance costs, insurance and all property taxes and assessments now or hereafter lawfully levied, commonly known in the real estate business as a “100% net rental lease.”

“Net Revenues” has the meaning set forth in the front part of this Official Statement.

“Operation and Maintenance Expenses” has the meaning set forth in the front part of this Official Statement.

“Other Available Funds” means, with respect to the Master Indenture, for any Fiscal Year, the smallest amount of unencumbered funds at any time in the Fiscal Year on deposit in the Capital Fund in excess of the Minimum Capital Reserve; but in no event shall such amount exceed 25% of the Aggregate Debt Service Requirements for the Senior Lien Revenue Securities then Outstanding for the Comparable Bond Year.

“Outstanding” when used with reference to any Revenue Bonds or any other designated Revenue Securities and as of any particular date means all the Revenue Bonds or any such other Revenue Securities payable from Gross Revenues or otherwise pertaining to the Airport System, as the case may be, in any manner theretofore and thereupon being executed and delivered: except (a) any Revenue Bond or other Revenue Security canceled by the County, by the Paying Agent or otherwise on the County's behalf, at or before such date; (b) any Revenue Bond or other Revenue Security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a Trust Bank in escrow or in trust for that purpose, as provided in the Master Indenture; and (c) any Revenue Bond or other Revenue Security in lieu of or in substitution for which another Revenue Bond or other Revenue Security shall have been executed and delivered pursuant to the Master Indenture.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as paying agent for Revenue Securities.

“Person” means a corporation, firm, other body corporate (including, without limitation, the federal government, the State, or any other body corporate and politic other than the County) partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to laws.

“Pledged Revenues” means all or a portion of the Gross Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

“Project” means any Additional Project comprised of the enlargement, other improvement and equipment of the Airport System, including, without limitation, the acquisition of land therefor, or any combination thereof, as the Improvement Project or any other project may be modified pursuant to the Master Indenture, in the absence of the defined term expressly including both an Improvement Project and a Refunding Project as to any series of Revenue Bonds or other Revenue Securities as stated in the proceedings pertaining thereto.

“Qualified Bank” means a Commercial Bank organized and in good standing under the laws of the United States or any state thereof, and, insofar as the Letter of Credit of such bank secures the payment of Senior Guaranteed Obligations, whose most recent debt obligations are rated by Moody’s or by Standard & Poor’s at least one full rating category above the rating on any Senior Lien Revenue Bonds which are not Guaranteed Obligations and which are then Outstanding, but not less than “A” by either agency.

“Qualified Surety Bond” means any surety bond or other insurance policy, which has liquidity features equivalent to a Letter of Credit, or any Letter of Credit deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for monies on deposit therein, the issuer of which is rated in the highest rating category by each Rating Agency.

“Qualified Swap” means any financial arrangement which, in connection with a particular series of Revenue Bonds, has been approved in writing by any bond insurer insuring payment of principal of and interest on such series of Revenue Bonds (i) that is entered into by the County with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the County shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the designated principal amount of Revenue Bonds Outstanding as described therein, and that such entity shall pay to the County an amount based on the interest accruing on such principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Revenue Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the County as a Qualified Swap with respect to such Revenue Bonds.

“Qualified Swap Provider” means with respect to a Qualified Swap, a financial institution whose senior long term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated (at the time the subject Qualified Swap is entered into) at least A3, in the case of Moody’s and A-, in the case of Standard & Poor’s, or the equivalent thereto in the case of any successor thereto, and which is approved in writing by any bond insurer insuring payment of principal of and interest on the series of Revenue Bonds to which such Qualified Swap relates.

“Registrar” means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as registrar.

“Reserve Requirement” shall have the meaning set forth in the related Series Indenture.

“Revenue Bonds” (defined as “Bonds” in the Master Indenture) means any bond or bonds issued in accordance with the provisions of the Master Indenture which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on the Net Revenues. The term “Revenue Bonds”

does not include any special obligation bonds or other special obligation securities designated as Special Facilities Bonds and pertaining to Special Facilities, and such term does not include any Subordinate Revenue Bonds unless the context of the provisions in which the term “Revenue Bonds” is used clearly indicates that term pertains to Subordinate Revenue Bonds. In connection with Revenue Bonds of a series with respect to which a Qualified Swap is in effect or proposed to be in effect, the term “Revenue Bonds” includes, collectively, both such Revenue Bonds and either such Qualified Swap or the obligations of the County under such Qualified Swap, as the context requires, but the Qualified Swap Provider shall not be considered to be an owner of Revenue Bonds for purposes of receiving notices, granting consents or approvals, or directing or controlling any actions, restrictions, rights, remedies or waivers under the Master Indenture, except as expressly provided in the Master Indenture.

“Revenue Securities” (defined as “Securities” in the Master Indenture) means any bond or bonds, note or notes, warrant or warrants, or other similar securities or any book entry obligations, or any certificates whether pertaining to such securities or not or to other securities, authorized by law to be issued by the County in relation to the Airport System and issued in accordance with the Master Indenture which securities are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on the Net Revenues. In connection with Revenue Securities with respect to which a Qualified Swap is in effect or proposed to be in effect, the term “Revenue Securities” includes, collectively, both such Revenue Securities and either such Qualified Swap or the obligations of the County under such Qualified Swap, as the context requires. The term “Revenue Securities” also includes a Qualified Swap or the obligations of the County under such Qualified Swap, as the context requires, although none of the Revenue Bonds with respect to which such Qualified Swap was entered into are Outstanding. The Qualified Swap Provider shall not be considered to be an owner of Revenue Securities for purposes of receiving notices, granting consents or approvals, or directing or controlling any actions, restrictions, rights, remedies or waivers under the Master Indenture, except as expressly provided therein.

“Securities Depository” means The Depository Trust Company, New York, New York, and its successors and assigns, or any additional or other securities depository designated in a Series Indenture, or: (i) if the then Securities Depository resigns from its functions as depository of the Bonds; or (ii) if the County discontinues use of the Securities Depository pursuant to the Master Indenture, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the County with the consent of the Trustee.

“Senior Lien Revenue Bonds,” “Senior Lien Revenue Securities” or “Senior Securities” (defined as “Parity Bonds” and “Parity Securities” in the Master Indenture) and **“Senior Bonds”** as used in the front part of this Official Statement but not in this Appendix C, refer to the 2010C Bonds, the 2010D Bonds, the 2015A Bonds, the 2019B Bonds, the 2019C Bonds and any other securities or bonds pertaining to the Airport System and payable from Net Revenues on a parity with such Revenue Bonds, including the obligations payable to a Qualified Bank under a Letter of Credit Agreement and in connection with Revenue Bonds or other Revenue Securities with respect to which a Qualified Swap is in effect or proposed to be in effect, the terms “Senior Lien Revenue Bonds” and “Senior Lien Revenue Securities” includes, collectively, both such Revenue Bonds and either such Qualified Swap or the obligations of the County under such Qualified Swap, as the context requires, except as otherwise provided in the Master Indenture.

“Senior Guaranteed Obligations” means one or more Senior Term Securities of any series becoming due on one fixed maturity date, the payment of which Senior Lien Revenue Securities is additionally secured by a Letter of Credit issued by a Qualified Bank pursuant to a Letter of Credit Agreement.

“Serial Senior Lien Revenue Bonds” or “Serial Senior Lien Revenue Securities” means the Revenue Bonds or other Senior Lien Revenue Securities of any series which are stated to mature in consecutive annual installments.

“Series Indenture” means a supplemental instrument providing for the issuance of any particular Series of Bonds or other Securities.

“Sinking Fund Requirements” means, with respect to the Term Bonds or Term Securities for any series other than Guaranteed Obligations and for any Fiscal Year, the amount to be accumulated in the Fiscal Year in the Sinking Fund Account for the payment for the principal amount fixed or computed for the Comparable Bond Year for the retirement of such Term Bonds or Term Securities by purchase, either upon the open market or by calls for

tenders for purchase by the County, or by both such types of purchase, or by prior redemption, or by both such purchase and such prior redemption, as follows. The Sinking Fund Requirements for the Term Bonds or Term Securities of each series for each Fiscal Year in which the Sinking Fund Requirements are accumulated in the Sinking Fund Account for payment of Term Bonds or Term Securities are initially the respective principal amounts of the Term Bonds or Term Securities to be redeemed on July 1 of the Comparable Bond Year as fixed in the Series Indenture for such series, or otherwise so retired by purchase not later than 45 days prior to that due date. The aggregate amount of the Sinking Fund Requirements payable for the Term Bonds or Term Securities of each series shall be equal to the aggregate principal amount of the Term Bonds or Term Securities of the series then Outstanding. The Sinking Fund Requirements for the Term Bonds or Term Securities of the same maturity of each series are accumulated by substantially equal monthly deposits in the Sinking Fund Account commencing on the first day of the Fiscal Year which pertains to the Comparable Bond Year on July 1 of which Term Bonds or Term Securities are paid by prior redemption or prior purchase, and ends with the Bond Year which ends one year next preceding the fixed maturity date of each series of such Term Bonds or Term Securities (such final installment being payable on the fixed maturity date). If at the close of any Bond Year the total principal amount of the Term Bonds or Term Securities of any series of the same maturity retired by purchase or prior redemption during the Bond Year shall be greater than the total amount of the Sinking Fund Requirements for such Term Bonds or Term Securities to and including the Bond Year, then the Sinking Fund Requirements for such Term Bonds or Term Securities for all subsequent Bond Years must be reduced by the amount of that excess as determined by the Board. The amount of the reduction in the Sinking Fund Requirements for each subsequent Bond Year shall be as determined by the Board. Once the Board has adjusted the Sinking Fund Requirements for the subsequent Bond Years to reflect the reduction resulting from the excess redemption or purchase in contradistinction to any like excess reduction resulting from an excess redemption or purchase in any of the subsequent Bond Years. If at the close of any Bond Year the total principal amount of the Term Bonds or Term Securities of any series of the same maturity retired by purchase or prior redemption during the Bond Year shall be less than the total amount of the Sinking Fund Requirements for those Term Bonds or Term Securities to and including the Bond Year, then the Sinking Fund Requirement for the Term Bonds or Term Securities expended in the next ensuing Bond Year must be increased by the amount of such deficiency and such event shall be an Event of Default under the Master Indenture. The Board shall, before the first day of each Fiscal Year, recompute, if necessary, the Sinking Fund Requirements for the Comparable Bond Year and all subsequent Bond Years for the Term Bonds or Term Securities of each series then Outstanding. The Sinking Fund Requirements for the Bond Year as recomputed shall continue to be applicable during the Bond Year and no adjustment need be made therein by reason of Term Bonds or Term Securities purchased or called for prior redemption during the Bond Year.

“Special Facilities” means structures, hangars, aircraft overhaul, maintenance or repair shops, heliports, hotels, storage facilities, garages, other facilities, and appurtenances, being a part of or related to the Airport System, the cost of the construction or other acquisition of which Special Facilities is financed with the proceeds of Special Facilities Bonds.

“Special Facilities Bonds” means the bonds or other securities payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease or Net Rent Leases pertaining to Special Facilities as provided in the Master Indenture.

“Standard & Poor’s” means Standard & Poor’s Global Ratings, a division of Standard & Poor’s Financial Services LLC, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Moody’s) as may be designated in writing by the County and approved in writing by any bond insurer insuring payment of principal of and interest on such Revenue Bonds.

“Subordinate Revenue Bonds” or “Subordinate Revenue Securities” (defined as “Subordinate Bond” and “Subordinate Securities” in the Master Indenture) means bonds or other securities pertaining to the Airport System and payable from its Net Revenues subordinate and junior to the lien thereon of the Revenue Bonds and include Swap Termination Payments and any other amounts payable by the County under a Qualified Swap entered into in connection with the proposed issuance of a series of Revenue Bonds in the event that no Revenue Bonds of such series are issued by the date provided in such Qualified Swap.

“Subordinate Guaranteed Obligations” means one or more Subordinate Revenue Securities of any series becoming due on one fixed maturity date, the payment of which Subordinate Revenue Securities is additionally secured by a Letter of Credit issued by a Qualified Bank pursuant to a Letter of Credit Agreement.

“Swap Termination Payment” means an amount payable by the County or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap. Beginning on the date, if any, that a Swap Termination Payment by the County becomes due and payable, the amount of such Swap Termination Payment shall be taken into account in determining the Debt Service Requirements of the series of Revenue Bonds to which such Qualified Swap relates, except as otherwise specifically provided in the Master Indenture.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., or any successor Commercial Bank which may be appointed from time to time as trustee for Revenue Securities.

“Tax Code” means the Internal Revenue Code of 1986, as amended.

“Term Bonds” or **“Term Securities”** means the Revenue Bonds or Revenue Securities of a series with a fixed maturity date or dates designated as Term Bonds or Term Securities (other than Guaranteed Obligations) in a Series Indenture, but which fixed maturity date or dates do not constitute consecutive annual installments.

“Treasurer” means the de jure or de facto county treasurer of the County, or his successor in functions, if any.

MASTER INDENTURE

Revenue Pledge

Pursuant to the Master Indenture, the County has irrevocably pledged the Net Revenues of the Airport System to the payment of the Senior Lien Revenue Bonds. The facilities comprising the Airport System, however have not been pledged to secure payment of the Senior Lien Revenue Bonds. The Senior Lien Revenue Bonds are also secured by a pledge of all funds and accounts held under the Master Indenture, subject to the provisions of the Master Indenture permitting disbursements of such amounts at the times and in the manner described therein.

The Senior Lien Revenue Bonds and other Revenue Securities are special obligations of the County payable solely from Net Revenues generated by the Airport System. The Senior Lien Revenue Bonds and other Revenue Securities do not constitute a debt of the County within the meaning of any Constitutional or statutory provision or limitation, or a pledge of the full faith, credit and taxing power of the County.

The Master Indenture creates a special fund designated the Revenue Fund, to which the County is required to set aside and credit all Gross Revenues of the Airport System upon receipt thereof by the County. The Master Indenture requires that moneys or deposits in the Revenue Fund be applied solely in accordance with the order of priorities established by the Master Indenture. The first such priority and charge against the Revenue Fund is the payment of Operation and Maintenance Expenses budgeted and approved pursuant to the Master Indenture, including transfers to the Rebate Accounts established with respect to any series of Revenue Bonds.

Issuance of Subordinate Revenue Securities and Special Facilities Bonds

The Master Indenture provides that the County may issue junior lien (subordinate) securities. The Master Indenture also includes provisions under which the County may issue Special Facilities Bonds for the purpose of constructing Special Facilities at the Airport for lease on a net rent basis. Any such Special Facilities Bonds shall be payable solely from rentals payable to the County pursuant to such Net Rent Leases, and shall not be a charge or claim against the Revenue Fund or any other account designated in the Master Indenture.

Acquisition of Additional Facilities

The County is not to acquire additional airfields or other independent airport facilities unless, in the written opinion of the Airport Management Consultant, the acquisition, operation and maintenance of such facilities will not materially affect the County's ability to comply with the Rate Maintenance Covenant described above or unless such facilities are excluded from the Airport Facilities at the option of and by order of the Board.

Security for Deposits; Investments

Until such money is invested pursuant to the last paragraph of this section, all money (not including securities) held by the Trustee may be deposited by the Trustee in demand or time deposits in its banking department or with such other Commercial Banks as may be designated by the County and approved by the Trustee. No such money is to be deposited with any Commercial Bank, other than the Trustee, in an amount exceeding 50% of the amount which an officer of such bank shall certify to the Trustee and to the County as the combined capital and surplus of such bank. No such money is to be deposited or remain on deposit with any Commercial Bank, including the Trustee, in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency:

A. unless such bank shall have lodged with the trust department of the Trustee or, with the written approval of the Trustee and of the County, pledged to some other Commercial Bank for the benefit of the County and every owner of any Revenue Securities issued under the Master Indenture, as collateral security for the moneys deposited, Federal Securities or such securities as are provided by law for securing a deposit in a Commercial Bank in the State, having a market value (exclusive of accrued interest) at least equal to 110% of the amount of such moneys; or

B. unless, in lieu of such collateral security as to all or any part of such moneys, there shall have been lodged with the trust department of the Trustee for the benefit of the County and every owner of any Revenue Securities issued under the Master Indenture, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States and qualified to transact business in the state in which such Commercial Bank is located in a sum at least equal to the amount of such moneys or part thereof.

Any money in any account or subaccount designated in the Master Indenture (other than any account for the refunding, payment and/or discharge of the Securities Requirements of any Outstanding Revenue Bonds or other Revenue Securities under the defeasance provisions of the Master Indenture, or otherwise), and not required for immediate disbursement and withdrawal is to be invested or reinvested by the Treasurer or the Trustee at the direction of the Director or Chief Financial Officer of the Department of Aviation by deposit in one or more Commercial Banks or in Investment Securities (and subject to an appropriate statutory amendment, other investment securities) which Investment Securities either shall be subject to redemption at any time at a fixed value by the holder thereof, at the option of the holder, or shall mature from the date of such investment or reinvestment neither later than such times as moneys are needed for payments from the respective accounts and subaccounts, nor (1) in the case of the Debt Service Reserve Fund, (i) later than 10 years from the date of investment (unless redeemable at the holder's option), or (ii) later than the last fixed maturity date of the Senior Lien Revenue Securities, nor (2) in the case of the Construction Fund later than the estimated completion date of the Project, nor (3) in the case of the Working Capital and Contingency Reserve Fund in securities with an average maturity exceeding 2½ years. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account or subaccount shall be deemed at all times to be a part of the account or subaccount held in trust therefor.

Defeasance; Modification of the Master Indenture

When all principal, interest and any prior redemption premiums due in connection with Revenue Securities of any series payable from Pledged Revenues have been duly paid, or provision made therefor in accordance with the Master Indenture, the pledge and lien and all obligations under the Master Indenture shall thereby be discharged and such Revenue Securities shall no longer be deemed to be Outstanding. The County may provide for such payment by placing in escrow or in trust with a Trust Bank an amount sufficient, together with the known minimum yield available therefor from any initial investment in Defeasance Securities, to meet all requirements of principal,

interest and any prior redemption premiums due, as the same become due to the final maturity of the Revenue Securities or upon any prior redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option by the call of the Revenue Securities for payment.

The Master Indenture may be amended or supplemented by instruments executed and delivered by the Board in accordance with the laws of the State upon the written consent of the holders of 66% in principal amount of all Senior Lien Revenue Bonds then Outstanding (excluding any Senior Lien Revenue Bonds held by the County), but no instrument shall have the effect of permitting: (1) a change in the maturity or the terms of redemption of any installment of principal, or interest of any Outstanding Senior Lien Revenue Bond; (2) a reduction of the principal, interest rate or prior redemption premium of any Senior Lien Revenue Bond without the consent of the owner of such Senior Lien Revenue Bond; (3) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Master Indenture; or (4) a reduction of the principal amount or percentages or otherwise affecting the description of Senior Lien Revenue Bonds or the consent of the owners of which is required for any such modification of or prejudicial effect upon the rights or privileges of the owners of less than all of the Senior Lien Revenue Bonds then Outstanding.

Remedies of Senior Lien Revenue Bondholders

The Master Indenture defines "events of default" as follows: (1) the failure to pay when due the principal of any Senior Lien Revenue Bond, or any prior redemption premium in connection therewith, or any failure to pay installment of interest within 30 days after it is due; (2) the County is rendered incapable of fulfilling its obligations under the Master Indenture; (3) the County fails to perform (or begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System or any Special Facilities, continuing 60 days after notice of such failure; (4) the County discontinues, delays or fails to carry out reconstruction or replacement of any part of the Airport System which is destroyed or damaged; (5) an order or decree is entered appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or if such decree was entered without the consent of the County, it is not vacated, discharged or stayed on appeal within 60 days after entry; (6) the County defaults in the due and punctual performance of any other of the covenants, agreements and provisions contained in any Revenue Securities or in the Master Indenture on its part to be performed, if such default continues for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the County by the owners of 10% in principal amount of the Revenue Securities of any series then Outstanding or by the Trustee of the Revenue Securities; and (7) the County files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Code, or under any other applicable law or statute of the United States of America or the State. In the event of any default, the Trustee may proceed, and if the owners of not less than 10% in principal amount of any series of Senior Lien Revenue Securities then Outstanding so request, then the Trustee is to proceed, against the County to protect and enforce the rights of the owners of the Senior Lien Revenue Bonds under the Master Indenture by suit, action or special proceedings in equity or at law either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by an award of execution of any power granted in, the Master Indenture or for the enforcement of any proper legal or equitable remedy as such bondholders may deem most effectual to protect and enforce such rights.

Force Majeure

The Trustee shall not be considered in breach of or default in its obligations with respect to any obligations created under the Master Indenture or progress in respect thereto, in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including but not limited to: acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Trustee; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SERIES INDENTURE

The following statements are summaries of certain provisions of the Series Indenture but are in addition and complementary to the summaries found under the caption "SECURITY FOR THE 2021B NOTES."

DEFINITIONS

Unless the context otherwise requires, the terms defined under this caption will, for all purposes of this Official Statement, have the meanings herein specified. All defined terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Series Indenture.

“2019C Bonds” means the securities designated as the Clark County, Nevada, Airport System Revenue Bonds, Senior Series 2019C.

“2019D Bonds” means the securities designated as the Clark County, Nevada, Airport System Subordinate Lien Refunding Revenue Bonds, Series 2019D.

“2021B Refunding” means the payment of the principal of and interest on the Refunded Notes, as such principal and interest become due at maturity on July 1, 2021.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Business Day” means (i) any day other than a Saturday or Sunday, or (ii) a day on which banks located in the city in which the Principal Office of the Trustee is located are authorized or required to remain closed.

“Certificate of the County Chief Financial Officer” means the certificate signed by the Chief Financial Officer of the County relating to the 2021B Notes.

“Cost of the 2021B Refunding” or any phrase of similar import, means all or any part of the cost of the 2021B Refunding, which cost, at the option of the County (except as limited by law), may include all or any part of the incidental costs pertaining to the 2021B Refunding.

“Debt Service Requirements,” with respect to the 2021B Notes, means “Debt Service Requirements” as defined in the Master Indenture, except that for purposes of the Series Indenture there shall be included in the calculation of “Debt Service Requirements” of the 2021B Notes the interest on and principal of the 2021B Notes, and the amount of any Guaranteed Obligation Requirements of any Subordinate Guaranteed Obligations with respect thereto due in the Comparable Bond Year.

“Interest Payment Date” means each January 1 and July 1, commencing January 1, 2022; provided, that if the date for making any payment as provided in the Series Indenture shall not be a Business Day, such payment may be made on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Series Indenture, and no interest shall accrue for the period after such nominal date.

“PFC Bonds” means, collectively, those securities designated as the Clark County, Nevada, Las Vegas-McCarren International Airport Passenger Facility Charge Refunding Revenue Bonds, 2012 Series B, the Clark County, Nevada, Las Vegas-McCarren International Airport Passenger Facility Charge Refunding Revenue Bonds, 2015 Series C, the Clark County, Nevada, Las Vegas-McCarren International Airport Passenger Facility Charge Refunding Revenue Bonds, 2017 Series B, and the Clark County, Nevada, Las Vegas-McCarren International Airport Passenger Facility Charge Refunding Revenue Bonds, 2019 Series E.

“PFC Revenues” means all income and revenue received by or required to be remitted to the County from the \$4.50 passenger facility charge (but not from any future increase in such charge) per qualifying enplaned passenger imposed by the County pursuant to the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, Sections 9110 and 9111, as amended from time to time, the Federal Aviation Regulations issued thereunder, and the authorizing ordinances of the County, including any interest earned after such charges have been remitted to the County as provided in such Federal Aviation Regulations.

“Principal Office” means, with respect to the Trustee, 400 South Hope Street, Suite 500, Los Angeles, California 90071, Attention: Jane Thang, Vice President, or such other address as the Trustee may designate in writing to the County.

“Refunded Notes” means the outstanding Clark County, Nevada, Airport System Junior Subordinate Lien Revenue Notes, Series 2017C.

“Second Lien Subordinate Securities” means the 2019D Bonds, all other Subordinate Securities having a lien on the Net Revenues of the Airport System on a parity with the lien thereon of the 2019D Bonds, the PFC Bonds and any other payments under any interest rate swap agreements executed by the County pursuant to authorization granted by ordinance which by the terms thereof are secured by Net Revenues of the Airport System on a parity with the 2019D Bonds and such other Subordinate Securities, and any other additional Subordinate Securities hereafter issued with a lien thereon on a parity with the lien thereon of the 2019D Bonds and such other Subordinate Securities.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of issuance of the 2021B Notes.

SERIES INDENTURE

Set forth below is a summary of certain provisions of the Series Indenture. All capitalized terms used under this caption and not otherwise defined herein have the respective meanings given to such terms in the Series Indenture.

Obligation of County

Notes Equally Secured. The covenants and agreements set forth in the Series Indenture to be performed on behalf of the County will be for the equal benefit, protection and security of the Owners of any and all of the Outstanding 2021B Notes. All of the 2021B Notes, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of such Securities over any other thereof as to the Net Revenues.

No Pledge of Property. The payment of the 2021B Notes is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of the Net Revenues and any other moneys pledged for the payment of the 2021B Notes. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2021B Notes.

No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Debt Service Requirements of the 2021B Notes or for any claim based thereon or otherwise upon the Series Indenture authorizing their issuance or any other instrument relating thereto, against any individual member of the County or any officer or other agent of the County, past, present or future, either directly or indirectly through the County or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the 2021B Notes and as a part of the consideration of their issuance specially waived and released.

Revenue Pledge

The 2021B Notes constitute Subordinate Securities, the payment of which is secured by and is payable from the Net Revenues of the Airport System subordinate and junior to the lien thereon of the Senior Lien Revenue Securities now or hereafter outstanding and subordinate and junior to the lien thereon of the Second Lien Subordinate Securities now or hereafter outstanding. Such subordinate lien on the Net Revenues is on a parity with the lien thereon of (i) Clark County, Nevada, Jet Aviation Fuel Tax Refunding Revenue Bonds (Additionally Secured by Pledged Airport System Revenues), Series 2013A, (ii) any “Third Lien Obligations” or “Junior Lien Obligations” as defined in the respective ordinances or Series Indentures authorizing the issuance of Outstanding Second Lien Subordinate Securities and (iii) any other additional Subordinate Securities hereafter issued with a lien thereon on a parity with the lien thereon of the Notes. No Subordinate Securities with a lien on the Net Revenues superior to the lien thereon of the Notes but junior to the lien thereon of the Second Lien Subordinate Securities may be issued.

The County may, in its absolute discretion, use any PFC Revenues that are legally available for the purpose, to pay the principal of and interest on the 2021B Notes; provided, that such PFC Revenues are not and shall not be pledged for such purpose, and neither the Owners of the 2021B Notes nor the Trustee on their behalf shall have any lien on any such PFC Revenues.

Registration, Transfer and Exchange of Notes

Except as otherwise described in "APPENDIX E—DTC AND BOOK-ENTRY ONLY SYSTEM":

Registration and Transfer. Records for the registration and transfer of the 2021B Notes will be kept by the Registrar. Upon the surrender for transfer of any 2021B Note at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered Owner or its attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new 2021B Note or 2021B Notes of a like aggregate principal amount and series, bearing a number or numbers not previously assigned to 2021B Notes. 2021B Notes may be exchanged at the office of the Registrar for an equal aggregate principal amount of 2021B Notes of the same series of other Authorized Denominations. The Registrar shall authenticate and deliver the 2021B Note or 2021B Notes which the registered Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned to 2021B Notes. The Registrar shall require the payment by the Owner of any 2021B Note requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer and of the cost of preparing (excluding printing) and authenticating a new 2021B Note or 2021B Notes.

Effect of Registration. The Person in whose name any 2021B Note shall be registered in the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes; and payment of or on account of either principal or interest on any 2021B Note shall be made only to or upon the written order of the registered Owner thereof or its legal representative, but such registration may be changed upon transfer of such 2021B Note in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such 2021B Note to the extent of the sum or sums so paid.

Amendment of the Series Indenture

Privilege of Amendments. The Series Indenture may be amended or supplemented by instruments adopted by the County in accordance with the laws of the State, without receipt by the County of any additional consideration, but with the written consent of the Owners of a majority in aggregate principal amount of the 2021B Notes Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding any 2021B Notes which may then be held or owned for the account of the County, but including such refunding securities as may be issued for the purpose of refunding any of the 2021B Notes if the refunding securities are not owned by the County.

Limitations upon Amendments. No such instrument shall be adopted which adversely affects the Owners of any Senior Lien Revenue Bonds or any Second Lien Subordinate Securities then Outstanding. No such instrument shall permit without the written consent of all Owners of the 2021B Notes adversely and materially affected thereby:

Changing Payment. A change in the maturity or in the terms of redemption of the principal of any 2021B Note or any installment of interest thereon; or

Reducing Return. A reduction in the principal amount of any 2021B Note or the rate of interest thereon, without the consent of the Owner of the 2021B Note; or

Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Series Indenture, except as provided in the Master Indenture; or

Modifying any Note. A reduction of the percentages or otherwise affecting the description of 2021B Notes the consent of the Owners of which is required for any modification or amendment; or

Priorities between Notes. The establishment of priorities as between 2021B Notes Outstanding under the provisions of the Series Indenture, except as otherwise permitted thereby; or

Partial Modification. The modifications of or otherwise materially and prejudicially affecting the rights or privileges of the Owners of less than all of the 2021B Notes then Outstanding.

Notice of Amendment. Whenever the County proposes to amend or modify the Series Indenture under the provisions thereof, it is to cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by mailing to the purchasers of the 2021B Notes, the Trustee, the Paying Agent, the Registrar and the Owner of each of the 2021B Notes Outstanding under the Series Indenture. The notice is to briefly set forth the nature of the proposed amendment and state that a copy of the proposed amendatory instrument is on file in the office of the County Clerk for public inspection.

Time for Amendment. Whenever at any time within one year from the date of the mailing of such notice, there shall be filed in the office of the County Clerk an instrument or instruments executed by the Owners of a majority in aggregate principal amount of the 2021B Notes then Outstanding under the Series Indenture, which instrument or instruments will refer to the proposed amendatory instrument described in the notice and specifically consents to and approves the adoption of the instrument, thereupon, but not otherwise, the County may adopt the amendatory instrument and instrument will become effective.

Binding Consent to Amendment. If the Owners of a majority in aggregate principal amount of the 2021B Notes Outstanding under the Series Indenture, at the time of the adoption of the amendatory instrument, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as provided in the Series Indenture, no Owner of any 2021B Note, whether or not the Owner shall have consented to or shall have revoked any consent as provided above, will have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the County from taking any action pursuant to the provisions thereof.

Time Consent Binding. Any consent given by the Owner of a 2021B Note pursuant to the provisions of the Series Indenture will be irrevocable for a period of 6 months from the date of the mailing of the notice described above, and will be conclusive and binding upon all future Owners of the same 2021B Note during that period. The consent may be revoked at any time after 6 months from the date of the mailing of the notice by the Owner who gave the consent or by a successor in title by filing notice of the revocation with the County Clerk, but the revocation will not be effective if the Owners of a majority in aggregate principal amount of the 2021B Notes Outstanding under the Series Indenture, before the attempted revocation, consented to and approved the amendatory instrument referred to in the revocation.

Unanimous Consent. Notwithstanding anything contained in the foregoing provisions, the terms and the provisions of the Series Indenture or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the County and of the Owners of the 2021B Notes under the Series Indenture may be modified or amended in any respect (other than modifications or amendments that adversely affects the Owners of any Senior Lien Revenue Bonds then Outstanding) upon the adoption by the County and upon the filing with the County Clerk of an instrument to that effect and with the consent of the Owners of all the then Outstanding 2021B Notes the consent to be given as provided in the Series Indenture; and no notice to Owners of 2021B Notes will be required as provided in the Series Indenture, nor will the time of consent be limited except as may be provided in the consent.

Notation on Notes. 2021B Notes authenticated and delivered after the effective date of any action taken as in the Series Indenture provided may bear a notation by endorsement or otherwise in form approved by the County as to the action; and if any 2021B Note so authenticated and delivered shall bear such notation, then upon demand of the Owner of any 2021B Note Outstanding at such effective date and upon presentation of its 2021B Note for the purpose at the principal office of the County Clerk, suitable notation will be made on such 2021B Note by the County Clerk as to any such action. If the County so determines, new 2021B Notes so modified as in the opinion of

the County to conform to such action will be prepared, authenticated and delivered; and upon demand of the Owner of any 2021B Note then Outstanding, will be exchanged without cost to the Owner for 2021B Notes then Outstanding upon surrender of the 2021B Notes.

Amendments Not Requiring Noteholders' Consent. The County, acting by and through the Board, and the Trustee, notwithstanding certain other provisions of the Series Indenture, and without the consent of or notice to any Owner of any 2021B Note, will consent to any amendment, change or modification of the Series Indenture as may be required (a) by the provisions of the Series Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Series Indenture; (c) in connection with the issuance and delivery of additional or other securities payable from Net Revenues; (d) to modify or supplement the Series Indenture in such manner as may be necessary or appropriate to qualify the Series Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute enacted after the Series Indenture, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions under the Series Indenture and the County undertakes such covenants, conditions or restrictions additional to those contained in the Series Indenture as would be necessary or appropriate so to qualify the Series Indenture; or (e) in connection with any other change in the Series Indenture which is not to the prejudice of the Trustee and which would not materially adversely affect the Owners of the 2021B Notes or other securities.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2021B Notes, the County proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Clark County, Nevada (the “Issuer”) in connection with the issuance of the Issuer’s Airport System Junior Subordinate Lien Revenue Notes, Series 2021B (the “Notes”). The Notes are being issued pursuant to the Master Indenture of Trust, dated as of May 1, 2003 (as amended, the “Master Indenture”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), and the 2021 Series B Indenture, dated as of June 1, 2021, by and between the Issuer and the Trustee (the “Series Indenture,” and together with the Master Indenture, the “Indenture”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities Exchange Commission.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Notes for federal income tax purposes.

Dissemination Agent. The term “Dissemination Agent” means, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

EMMA. “EMMA” means the MRSB’s Electronic Municipal Market Access system, which can be found at <http://emma.msrb.org>.

Financial Obligation. “Financial Obligation” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

Fiscal Year. The term “Fiscal Year” means the one-year period beginning on July 1 of each year and ending on the last day of June of the succeeding year, or such other fiscal year of the Issuer designated by the Issuer.

Listed Events. The term “Listed Events” means any of the events listed in Section 5 of this Disclosure Certificate.

MSRB. The term “MSRB” means the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing continuing disclosure annual reports is electronically via EMMA.

Participating Underwriter. The term “Participating Underwriter” means any underwriter of the Notes required to comply with the Rule in connection with an offering of the Notes.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than each March 31 following the end of its Fiscal Year, commencing March 31, 2022, provide to EMMA in electronic format as prescribed by the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Issuer shall or shall cause the Dissemination Agent to send a notice to EMMA in the manner prescribed by the Municipal Securities Rulemaking Board.

(c) The Dissemination Agent shall: (i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB; (ii) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and (iii) if the Dissemination Agent is other than the Issuer, 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 and listing all the entities to which it was provided.

(d) 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 and stating the date that it was provided to EMMA.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of the annual financial statements of the Issuer’s Department of Aviation prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the information for the most recently concluded Fiscal Year only of the type contained in the tables identified by a double asterisk (**) under the heading “TABLES” found on page (iii) of the Official Statement for the Notes, as set forth on Exhibit A hereto.

If the information in Section 4(b) above can be derived from the financial statements required to be filed under Section 4(a) hereof, failure to file separate tables under Section 4(b) above shall not constitute a default hereunder. Any or all of the items listed above may be incorporated by reference from other

documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties; and
10. bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material, in a timely manner not more than ten (10) Business Days after the event:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Notes or other events affecting the tax status of the Notes;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;

4. release, substitution or sale of property securing repayment of the Notes;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Notes; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, without the consent of the holders of the Notes, if such amendment or waiver does not, in and of itself, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to EMMA.

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. Default. In the event of a failure of the Issuer to file an annual report under Section 4 hereof or to file a report of a listed event under Section 5 hereof, any holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to make such filing. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

No holder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as holder or Beneficial Owner and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

DATED: June 30, 2021

CLARK COUNTY, NEVADA

Director of Aviation

EXHIBIT A

TABLES

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Statement of Historical and Projected Revenues and Expenses⁽¹⁾

CLARK COUNTY, NEVADA, DEPARTMENT OF AVIATION
Historical Passenger Facility Charge Collections⁽¹⁾

HISTORICAL AIRLINE TRAFFIC
McCarran International Airport

AIRLINE MARKET SHARES
McCarran International Airport
First Nine Months of Fiscal Year 2021 and Fiscal Years 2020 and 2019⁽¹⁾

⁽¹⁾ These tables contain both full year and partial year historical and projected information. Only full year historical information is to be updated pursuant to County's Continuing Disclosure Certificate.

APPENDIX E

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy or completeness thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners: (a) payments of interest, principal or premium, if any, with respect to the 2021B Notes; (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2021B Notes; or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2021B Notes, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2021B Notes. The 2021B Notes 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 2021B Note certificate will be issued for the 2021B Notes, in the aggregate principal amount of such issue, 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.

Purchases of 2021B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021B Notes on DTC's records. The ownership interest of each actual purchaser of each 2021B Note ("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 2021B Notes 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 2021B Notes, except in the event that use of the book-entry system for the 2021B Notes is discontinued.

To facilitate subsequent transfers, all 2021B Notes 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 2021B Notes 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 2021B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021B Notes 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 2021B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021B Notes, such as redemptions, tenders, defaults, and proposed amendments to the 2021B Note documents. For example, Beneficial Owners of 2021B Notes may wish to ascertain that the nominee holding the 2021B Notes 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2021B Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Airport 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 2021B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Distributions, and dividend payments on the 2021B Notes 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 Airport or the Paying Agent, 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 Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Paying Agent, 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.

A Beneficial Owner shall give notice to elect to have its 2021B Notes purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such 2021B Notes by causing the Direct Participant to transfer the Participant's interest in the 2021B Notes, on DTC's records, to the Paying Agent.

DTC may discontinue providing its services as depository with respect to the 2021B Notes at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2021B Note certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2021B Notes will be printed and delivered to DTC.

APPENDIX F
FORM OF OPINION OF BOND COUNSEL

Upon issuance of the 2021B Notes, Sherman & Howard L.L.C., Bond Counsel, proposes to render its final approving opinion in substantially the following form:

June 30, 2021

Clark County, Nevada
Clark County Government Center
500 South Grand Central Parkway
Las Vegas, Nevada 89106

Clark County, Nevada
Airport System
Junior Subordinate Lien Revenue Notes, Series 2021B

Ladies and Gentlemen:

We have acted as bond counsel to Clark County, Nevada (the "County"), in connection with the issuance of its Airport System Junior Subordinate Lien Revenue Notes, Series 2021B (the "Notes"), in the aggregate principal amount of \$125,310,000. In such capacity, we have examined the County's certified proceedings and such other documents and such law of the State of Nevada (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. The Notes are authorized and issued pursuant to the Master Indenture of Trust dated as of May 1, 2003 (as amended, the "Master Indenture"), as supplemented by the 2021 Series B Indenture dated as of June 1, 2021 (the "2021 Series B Indenture" and, together with the Master Indenture, the "Indenture") between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the County's certified proceedings and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Notes constitute valid and binding special, limited obligations of the County, constitute Subordinate Securities and are payable solely out of and are secured by a lien on the Net Revenues of the County's Airport System, i.e., the Gross Revenues of the Airport System (which term excludes revenues pertaining to Special Facilities financed with Special Facilities Bonds and certain other revenues as expressly provided in the Indenture) after deduction of Operation and Maintenance Expenses of the Airport System. The lien on the Net Revenues of the Airport System pledged for the security of the Notes is subordinate and junior to the lien thereon of the Parity Securities now or hereafter Outstanding and is also subordinate and junior to the lien thereon of the Second Lien Subordinate Securities now or hereafter Outstanding. The Indenture provides that no Subordinate Securities with a lien on the Net Revenues superior to the lien thereon of the Notes but junior to the lien thereon of the Second Lien Subordinate Securities may be issued. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Revenues securing the Notes.

2. The Indenture has been duly authorized by the County, duly executed and delivered by authorized officials of the County and, assuming due authorization, execution and delivery by the Trustee, constitutes a binding obligation of the County enforceable in accordance with its terms.

3. Interest on the Notes, except for interest on any Note for any period during which it is held by a "substantial user" of the facilities refinanced with the Notes or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), is excluded from gross income pursuant to Section 103 of the Tax Code, however, interest on the Notes is an item of tax preference for purposes of calculating alternative minimum taxable income under Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the County's certified proceedings and in certain other documents and certain other certifications furnished to us.

4. Under laws of the State in effect as of the date hereof, the Notes, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter above are subject to the following:

The obligations of the County pursuant to the Notes and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

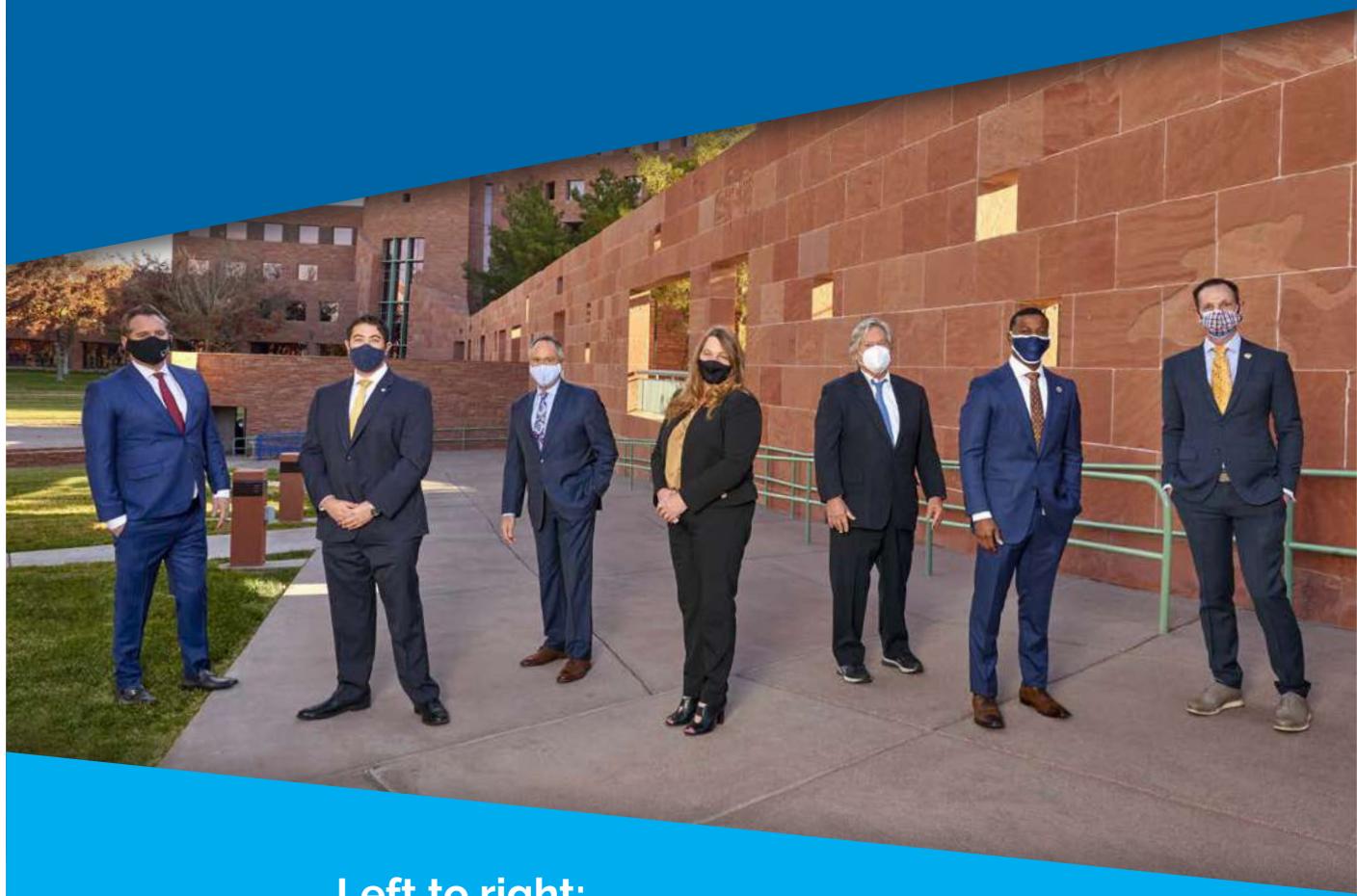
In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying the mathematical computations of the adequacy of the maturing principal amounts of and interest on the moneys included in the Escrow Fund to pay all interest when due on the Refunded Notes and the principal thereof becoming due on the prior redemption thereof or at stated maturity.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement, or any other statements made in connection with any offer or sale of the Notes or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Notes except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

CLARK COUNTY BOARD OF COMMISSIONERS



Left to right:

Ross Miller
Michael Naft
James B. Gibson, Vice Chair
Marilyn Kirkpatrick, Chair
Tick Segerblom
William McCurdy II
Justin C. Jones

McCarran
INTERNATIONAL AIRPORT
CLARK COUNTY DEPARTMENT OF AVIATION



McCARRAN INTERNATIONAL AIRPORT

Clark County Department of Aviation
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