

*In the opinion of Sherman & Howard L.L.C., Bond Counsel to the Authority, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2024A Bond for any period during which such Series 2024A Bond is held by a “substantial user” of the facilities financed by the Series 2024A Bonds, or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Tax Code”). Bond Counsel is further of the opinion that (i) interest on the Series 2024A Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals, and (ii) to the extent interest on the Series 2024 Bonds is included in calculating the “adjusted financial statement income” of “applicable corporations” (as defined in Sections 56A and 59(k), respectively, of the Tax Code), such interest is subject to the alternative minimum tax applicable to those corporations under Section 55(b) of the Tax Code. See “TAX MATTERS” herein.*



**\$238,260,000**

**RENO-TAHOE AIRPORT AUTHORITY**

**\$159,855,000 Airport Revenue Bonds, Series 2024A (AMT)**

**\$78,405,000 Airport Revenue Bonds, Series 2024B (Non-AMT)**

**RENO-TAHOE INTERNATIONAL AIRPORT**

**Dated: Date of Delivery**

**Due: July 1, as shown on the inside cover page hereof**

The Reno-Tahoe Airport Authority (the “*Authority*”) is issuing its Airport Revenue Bonds, Series 2024A (AMT) (the “*Series 2024A Bonds*”) and its Airport Revenue Bonds, Series 2024B (Non-AMT) (the “*Series 2024B Bonds*”) and, with the Series 2024A Bonds, the “*Series 2024 Bonds*”) to finance portions of the MoreRNO program, as described herein, and related costs of the Authority at Reno-Tahoe International Airport (the “*Airport*”). The Series 2024 Bonds will be issued pursuant to the Master Trust Indenture dated as of August 8, 2024 (the “*Master Indenture*”) and the First Supplemental Indenture thereto (the “*First Supplemental Indenture*”) and, with the Master Indenture, the “*Indenture*”), each by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). The Series 2024 Bonds are limited obligations of the Authority payable solely from and secured by a pledge of (a) Net Revenues, (b) certain funds and accounts held by the Trustee under the Master Indenture, and (c) other amounts payable under the Master Indenture, all as defined herein. None of the properties of the Airport System, as defined herein, are subject to any encumbrance, mortgage or other lien for the benefit of the owners of the Series 2024 Bonds, and neither the full faith and credit nor the taxing power of the Authority, the State of Nevada (the “*State*”), or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Series 2024 Bonds.

The Series 2024 Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“*DTC*”). Purchasers will acquire beneficial ownership interests in the Series 2024 Bonds in denominations of \$5,000 or integral multiples thereof and will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Series 2024 Bonds, principal of, premium if any, and interest on the Series 2024 Bonds will be payable by the Trustee to Cede & Co., as nominee for DTC. See “APPENDIX E – Book-Entry Only System” herein.

The Series 2024 Bonds will bear interest from their date of original delivery, payable each January 1 and July 1, commencing on January 1, 2025.

The Series 2024 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See the inside cover page hereof for maturities, principal amounts, interest rates, yields and prices of the Series 2024 Bonds.

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

The Series 2024 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the receipt of an unqualified approving opinion as to validity of Sherman & Howard L.L.C., Reno, Nevada, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by the Authority’s Chief Legal Officer, Ian Whitlock, and Disclosure Counsel to the Authority, Kaplan Kirsch LLP, Denver, Colorado, and for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth LLP, Reno, Nevada. PFM Financial Advisors LLC, San Francisco, California, serves as Municipal Advisor to the Authority. Delivery of the Series 2024 Bonds to DTC or its custodial agent is expected in New York, New York on or about September 4, 2024.

**BofA Securities**

**Academy Securities**

**Loop Capital Markets**

**Wells Fargo Securities**

## RENO-TAHOE AIRPORT AUTHORITY

**\$238,260,000**

**\$159,855,000**

### Airport Revenue Bonds, Series 2024A (AMT)

Due (July 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <sup>†</sup>
2025	\$280,000	5.000%	3.53%	101.180	759874BP4
2026	350,000	5.000	3.54	102.553	759874BQ2
2027	365,000	5.000	3.58	103.778	759874BR0
2028	385,000	5.000	3.60	104.956	759874BS8
2029	3,045,000	5.000	3.60	106.145	759874BT6
2030	3,195,000	5.000	3.64	107.075	759874BU3
2031	3,350,000	5.000	3.68	107.897	759874BV1
2032	3,525,000	5.000	3.76	108.333	759874BW9
2033	3,690,000	5.000	3.80	108.920	759874BX7
2034	3,880,000	5.000	3.84	109.414	759874BY5
2035	4,070,000	5.000	3.91	108.816 C	759874BZ2
2036	4,280,000	5.000	3.93	108.646 C	759874CA6
2037	4,495,000	5.250	3.94	110.581 C	759874CB4
2038	4,730,000	5.250	3.95	110.495 C	759874CC2
2039	4,975,000	5.250	4.02	109.896 C	759874CD0
2040	5,240,000	5.250	4.10	109.217 C	759874CE8
2041	5,520,000	5.250	4.16	108.711 C	759874CF5
2042	5,810,000	5.250	4.21	108.291 C	759874CG3
2043	6,110,000	5.250	4.26	107.874 C	759874CH1
2044	6,430,000	5.250	4.30	107.541 C	759874CJ7

\$37,585,000 5.250% Term Bonds due July 1, 2049; yield 4.35%; price 107.127<sup>C</sup> CUSIP<sup>†</sup> 759874CK4

\$48,545,000 5.250% Term Bonds due July 1, 2054; yield 4.44%; price 106.386<sup>C</sup> CUSIP<sup>†</sup> 759874CL2

**\$78,405,000**

### Airport Revenue Bonds, Series 2024B (Non-AMT)

Due (July 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <sup>†</sup>
2027	\$1,340,000	5.000%	2.93%	105.569	759874CM0
2028	1,405,000	5.000	2.93	107.434	759874CN8
2029	1,480,000	5.000	2.90	109.388	759874CP3
2030	1,550,000	5.000	2.95	110.893	759874CQ1
2031	1,630,000	5.000	3.02	112.125	759874CR9
2032	1,710,000	5.000	3.08	113.256	759874CS7
2033	1,795,000	5.000	3.14	114.235	759874CT5
2034	1,885,000	5.000	3.18	115.250	759874CU2
2035	1,980,000	5.000	3.27	114.432 C	759874CV0
2036	2,080,000	5.000	3.34	113.801 C	759874CW8
2037	2,180,000	5.000	3.38	113.443 C	759874CX6
2038	2,290,000	5.000	3.44	112.907 C	759874CY4
2039	2,410,000	5.000	3.51	112.286 C	759874CZ1
2040	2,530,000	5.000	3.63	111.231 C	759874DA5
2041	2,655,000	5.000	3.76	110.102 C	759874DB3
2042	2,785,000	5.000	3.82	109.585 C	759874DC1
2043	2,930,000	5.000	3.88	109.071 C	759874DD9
2044	3,070,000	5.000	3.93	108.646 C	759874DE7

\$17,825,000 5.000% Term Bonds due July 1, 2049; yield 4.06%; price 107.547<sup>C</sup> CUSIP<sup>†</sup> 759874DF4

\$22,875,000 5.250% Term Bonds due July 1, 2054; yield 4.10%; price 109.217<sup>C</sup> CUSIP<sup>†</sup> 759874DG2

<sup>C</sup> Priced at the stated yield to the par call date of July 1, 2034.

<sup>†</sup> Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2024 Bonds and neither the Authority nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

**RENO-TAHOE AIRPORT AUTHORITY  
BOARD OF TRUSTEES**

Jennifer Cunningham..... Chair  
Shaun Carey..... Vice Chair  
Courtney Young ..... Treasurer  
Adam Kramer ..... Secretary  
Carol Chaplin..... Trustee  
Joel Grace ..... Trustee  
Richard Jay ..... Trustee  
Kitty Jung ..... Trustee  
Art Sperber ..... Trustee

**EXECUTIVE STAFF**

Daren Griffin ..... President/Chief Executive Officer  
Mark Berg..... Chief Commercial Officer  
Natalie Brown..... Chief Marketing and Public Affairs Officer  
Randall Carlton..... Chief Finance and Administration Officer  
Tina Iftiger..... Chief Air Service Development Officer  
Cris Jensen..... Chief Operations and Public Safety Officer  
Gary Probert ..... Chief Infrastructure and Planning Officer  
Christy Wheeler..... Acting Chief People, Culture and Equity Officer  
Ian Whitlock ..... Chief Legal Officer

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**FEASIBILITY CONSULTANT**

Landrum & Brown, Inc.,  
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**INDEPENDENT AUDITORS**

Crowe LLP  
Indianapolis, Indiana

**TRUSTEE**

U.S. Bank Trust Company, National Association  
Minneapolis, Minnesota

The information contained in this Official Statement has been furnished by the Authority, DTC and other sources that are believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Underwriters.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Authority, or in any other information contained herein, since the date of this Official Statement.

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 Series 2024 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such act. Any registration or qualification of the Series 2024 Bonds in accordance with applicable provisions of the securities laws of the states in which the Series 2024 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

**THE SERIES 2024 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws in the sections hereof entitled “THE AIRPORT – The MoreRNO Program,” “THE AIRPORT,” “REPORT OF THE AIRPORT CONSULTANT” and APPENDIX B. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

This Official Statement contains projections and estimates that are based on current expectations and assumptions. In light of the important factors that may materially affect the financial condition of the Authority and the aviation industry generally and other economic and financial matters, the inclusion in this Official Statement of such projections and estimates should not be regarded as a representation by the Authority or the Underwriters that such projections and estimates will occur. Such projections and estimates are not intended as representations of fact or guarantees of results.

The Authority maintains a website and social media accounts. However, the information presented on that website and those social media accounts is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2024 Bonds.

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**OFFICIAL STATEMENT**  
of the  
**RENO-TAHOE AIRPORT AUTHORITY**  
Relating to its  
**\$ 159,855,000 Airport Revenue Bonds, Series 2024A (AMT)**  
**\$ 78,405,000 Airport Revenue Bonds, Series 2024B (Non-AMT)**

**INTRODUCTION**

**General**

This Official Statement of the Reno-Tahoe Airport Authority (the “*Authority*”) sets forth certain information concerning the Authority, the Reno-Tahoe International Airport (the “*Airport*”), and the Authority’s Airport Revenue Bonds, Series 2024A (AMT) (the “*Series 2024A Bonds*”) and its Airport Revenue Bonds, Series 2024B (Non-AMT) (the “*Series 2024B Bonds*” and, with the Series 2024A Bonds, the “*Series 2024 Bonds*”).

**The Reno-Tahoe Airport Authority**

The Authority is a quasi-municipal corporation that the Nevada Legislature established by legislation enacted on May 12, 1977. The Authority is governed by a Board of Trustees (the “*Board*”). The Board consists of nine members. Of those nine members, four are appointed by the City of Reno, Nevada (the “*City of Reno*”), two are appointed by the City of Sparks, Nevada (the “*City of Sparks*”), two are appointed by Washoe County, Nevada (“*Washoe County*”), and one is appointed by the Reno-Sparks Convention and Visitors Authority (“*RSCVA*”). See “THE AIRPORT – The Authority” herein.

The Authority owns, operates, and manages both the Airport and Reno-Stead Airport (“*RTS*”), a general aviation airport (collectively with the Airport, the “*Airport System*”). The Board oversees the Authority’s affairs and directs the Authority’s President/CEO (the “*President/CEO*”). The President/CEO manages the day-to-day operations of the Airport System and leads the Authority’s management staff. The Authority’s senior management staff includes the President/CEO and eight corporate officers. In addition, the MoreRNO program described below is overseen by the Authority’s MoreRNO Program Director, Jackie Borman, P.E.

**Reno-Tahoe International Airport**

The Airport is located on approximately 1,540 acres about four miles southeast of the City of Reno’s central business district. The Airport is located entirely within the City of Reno, though it is bordered by the City of Sparks to the north and unincorporated Washoe County on part of its western perimeter. The Airport’s airfield consists of three runways, two of which run parallel and are typically used for airline traffic, and one of which is a cross-wind runway, intersecting the others, and is used mostly for general aviation aircraft. For calendar year (“*CY*”) 2022, the Federal Aviation Administration (the “*FAA*”) classified the Airport as a Medium Hub airport based upon its share of nationwide enplaned passengers, indicating that the Airport serves between 0.25% and 1% of annual U.S. passenger enplanements. In CY 2023, enplanements at the Airport grew by 5.6% relative to the year prior, according to preliminary FAA data. Due to growth in passenger traffic nationally, however, the FAA is expected to reclassify the Airport as a Small Hub Airport in October 2024, indicating that the Airport serves between 0.05% and 0.25% of annual U.S. passenger enplanements. The Airport’s passenger facilities include a central terminal building with two airside concourses, a parking garage with short- and long-term parking facilities, a surface parking lot, and rental car facilities. See “THE AIRPORT –Airport Facilities” herein. The Authority has undertaken a significant capital program to upgrade landside and airside facilities at the Airport, as further described herein. See “THE AIRPORT – The MoreRNO Program.”

**Reno-Stead Airport**

RTS, an FAA-designated reliever airport to the Airport and the Authority’s general aviation airport, is located on approximately 5,000 acres about 11 miles north of the City of Reno’s central business district. The RTS airfield includes two runways, both of which are large enough to accommodate jet traffic. Approximately 200 aircraft are based at RTS. The Authority operates the Airport and RTS together as the “Airport System.”

## **The MoreRNO Program**

The “MoreRNO” program is a comprehensive, ongoing series of projects to expand, modernize, and redevelop major Airport facilities. When completed, MoreRNO will increase the Airport’s passenger and aircraft capacity, replace the Airport’s two existing concourses with two new concourses, provide a new Ground Transportation Center and Authority administrative and police headquarters, expand passenger parking capacity, and improve the terminal’s loop road to facilitate passenger drop-off and pick-up and accessibility for passengers with disabilities. MoreRNO is an approximately \$985 million capital improvement program that consists of the following project elements: (1) the expansion of the terminal’s ticketing hall, (2) the construction of two new concourses, New Concourse A and New Concourse B (which will replace the Airport’s two existing concourses), the construction of a Central Utility Plant, and the addition of aircraft overnight parking (“remain overnight”) capacity, all such construction and additions are collectively referred to as “New Gen A&B”, (3) improvements to both the inner and outer lanes of the loop road adjacent to the terminal (the “Loop Road”), (4) the construction of a new Ground Transportation Center, including a consolidated rental car center, and (5) the construction of a new combined headquarters building for the Authority and its police department.

On April 11, 2024, the Authority placed the expansion of the terminal’s ticketing hall into operation, and the Authority is currently reconstructing the Loop Road. On May 2, 2024, the Authority and RNO ConRAC, the private developer affiliated with Conrac Solutions and Meridiam, achieved financial close on the Ground Transportation Center project, allowing the Authority and RNO ConRAC to proceed with development of the \$299 million, four-level consolidated rental car facility and Ground Transportation Center (collectively, the “GTC Project”) for a scheduled project delivery by 2028. The Authority is in the planning or design stages of each of the other MoreRNO projects enumerated above and plans to complete construction of all such projects by 2029. See “THE AIRPORT – The MoreRNO Program” herein.

## **Plan of Finance**

The Series 2024 Bonds are being issued to (1) finance a portion of the cost of the design and construction of the MoreRNO program, (2) repay the outstanding balance of the 2022 Subordinate Bonds (defined below), (3) make a deposit to the Common Reserve Fund (as defined herein), (4) fund a portion of the interest accruing on the Series 2024 Bonds, and (5) pay the costs of issuance of the Series 2024 Bonds. As described under “THE AIRPORT – The MoreRNO Program” and “APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Plan of Finance,” the Authority has funded to date and expects to continue to fund the design and construction of the MoreRNO program from a variety of sources, including Authority funds, the 2022 Subordinate Bonds, passenger facility charges (“PFCs”), customer facility charges (“CFCs”), private equity and federal grants. The Authority expects to issue additional Bonds to finance additional elements of the MoreRNO Program. See “THE AIRPORT – Financing for the MoreRNO Program and Other Capital Projects.” On the date on which the Series 2024 Bonds are issued, the Authority expects to repay the full outstanding principal balance of the 2022 Subordinate Bonds, which is approximately \$22.41 million, with a portion of the proceeds of the Series 2024 Bonds and to retire the Non-Revolving Credit Agreement. Given the complexity and timing of the MoreRNO program, the final schedule and plan of finance remain subject to change. See “THE AIRPORT – The MoreRNO Program”, “— Financing for the MoreRNO Program and Other Capital Projects” and “APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Plan of Finance.”

## **The Series 2024 Bonds**

The Series 2024 Bonds are being issued pursuant to the Master Trust Indenture dated as of August 8, 2024 (the “*Master Indenture*”) and the First Supplemental Indenture thereto (the “*First Supplemental Indenture*” and, with the Master Indenture, the “*Indenture*”), each by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). See “APPENDIX C – FORM OF MASTER INDENTURE AND SUMMARY OF FIRST SUPPLEMENTAL INDENTURE.” The Series 2024 Bonds have been approved by a resolution of the Board adopted on August 8, 2024. The Series 2024 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as provided herein. See “THE SERIES 2024 BONDS – Redemption of the Series 2024 Bonds” herein. The Series 2024 Bonds represent the inaugural issuance of Bonds under the Master Indenture.

## **Security for the Bonds**

The Series 2024 Bonds and any additional bonds issued pursuant to the Master Indenture (collectively, the “*Bonds*”) will be limited obligations of the Authority payable solely from and secured by a pledge of (1) Net Revenues,

(2) certain funds and accounts held by the Trustee under the Master Indenture, and (3) other amounts payable under the Master Indenture. None of the properties of the Airport System are subject to any encumbrance, mortgage or other lien for the benefit of the owners of the Series 2024 Bonds or any other Bonds, and no property of the Authority shall be liable to be forfeited or taken in payment of the Series 2024 Bonds or any other Bonds. Neither the full faith and credit nor any taxing power of the Authority, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2024 Bonds or any other Bonds. No recourse shall be had for the payment of any Series 2024 Bonds, any other Bonds or for any claim based thereon, or otherwise, upon the instruments authorizing their issuance or any other instrument pertaining thereto, against any individual member of the Board or the Authority, or any officer or other agent of the Authority, past, present, or future, either directly or indirectly through the Board or the Authority, 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 Series 2024 Bonds or any other Bonds and as a part of the consideration of their issuance specially waived and released. State statutes provide that no act concerning the Series 2024 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the Series 2024 Bonds or their security until all of the Series 2024 Bonds have been discharged in full or provision for their payment and redemption has been fully made. See “SECURITY FOR THE SERIES 2024 BONDS.”

### **Subordinate Obligations**

Pursuant to a Non-Revolving Credit Agreement, dated as of August 1, 2022 (the “*Non-Revolving Credit Agreement*”), by and between the Authority and Wells Fargo Bank, National Association (the “*Subordinate Bonds Bank*”), the Authority is authorized to draw up to \$50,000,000, less any previous draws on such credit, through the issuance of subordinate lien revenue bonds in up to three series, Series 2022 Subseries A (AMT), Series 2022 Subseries B (Non-AMT), and Series 2022 Subseries C (taxable) (those three series, collectively, the “*2022 Subordinate Bonds*”). The Authority expects to have drawn the full amount available under the Non-Revolving Credit Agreement prior to the issuance of the Series 2024 Bonds and expects to repay the outstanding principal balance of the 2022 Subordinate Bonds with a portion of the proceeds of the Series 2024A Bonds and retire the Non-Revolving Credit Agreement on the date of issuance of the Series 2024 Bonds.

The Authority has used its drawdowns under the Non-Revolving Credit Agreement to finance capital projects, primarily related to MoreRNO, including the expansion of the Airport’s ticketing hall, replacement of network infrastructure at the Airport, construction of the Airport’s economy parking lot, and development of a shared-use terminal.

### **Forward-Looking Statements**

This Official Statement contains projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the Authority and the aviation industry generally and other economic and financial matters, the inclusion in this Official Statement of such projections and estimates should not be regarded as a representation by the Authority that such projections and estimates will occur. Such projections and estimates are not intended as representations of fact or guarantees of results. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary, and the variations may be material.

### **Additional Information**

This Official Statement includes a description of the Authority, the Authority’s facilities, certain financial and operational factors relating to the Authority, and a description of the Series 2024 Bonds and the security therefor. Except where noted, all information presented in this Official Statement has been provided by the Authority. The following appendices are included as part of this Official Statement: APPENDIX A – ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023; APPENDIX B – REPORT OF THE AIRPORT CONSULTANT dated August 8, 2024; APPENDIX C – FORM OF MASTER INDENTURE AND SUMMARY OF FIRST SUPPLEMENTAL INDENTURE; APPENDIX D – BOOK-ENTRY ONLY SYSTEM; APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE; and APPENDIX F – FORM OF OPINIONS OF BOND COUNSEL. APPENDIX B has been prepared by Landrum & Brown, Inc.

(“Landrum” or the “Airport Consultant”), Airport Consultant to the Authority. APPENDICES C and F have been prepared by Sherman & Howard L.L.C., Bond Counsel to the Authority. APPENDIX E has been prepared by Kaplan Kirsch LLP, Disclosure Counsel to the Authority. The information included in APPENDIX D has been obtained from The Depository Trust Company (“DTC”).

Certain defined terms that are capitalized but not defined herein are defined in the Master Indenture. See “APPENDIX C – FORM OF MASTER INDENTURE - ARTICLE I – DEFINITIONS; INTERPRETATION.” All references in this Official Statement to the Master Indenture, the Series 2024 Bonds, the Continuing Disclosure Certificate, the Airport-Airline Use and Lease Agreement and all other agreements, statutes and instruments are qualified by reference to the complete document.

The Authority’s principal office is located at 2001 East Plumb Lane, Reno, Nevada 89502. The Authority’s telephone number is (775) 328-6400. Copies of certain documents, including the Authority’s Annual Comprehensive Financial Report (“ACFR”) for FY 2023, are available electronically on the Authority’s website at: <https://www.renoairport.com/airport-authority/about>. However, no information on the Authority’s website is part of or incorporated into this Official Statement for any purpose, including for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (“SEC”).

The Authority’s ACFR for the fiscal year ended June 30, 2022 (“FY 2022”) has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (“GFOA”) and the Authority has submitted the ACFR for FY 2023 to the GFOA. The Authority’s ACFR has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA for 36 consecutive years.

#### **ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds in connection with the issuance of the Series 2024 Bonds are summarized below:

<b>Sources of Funds</b>	<b>Series 2024A Bonds</b>	<b>Series 2024B Bonds</b>	<b>Series 2024 Bonds in Total</b>
Principal Amount	\$159,855,000.00	\$78,405,000.00	\$238,260,000.00
Plus Original Issue Premium	12,094,465.15	7,715,835.40	19,810,300.55
<b>Total Sources of Funds</b>	<b><u>\$171,949,465.15</u></b>	<b><u>\$86,120,835.40</u></b>	<b><u>\$258,070,300.55</u></b>
<b>Uses of Funds</b>			
Deposit to Construction Fund	\$113,602,916.68	\$71,782,908.73	\$185,385,825.41
Repayment of 2022 Subordinate Bonds	22,419,000.00	0	22,419,000.00
Capitalized Interest <sup>1</sup>	23,771,256.25	8,253,182.82	32,024,439.07
Deposit to Common Reserve Fund	11,069,996.00	5,544,404.00	16,614,400.00
Costs of Issuance <sup>2</sup>	1,086,296.22	540,339.85	1,626,636.07
<b>Total Uses of Funds</b>	<b><u>\$171,949,465.15</u></b>	<b><u>\$86,120,835.40</u></b>	<b><u>\$258,070,300.55</u></b>

<sup>1</sup> Includes a portion of the interest accruing on the Series 2024A Bonds through December 31, 2027 and a portion of the interest accruing on the Series 2024B Bonds through September 30, 2026. See also footnote 2 to the schedule under the heading “DEBT SERVICE SCHEDULE” herein.

<sup>2</sup> Includes underwriters’ discount, trustee fees, legal fees, municipal advisor and consultant fees, rating agency fees, printing expenses and other miscellaneous fees and expenses.

## THE SERIES 2024 BONDS

### General Provisions

The Series 2024 Bonds will bear interest at the rates and mature on the dates set forth on the inside front cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2024 Bonds will be dated their initial date of delivery, and will bear interest from that date payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2025 (each an “*Interest Payment Date*”). Interest due and payable on the Series 2024 Bonds on any Interest Payment Date will be paid to the person who is the registered owner as of the Record Date (DTC, so long as the book-entry system with DTC is in effect). Each Series 2024 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2024 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2024 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before December 15, 2024, in which event such Series 2024 Bond will bear interest from its date of delivery. If interest on the Series 2024 Bonds is in default, Series 2024 Bonds issued in exchange for Series 2024 Bonds surrendered for transfer or exchange will bear interest from the last Interest Payment Date to which interest has been paid in full on the Series 2024 Bonds surrendered.

The Series 2024 Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Series 2024 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2024 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2024 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2024 Bonds, references herein to the Bondholders or registered owners means Cede & Co. and does not mean the Beneficial Owners of the Series 2024 Bonds.

So long as Cede & Co. is the registered owner of the Series 2024 Bonds, the principal of and interest on the Series 2024 Bonds 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 — BOOK-ENTRY ONLY SYSTEM.”

### Redemption of the Series 2024 Bonds

#### *Optional Redemption*

The Series 2024 Bonds maturing on or before July 1, 2034 are not subject to optional redemption prior to maturity. The Series 2024 Bonds maturing on and after July 1, 2035 are redeemable on or after July 1, 2034 at the option of the Authority, in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

#### *Mandatory Sinking Fund Redemption*

The Series 2024A Bonds maturing on July 1, 2049 (the “2049 *Series 2024A Term Bonds*”), are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2045	\$6,765,000
2046	7,125,000
2047	7,500,000
2048	7,890,000
2049*	8,305,000

\*Final Maturity Date

The Series 2024A Bonds maturing on July 1, 2054 (the “2054 Series 2024A Term Bonds”), are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2050	\$8,740,000
2051	9,205,000
2052	9,685,000
2053	10,190,000
2054*	10,725,000

\*Final Maturity Date

The Series 2024B Bonds maturing on July 1, 2049 (the “2049 Series 2024B Term Bonds” and, with the 2049 Series 2024A Term Bonds, the “2049 Series 2024 Term Bonds”), are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2045	\$3,225,000
2046	3,390,000
2047	3,555,000
2048	3,735,000
2049*	3,920,000

\*Final Maturity Date

The Series 2024B Bonds maturing on July 1, 2054 (the “2054 Series 2024B Term Bonds” and, with the 2054 Series 2024A Term Bonds, the “2054 Series 2024 Term Bonds”), are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2050	\$4,120,000
2051	4,335,000
2052	4,565,000
2053	4,800,000
2054*	5,055,000

\*Final Maturity Date

At the option of the Authority, to be exercised by delivery of a written certificate to the Trustee on or before the 60<sup>th</sup> day next preceding any mandatory sinking fund redemption date for the Series 2024 Term Bonds, the Authority may (a) deliver to the Trustee, for cancellation, Series 2024 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Authority or (b) specify a principal amount of such applicable Series 2024 Term Bonds or portions thereof (in Authorized Denominations), which prior to said date have been optionally redeemed and previously cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such applicable Series 2024 Term Bond or portion thereof so purchased, acquired or optionally redeemed and delivered to the Trustee for cancellation will be credited by the Trustee, at 100% of the principal amount thereof, against the obligation of the Authority to pay the principal of such applicable Series 2024 Term Bond on such mandatory sinking fund redemption date.

### ***Notices of Redemption to Bondholders; Conditional Notice of Optional Redemption***

The Trustee will give notice of redemption, in the name of the Authority, to Bondholders affected by redemption (DTC, so long as the book-entry system with DTC is in effect) at least 30 days but not more than 60 days before each redemption date. The Trustee will send such notice of redemption by first class mail (or with respect to Series 2024 Bonds held by DTC, either via electronic means or by an express delivery service for delivery on the next following Business Day) to each registered owner of a Series 2024 Bond to be redeemed; each such notice will be sent to the owner's registered address. The Authority will also post, or cause to be posted, such notice of redemption on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website.

Each notice of redemption will specify the date of issue, the maturity date, the interest rate and the CUSIP number of the applicable Series 2024 Bonds to be redeemed, if less than all Series 2024 Bonds of a maturity date and interest rate are called for redemption, the numbers assigned to the Series 2024 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's name, that payment will be made upon presentation and surrender of the applicable Series 2024 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The Authority may provide that, if at the time of mailing of notice of an optional redemption there has not been deposited with the Trustee moneys and/or securities sufficient to redeem all the applicable Series 2024 Bonds called for redemption, such notice may state that it is conditional; that is, subject to the deposit of the redemption moneys with the Trustee not later than one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit one Business Day prior to the scheduled redemption date, then the redemption will be canceled and on such cancellation date notice will be mailed to the holders of such Series 2024 Bonds.

Failure to give any required notice of redemption as to any particular Series 2024 Bonds will not affect the validity of the call for redemption of any Series 2024 Bonds in respect of which no failure occurs. Any notice sent as provided in the Master Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2024 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Trustee sufficient for redemption, interest on the Series 2024 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

### ***Effect of Redemption***

On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Master Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, interest on such applicable Series 2024 Bonds will cease to accrue from and after such redemption date, such Series 2024 Bonds will cease to be entitled to any lien, benefit or security under the Master Indenture and the owners of such Series 2024 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Series 2024 Bonds which have been duly called for redemption and for the payment of the redemption price of which moneys will be held in trust for the holders of the respective Series 2024 Bonds to be redeemed, all as provided in the Master Indenture, will not be deemed to be outstanding under the provisions of the Master Indenture.

### ***Selection of Series 2024 Bonds for Redemption; Series 2024 Bonds Redeemed in Part***

Redemption of the Series 2024 Bonds will only be in Authorized Denominations. The Series 2024 Bonds are subject to redemption in such order of maturity and interest rate (except mandatory sinking fund payments on the Series 2024 Term Bonds) as the Authority may direct and by lot within such maturity and interest rate of such Series selected in such manner as the Trustee (or DTC, as long as DTC is the securities depository for the Series 2024 Bonds) deems appropriate.

Except as otherwise provided under the procedures of DTC, on or before the 45<sup>th</sup> day prior to any mandatory sinking fund redemption date, the Trustee will proceed to select for redemption (by lot in such manner as the Trustee may determine) from the Series 2024 Term Bonds an aggregate principal amount of such Series 2024 Term Bonds equal to the amount for such year as set forth in the applicable table under "Mandatory Sinking Fund Redemption"

above and will call such Series 2024 Term Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

**Book-Entry Only System**

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of each Series of the Series 2024 Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC. For more information regarding DTC and its procedures, see "APPENDIX D – BOOK-ENTRY ONLY SYSTEM."

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## DEBT SERVICE SCHEDULE

Upon issuance of the Series 2024 Bonds, the Series 2024 Bonds will be the only outstanding Bonds of the Authority payable from the Net Revenues of the Airport System.

The following schedule sets forth the debt service for the Series 2024 Bonds:

Period Ending (July 1) <sup>1</sup>	Series 2024A Bonds Principal	Series 2024A Bonds Interest <sup>2,3</sup>	Series 2024B Bonds Principal	Series 2024B Bonds Interest <sup>2,3</sup>	Aggregate Debt Service on Series 2024 Bonds <sup>3</sup>
2025	\$280,000	\$6,860,989	\$0	\$3,281,386	\$10,422,375
2026	350,000	8,302,350	0	3,977,438	12,629,788
2027	365,000	8,284,850	1,340,000	3,977,438	13,967,288
2028	385,000	8,266,600	1,405,000	3,910,438	13,967,038
2029	3,045,000	8,247,350	1,480,000	3,840,188	16,612,538
2030	3,195,000	8,095,100	1,550,000	3,766,188	16,606,288
2031	3,350,000	7,935,350	1,630,000	3,688,688	16,604,038
2032	3,525,000	7,767,850	1,710,000	3,607,188	16,610,038
2033	3,690,000	7,591,600	1,795,000	3,521,688	16,598,288
2034	3,880,000	7,407,100	1,885,000	3,431,938	16,604,038
2035	4,070,000	7,213,100	1,980,000	3,337,688	16,600,788
2036	4,280,000	7,009,600	2,080,000	3,238,688	16,608,288
2037	4,495,000	6,795,600	2,180,000	3,134,688	16,605,288
2038	4,730,000	6,559,613	2,290,000	3,025,688	16,605,300
2039	4,975,000	6,311,288	2,410,000	2,911,188	16,607,475
2040	5,240,000	6,050,100	2,530,000	2,790,688	16,610,788
2041	5,520,000	5,775,000	2,655,000	2,664,188	16,614,188
2042	5,810,000	5,485,200	2,785,000	2,531,438	16,611,638
2043	6,110,000	5,180,175	2,930,000	2,392,188	16,612,363
2044	6,430,000	4,859,400	3,070,000	2,245,688	16,605,088
2045	6,765,000	4,521,825	3,225,000	2,092,188	16,604,013
2046	7,125,000	4,166,663	3,390,000	1,930,938	16,612,600
2047	7,500,000	3,792,600	3,555,000	1,761,438	16,609,038
2048	7,890,000	3,398,850	3,735,000	1,583,688	16,607,538
2049	8,305,000	2,984,625	3,920,000	1,396,938	16,606,563
2050	8,740,000	2,548,613	4,120,000	1,200,938	16,609,550
2051	9,205,000	2,089,763	4,335,000	984,638	16,614,400
2052	9,685,000	1,606,500	4,565,000	757,050	16,613,550
2053	10,190,000	1,098,038	4,800,000	517,388	16,605,425
2054	<u>10,725,000</u>	<u>563,063</u>	<u>5,055,000</u>	<u>265,388</u>	<u>16,608,450</u>
Total	<u>\$159,855,000</u>	<u>\$166,768,751</u>	<u>\$78,405,000</u>	<u>\$77,765,286</u>	<u>\$482,794,037</u>

<sup>1</sup> Pursuant to the provisions of the Master Indenture, the Authority is required to make monthly deposits to the applicable Debt Service Funds for the Bonds so that sufficient amounts are on deposit in such funds 15 days prior to each applicable principal payment date (July 1) and interest payment date (January 1 and July 1) for the Bonds. See "SECURITY FOR THE SERIES 2024 BONDS" and "APPENDIX C —FORM OF MASTER INDENTURE."

<sup>2</sup> A portion of the interest due on the Series 2024A Bonds through, and including, December 31, 2027 is expected to be paid with a portion of the proceeds of the Series 2024A Bonds, and a portion of the interest due on the Series 2024B Bonds through, and including, September 30, 2026 is expected to be paid with a portion of the proceeds of the Series 2024B Bonds. Interest is capitalized on specific components of the MoreRNO program to the date such component is expected to be placed into service.

<sup>3</sup> Numbers may not add due to rounding.

## SECURITY FOR THE SERIES 2024 BONDS

### Pledge of Net Revenues

The Series 2024 Bonds are limited obligations of the Authority payable solely from and secured by a pledge of Net Revenues, certain funds and accounts held by the Trustee under the Master Indenture, and other amounts payable under the Master Indenture. The Series 2024 Bonds will be secured by a pledge of Net Revenues on parity with any additional Bonds that the Authority may issue in the future. The Airline-Airport Use and Lease Agreement (“AAULA”) between the Authority and each of the Signatory Airlines also provides for extraordinary coverage protection if, in any Fiscal Year, Revenues less O&M Expenses are projected to be less than 125% of the sum of Debt Service on Bonds and Subordinated Indebtedness for the Airport System. Pursuant to the AAULA, if extraordinary coverage protection is required under such circumstances, the cost of such coverage will be allocated among the Signatory Airlines, which shall pay such extraordinary coverage protection costs in addition to landing fees, terminal rents, and any other costs required pursuant to the AAULA. See “THE AIRPORT – Airport-Airline Use Agreement – Rates and Charges” below. The Authority expects to issue additional Bonds to finance further elements of the MoreRNO program. See “THE AIRPORT – Financing for the MoreRNO Program and Other Capital Projects”.

“Net Revenues” are defined in the Master Indenture to mean the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses of the Airport System or any other facilities in connection with which the defined term is used.

“Gross Revenues” are defined in the Master Indenture to include, except to the extent specifically excluded therefrom, all income and revenues received or accrued under generally accepted accounting principles (“GAAP”) derived directly or indirectly by the Authority from the operation and use of and otherwise pertaining to the Airport System or any portion thereof, including, without limitation, all fees, rentals, rates and other charges for the use of the Airport System, or for any service rendered by the Authority in the operation thereof, revenues from any gaming concessions at the Airport System, any loss-of-use insurance proceeds, any grants or other aid pertaining to the Airport System not restricted to a particular purpose and any surplus proceeds of bonds or other unrestricted surplus moneys credited to the Revenue Fund, but:

- (a) Excluding any moneys borrowed and used for the acquisition of capital improvements;
- (b) Excluding 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 System, except to the extent any such moneys shall be received as payments for the use of the Airport System;
- (c) Excluding any revenues derived from any Special Facilities, including additional rentals reimbursing the Authority for Operation and Maintenance Expenses paid by the Authority under a Net Rent Lease, other than ground lease rentals pertaining to such Special Facilities located at the Airport System and any moneys paid to the Authority in lieu of such ground rentals, so long as the Special Facilities Obligations pertaining thereto are outstanding;
- (d) Excluding the proceeds of any Passenger Facility Charges (including Pledged Passenger Facility Charges and Passenger Facility Charges included as any portion of Other Revenues Available for Debt Service), except to the extent the applicable laws or regulations pursuant to which such charge is levied permit its use in a manner consistent with the use of Gross Revenues or Net Revenues hereunder and the Authority hereafter determines to include all or a portion of such proceeds in Gross Revenues, in which case the designated portion of such revenues shall thereafter be included in Gross Revenues;
- (e) Excluding the proceeds of any Customer Facility Charge (including, without limitation, any Customer Facility Charge in connection with the GTC Project) unless the Authority hereafter determines to include all or a portion of such proceeds in Gross Revenues, in which case the designated portion of such revenues shall thereafter be included in Gross Revenues; and
- (f) Excluding revenues received by the Authority as variable rent in return for its contributions to the GTC Project unless the Authority hereafter determines to include all or a portion of such revenues in Gross Revenues,

in which case the designated portion of such revenues shall thereafter be included in Gross Revenues. See “APPENDIX C — FORM OF MASTER INDENTURE — ARTICLE I — DEFINITIONS; INTERPRETATION.”

“*Operation and Maintenance Expenses*” or “*O&M Expenses*” are defined in the Master Indenture to mean, for any given period, all reasonable and necessary current expenses of the Authority, paid or accrued (and calculated in accordance with GAAP), of operating, maintaining, and repairing the Airport System or any other designated facilities in connection with which such term is used. See “APPENDIX C — FORM OF MASTER INDENTURE — ARTICLE I — DEFINITIONS; INTERPRETATION” for a more complete definition of Operation and Maintenance Expenses.

The Authority operates the Airport and RTS as the Airport System. The Master Indenture includes the operation and maintenance costs and revenues of RTS within the definitions of “Operation and Maintenance Expenses” and “Gross Revenues”, respectively. None of the properties of the Airport System are subject to any encumbrance, mortgage or other lien for the benefit of the owners of the Series 2024 Bonds or any other Bonds, and no property of the Authority shall be liable to be forfeited or taken in payment of the Series 2024 Bonds or any other Bonds. Neither the full faith and credit nor any taxing power of the Authority, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2024 Bonds or any other Bonds.

No recourse shall be had for the payment of the Series 2024 Bonds, any other Bonds or for any claim based thereon, or otherwise, upon the instruments authorizing their issuance or any other instrument pertaining thereto, against any individual member of the Board or the Authority, or any officer or other agent of the Authority, past, present, or future, either directly or indirectly through the Board or the Authority, 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 Series 2024 Bonds or any other Bonds and as a part of the consideration of their issuance specially waived and released.

State statutes provide that no act concerning the Series 2024 Bonds, any other Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the Series 2024 Bonds, any other Bonds or their security until all of the Series 2024 Bonds or any other Bonds have been discharged in full or provision for their payment and redemption has been fully made.

### **Flow of Funds**

The Authority has created and holds and maintains a special fund designated as the Revenue Fund into which all Gross Revenues are deposited. Pursuant to the Master Indenture, the Authority has agreed to continue to hold and maintain the Revenue Fund. Additionally, pursuant to the Master Indenture, the Authority has covenanted and agreed to establish, hold and maintain the Revenue Account within the Revenue Fund. As long as there are any Outstanding Bonds, all Gross Revenues will be deposited in the Revenue Account and will be set aside for the payment of the following amounts or deposited or transferred to the following funds, accounts and subaccounts in the following order of priority:

***First: to the Operation and Maintenance Subaccount.*** On or prior to the third Business Day of each month, the Authority shall deposit Gross Revenues to the Operation and Maintenance Subaccount in an amount equal to one-twelfth of the estimated Operation and Maintenance Expenses for the then current Fiscal Year as set forth in the budget of the Authority for such Fiscal Year as finally approved by the Authority. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom due and payable between the third Business Day of the then current month and the second Business Day of the immediately succeeding month, additional Gross Revenues at least sufficient to make such payments shall immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account (or sufficient amounts shall be drawn from the Operation and Maintenance Reserve Subaccount in accordance with the Master Indenture).

***Second: to the Debt Service Funds.*** Except as otherwise provided in a Supplemental Indenture, on or prior to the third Business Day of each month, a sufficient amount of Net Revenues shall be transferred by the Authority, without priority and on an equal basis, except as to timing of payment, to the Trustee for deposit to the Debt Service Funds in the amounts, at the times and in the manner provided

in the Master Indenture to provide for the payment of principal and interest to become due on the Outstanding Bonds. In addition to the deposit of Net Revenues to the Debt Service Funds, the Authority shall deposit any applicable Pledged Passenger Facility Charges and/or Other Revenues Available for Debt Service with the Trustee for deposit to the applicable Debt Service Fund(s) in accordance with the provisions of the applicable Supplemental Indenture and/or the applicable certificate described in the Master Indenture. Except as otherwise provided in a Supplemental Indenture, the amount of Net Revenues, Other Pledged Revenues, if any, and Other Revenues Available for Debt Service deposited each month shall equal one sixth of the full amount required to pay the next maturing installment of interest on the Outstanding Bonds next coming due and one twelfth of the next installment of principal amount and/or sinking fund installment of the Outstanding Bonds next coming due.

***Third: to the Common Debt Service Reserve Fund and Series Debt Service Reserve Funds.*** On or prior to the third Business Day of each month, a sufficient amount of Net Revenues shall be transferred by the Authority, without priority and on an equal basis, to the Trustee for deposit to the Common Debt Service Reserve Fund at the times and in the amounts provided in the Master Indenture, and to any Series Debt Service Reserve Fund at the times and in the amounts set forth in the Supplemental Indenture pursuant to which such Series Debt Service Reserve Fund is created.

***Fourth: to the Subordinate Obligation Debt Service.*** On or prior to the third Business Day of each month, a sufficient amount of Net Revenues, to the extent available after making deposits required as described above, shall be transferred by the Authority to the Subordinate Obligation Trustee, in such amounts and at such times (as specified by the Authority), as shall be necessary to make all payments and deposits required to be made during the following month on all Subordinate Obligations.

***Fifth: to the Subordinate Obligation Debt Service Reserve Funds.*** On or prior to the third Business Day of each month, a sufficient amount of Net Revenues shall be transferred or caused to be transferred by the Authority to the Subordinate Obligation Trustee (in such amounts and at such times as specified in the Subordinate Obligation Trust Indenture) to fund any deficiency in any debt service reserve fund established by or for the benefit of the Authority in connection with any Subordinate Obligations issued pursuant to the terms of a Subordinate Obligation Trust Indenture, provided, however, no Net Revenues shall be transferred by the Authority to the Subordinate Obligation Trustee for deposit to any debt service reserve fund established by or for the benefit of the Authority in connection with any Subordinate Obligations if amounts (including any Debt Service Reserve Fund Surety Policy) in the Common Debt Service Reserve Fund are not sufficient to meet the Reserve Requirement or amounts (including any Debt Service Reserve Fund Surety Policy) in any Series Debt Service Reserve Fund are not sufficient to meet the applicable Reserve Requirement for such Series Debt Service Reserve Fund.

***Sixth: to the Operation and Maintenance Reserve Subaccount.*** On or prior to the third Business Day of each month, sufficient Net Revenues shall be deposited to the Operation and Maintenance Reserve Subaccount to fund any deficiency in the Operation and Maintenance Reserve Subaccount in accordance with the Master Indenture. The Operation and Maintenance Reserve Subaccount Requirement is an amount equal to at least one-sixth of the current annual budget of the Authority for O&M Expenses.

***Seventh: to the Renewal and Replacement Subaccount.*** On or prior to the third Business Day of each month, sufficient Net Revenues shall be deposited to the Renewal and Replacement Subaccount to fund any deficiency in the Renewal and Replacement Subaccount Requirement in accordance with the Master Indenture. Beginning in the first full Fiscal Year following adoption of the Master Indenture, the Renewal and Reserve Fund Requirement will be a balance of not less than one million dollars, increasing each year thereafter by three percent (3%).

***Eighth: to the Special Fund.*** On or prior to the third Business Day of each month, sufficient Net Revenues shall be deposited to Special Fund in an amount determined by the Authority to fund the Special Fund in accordance with the Master Indenture. Beginning in the first full Fiscal Year following adoption of the Master Indenture, the Authority shall deposit to the Special Fund fifty percent (50%)

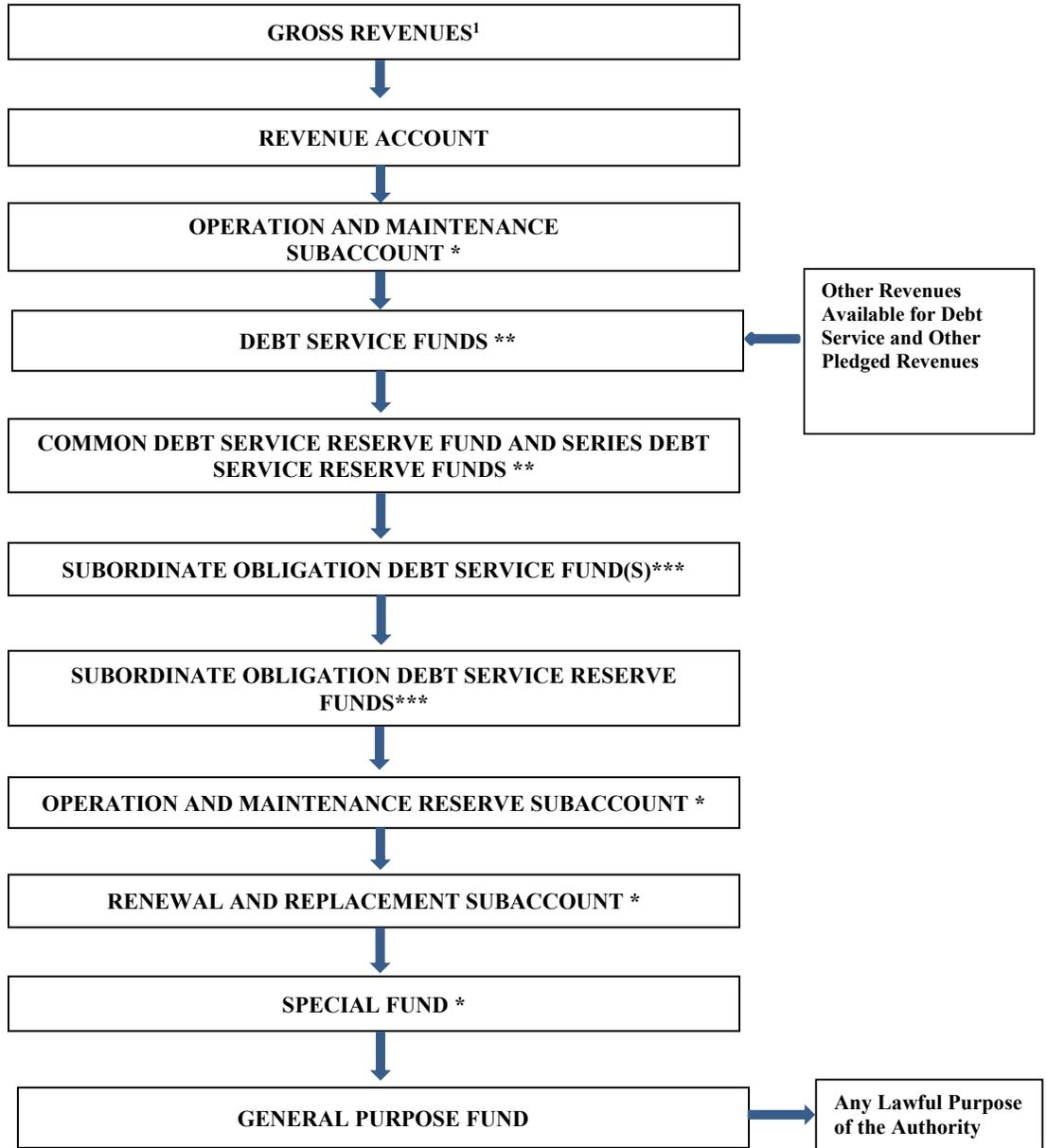
of concession revenues derived from gaming concessions, to be used for any lawful Airport System purpose.

***Ninth: to the General Purpose Fund.*** After all deposits and payments have been made as described above within “—Flow of Funds,” the Authority may from time to time, at its discretion, deposit all or a portion of the remaining Net Revenues in the Revenue Account to the General Purpose Fund to be used for any lawful Airport System purpose.

Pursuant to the Master Indenture, the Authority has created, within the Revenue Fund, separate funds, accounts or subaccounts for the deposit of PFCs and other revenues that have not been designated as Gross Revenues. See “—Use of Other Revenues to Pay Debt Service” below for a discussion of the Authority’s expectation to use PFCs and other revenues to pay a portion of the debt service on Bonds, including the Series 2024 Bonds. CFCs are paid directly to a collateral agent as provided in the ground lease for the GTC Project. The following chart provides a graphic presentation of the flow of funds under the Master Indenture and the Master Subordinate Indenture upon the receipt of Gross Revenues.

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**Flow of Funds Pursuant to Master Indenture**



\* Maintained within the Revenue Account of the Authority.  
 \*\* Held and maintained by the Trustee.  
 \*\*\* To be held and maintained by the Subordinate Trustee, if any.

<sup>1</sup> Gross Revenues do not include PFC, CFC or certain other Authority revenues.

## Rate Covenant

The Authority has covenanted in the Master Indenture that, while any of the Bonds (including the Series 2024 Bonds) remain Outstanding (but subject to all existing contracts and legal obligations of the Authority as of the date of execution of the Master Indenture setting forth restrictions relating thereto), it will establish, fix, prescribe and collect fees, rentals, rates and other charges in connection with the Airport System and for services rendered in connection therewith, so that:

- (a) Gross Revenues in each Fiscal Year will be at least equal to the following amounts:
  - (i) Operation and Maintenance Expenses due and payable during such Fiscal Year;
  - (ii) the Annual Debt Service on any Outstanding Bonds required to be funded by the Authority in such Fiscal Year as required by the Master Indenture or any Supplemental Indenture with respect to the Outstanding Bonds;
  - (iii) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund which may be established by a Supplemental Indenture;
  - (iv) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture;
  - (v) the interest on and principal of any Subordinate Obligations; and
  - (vi) funding of any debt service reserve funds created in connection with any Subordinate Obligations.

(b) During each Fiscal Year the Net Revenues, together with any Transfer, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. For purposes of this paragraph (b), the amount of any Transfer taken into account cannot exceed 0.25 times the amount of the Annual Debt Service on the Outstanding Bonds in such Fiscal Year (subject to the exception described below).

“*Transfer*” is defined in the Master Indenture to mean an amount determined by the Authority for any Fiscal Year which is transferred by the Authority from the General Purpose Fund into the Revenue Fund in that Fiscal Year. In no event shall the amount of Transfers taken into account in any Fiscal Year under the rate maintenance covenant or the additional bonds tests of the Master Indenture exceed an amount equal to 0.25 times the amount of the Aggregate Annual Debt Service, except that any amounts that are credited toward airline rates and charges, under a revenue sharing or similar rate setting approach, if deposited into the Revenue Fund in a Fiscal Year are not subject to the foregoing limit of 0.25 times the amount of the Aggregate Annual Debt Service.

For purposes of paragraphs (a) and (b) above, Annual Debt Service on the Outstanding Bonds will be reduced by the amount of principal and/or interest paid with Capitalized Interest, Other Revenues Available for Debt Service and/or Pledged Passenger Facility Charges. See “APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE II – FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS – Section 2.11 – Additional Bonds Test” and “—ARTICLE IV – REVENUES; FUNDS AND ACCOUNTS – Section 4.15 – Other Revenues Available for Debt Service.”

The AAULA between the Authority and each of the Signatory Airlines also provides for extraordinary coverage protection if, in any Fiscal Year, Revenues less O&M Expenses are projected to be less than 125% of the sum of Debt Service on Bonds and Subordinated Indebtedness for the Airport System. Pursuant to the AAULA, if extraordinary coverage protection is required under such circumstances, the cost of such coverage will be allocated among the Signatory Airlines, which shall pay such extraordinary coverage protection costs in addition to landing fees, terminal rents, and any other costs required pursuant to the AAULA. However, per the AAULA, should the Authority make any extraordinary coverage protection payments, the Authority must refund payments made by the Signatory Airlines to cover those payments as soon as uncommitted funds become available in the General Purpose Fund. For purposes of this paragraph, capitalized terms have the definitions assigned to them in the AAULA except where the AAULA provides no definition for such capitalized term. See “THE AIRPORT – Airport-Airline Use Agreement – *Rates and Charges*” below.

If Gross Revenues and Net Revenues, together with any Transfer (only as applied to paragraph (b) above), in any Fiscal Year are less than the amounts specified in paragraphs (a) and (b) above, the Authority is required to retain and direct a Consultant to make recommendations as to the revision of the Authority's business operations and its schedule of fees, rentals, rates and other charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority will take all lawful measures to revise the schedule of fees, rentals, rates and other charges as may be necessary to produce Gross Revenues and Net Revenues, together with any Transfer (only as applied to paragraph (b) above) in the amounts specified in paragraphs (a) and (b) above in the next succeeding Fiscal Year.

In the event that Gross Revenues or Net Revenues for any Fiscal Year are less than the amounts specified in paragraphs (a) or (b) above, but the Authority has, prior to or during the next succeeding Fiscal Year, promptly taken all lawful measures to revise the schedule of fees, rentals, rates and other charges as required by the provisions set forth in the prior paragraph, such deficiency in Gross Revenues or Net Revenues will not constitute an Event of Default under the Master Indenture. Nevertheless, if after taking the measures required by the provisions set forth in the prior paragraph to revise the schedule of fees, rentals, rates and other charges, Gross Revenues or Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Authority for such Fiscal Year) are less than the amounts specified in paragraphs (a) and (b) above, such deficiency in Gross Revenues or Net Revenues will constitute an Event of Default under the Master Indenture.

See "THE AIRPORT – The Airport-Airline Use and Lease Agreement" for a discussion regarding certain limits on the ability of the Authority to raise fees to be charged to the Signatory Airlines.

### **Common Debt Service Reserve Fund**

Pursuant to the Master Indenture, the Authority established the Common Debt Service Reserve Fund (the "*Common Reserve Fund*") with the Trustee to secure any Bonds the Authority elects to participate in the Common Reserve Fund. At the time of issuance of the Series 2024 Bonds, the Authority will elect to have the Series 2024 Bonds participate in the Common Reserve Fund. The Series 2024 Bonds and any additional Bonds the Authority elects to have participate in the Common Reserve Fund are collectively referred to in this Official Statement as the "*Common Reserve Fund Participating Bonds*."

Moneys held in the Common Reserve Fund will be used for the purpose of paying principal of and interest on the Common Reserve Fund Participating Bonds on a parity basis. If, on any Payment Date for the Common Reserve Fund Participating Bonds, the amounts in the Debt Service Funds for such Bonds are insufficient to pay in full the amount then due on such Bonds, moneys held in the Common Reserve Fund will be used for the payment of the principal of and/or interest thereon. If amounts in the Common Reserve Fund consist of both cash and one or more Debt Service Reserve Fund Surety Policies, the Trustee will make any required payments of amounts in the Common Reserve Fund first from any cash on deposit in the Common Reserve Fund prior to making a draw upon any such Debt Service Reserve Fund Surety Policy. Moneys held in the Common Reserve Fund also may be used to make any deposit required to be made to the Rebate Fund created for the Common Reserve Fund Participating Bonds at the written direction of the Authority if the Authority does not have other funds available from which such deposit can be made.

The Common Reserve Fund is required to be funded at all times in an amount equal to the Reserve Requirement. The "*Reserve Requirement*" is equal to the Maximum Aggregate Annual Debt Service For Reserve Requirement for all Common Reserve Fund Participating Bonds. At the time of issuance of any additional Bonds which the Authority elects to have participate in the Common Reserve Fund, the Reserve Requirement is required to be met at the time of such issuance. The Authority may fund all or a portion of the Reserve Requirement with a Debt Service Reserve Fund Surety Policy. See "APPENDIX C – FORM OF THE MASTER INDENTURE – ARTICLE IV – REVENUES; FUNDS AND ACCOUNTS – Section 4.06 Common Debt Service Reserve Fund and Series Debt Service Reserve Funds." At the time of issuance of the Series 2024 Bonds, a portion of the proceeds of the Series 2024 Bonds in the amount of \$16,614,400.00 will be deposited to the Common Reserve Fund to meet the Reserve Requirement, which will be fully funded upon such deposit. Funds in the Common Reserve Fund are required to be invested in Permitted Investments. See "– Permitted Investments" below.

The Authority reserves the right, in its discretion, (i) to allow any Series of Bonds to participate in the Common Debt Service Reserve Fund, or (ii) to create separate Series Debt Service Reserve Funds and allow one or

more Series of Bonds to participate in such Series Debt Service Reserve Funds, or (iii) to provide that a Series of Bonds not participate in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund. Any Series Debt Service Reserve Fund established under a Supplemental Indenture shall be funded in an amount equal to the applicable Reserve Requirement set forth in such Supplemental Indenture. The Series 2024 Bonds will be Common Reserve Fund Participating Bonds secured by the Common Reserve Fund.

### **Additional Bonds**

The Master Indenture provides the Authority with flexibility as to establishing the nature and terms of any additional Bonds hereafter issued with a lien and charge on Net Revenues on parity with the Series 2024 Bonds. For example, the Master Indenture provides for the issuance of Variable Rate Indebtedness, Capital Appreciation Bonds and Balloon Indebtedness on a parity with the Series 2024 Bonds. See “APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE II – FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS – Section 2.11 – Additional Bonds Test.” Additional Bonds may be issued under the Master Indenture on a parity with the Series 2024 Bonds, provided, among other things, that there is delivered to the Trustee either:

(a) a certificate, dated as of the date of delivery of such Bonds, prepared by an Authorized Authority Representative showing that the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of Maximum Aggregate Annual Debt Service, which excludes Capitalized Interest, with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; or

(b) a certificate, dated as of the date of delivery of such Bonds, prepared by a Consultant, nationally recognized as an expert in the area of air traffic and airport financial analysis, showing that, for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (B) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if (y) the proposed Series of Bonds were then Outstanding, and (z) any future Series of Bonds which the Authority estimates will be required to complete payment of the estimated costs of construction of such portion of the Specified Project (as defined in the Master Indenture) and any other uncompleted portion of the Specified Project from which the Consultant projects additional Gross Revenues will be generated were then Outstanding.

See “THE AIRPORT – Financing for the MoreRNO Program and Other Capital Projects – Additional Bonds” for further discussion of the Authority’s expectation to issue additional Bonds in the future to finance elements of the MoreRNO program. For purposes of paragraphs (a) and (b) above, the amount of any Transfer taken into account cannot exceed 0.25 times the amount of the Aggregate Annual Debt Service on the Outstanding Bonds, the proposed Series of Bonds and any future Series of Bonds required to complete the Specified Project as described above, except that any amounts that are credited toward airline rates and charges, under a revenue sharing or similar rate setting approach, if deposited into the Revenue Fund in a Fiscal Year, are not subject to the foregoing limit of 0.25 times the amount of the Aggregate Annual Debt Service. The components of Aggregate Annual Debt Service are to be calculated as provided in the Master Indenture. See “APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE II – FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS – Section 2.11 – Additional Bonds Test.”

For purposes of subparagraph (b)(ii) above, in estimating Net Revenues, the Consultant may take into account (1) Gross Revenues from Specified Projects or other Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Gross Revenues which have been approved by the Authority and will be in effect during the period for which the estimates are provided, and (3) any other increases in Gross Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and Maintenance Expenses, (y) Operation and Maintenance Expenses associated with the Specified Projects and any other new Airport

Facilities, and (z) such other factors, including inflation and changing operations or policies of the Authority, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report the calculations and assumptions made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or the Authorized Authority Representative may reasonably rely upon financial information provided by the Authority.

Neither of the certificates described in paragraphs (a) or (b) above will be required if:

(i) the Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to the Trustee, instead, a certificate of an Authorized Authority Representative or a Consultant showing that Maximum Aggregate Annual Debt Service after the issuance of such Refunding Bonds will not exceed Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding Bonds; or

(ii) the Bonds being issued constitute Notes and there is delivered to the Trustee, instead, a certificate prepared by an Authorized Authority Representative or a Consultant showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes; or

(iii) the Bonds being issued are Completion Bonds and the following written certificates are delivered to the Trustee: (A) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed, and (B) a certificate of an Authorized Authority Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Construction Fund established for the Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Construction Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose). "Completion Bonds" are defined in the Master Indenture as Bonds issued to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Bonds originally issued for the Project. The Series 2024 Bonds and any additional Bonds to be issued to finance additional costs of the MoreRNO program will not be deemed to constitute Completion Bonds under the Master Indenture. See "APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE I – DEFINITIONS; INTERPRETATION."

The Authority expects to issue additional Bonds in the future to finance the development of the Airport System. See "THE AIRPORT – Financing for the MoreRNO Program and Other Capital Projects – Additional Bonds."

### **Use of PFCs and Other Revenues to Pay Debt Service**

Pursuant to the Master Indenture, certain revenues are excluded from the definition of Gross Revenues, including PFCs, CFCs and variable rent payable under the ground lease between the Authority and RNO ConRAC for the GTC Project and, therefore, are not pledged to the payment of debt service on the Bonds, except for Other Pledged Revenues, which are subject to the pledge of the Master Indenture but do not constitute Gross Revenues, and except for PFCs (and other revenues not constituting Gross Revenues) that the Authority may lawfully elect to designate, in full or partially, as Gross Revenues. However, PFC revenues (and other revenues not constituting Gross Revenues) may still be applied to pay debt service on Bonds that financed PFC-eligible projects in two separate ways. The Authority may designate specified PFC revenues as Other Revenues Available for Debt Service. Other Revenues Available for Debt Service are transferred to the Trustee and deposited directly into an Authority-designated Debt Service Fund to be used to pay debt service on a specific Series of Bonds. The Authority may also pledge specified PFC revenue to secure designated Bonds as Other Pledged Revenues. Other Pledged Revenues are also transferred to the Trustee and deposited directly into an Authority-designated Debt Service Fund to be used to pay debt service on a specific Series of Bonds. The Authority has not elected, and the Authority has no current plans to elect, to designate PFCs as Other Pledged Revenues or as Gross Revenues. The Authority expects, however, to the extent approved by

the FAA, to use PFCs as Other Revenues Available for Debt Service to pay a portion of the debt service on the Series 2024 Bonds that financed PFC-eligible projects. Debt service paid with PFCs or other revenues not constituting Gross Revenues, whether designated as Other Revenues Available for Debt Service and/or as Other Pledged Revenues, is not included in the calculation of the rate covenant set forth in the Master Indenture, and debt service on additional Bonds that would be expected to be paid from other revenues is not included in the additional bonds test set forth in the Master Indenture. For additional information regarding Other Revenues Available for Debt Service and the Authority's expected use of such other revenues, see "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT."

### **Permitted Investments**

Moneys and funds held by the Authority will be invested in Permitted Investments, subject to any restrictions set forth in the Master Indenture and subject to restrictions imposed upon the Authority by the laws of the State and by the Authority's investment policy. Moneys and funds held by the Trustee under the Master Indenture, including moneys in the respective Debt Service Funds, and the accounts therein, and the Common Reserve Fund, may be invested as directed by the Authority in Permitted Investments, subject to the restrictions set forth in the Master Indenture and subject to restrictions imposed upon the Authority by the laws of the State and by the Authority's investment policy. See "THE AIRPORT – Financial Considerations – Investment Policy" herein.

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

Events of Default under the Master Indenture and related remedies are described in "APPENDIX C—FORM OF THE MASTER INDENTURE—ARTICLE VIII – DEFAULTS AND REMEDIES." The occurrence of an Event of Default does not grant any right to accelerate payment of the Bonds, including without limitation the Series 2024 Bonds, to either the Trustee or the Holders of the Bonds. The Trustee is authorized to take certain actions upon the occurrence of an Event of Default, including proceedings to enforce the obligations of the Authority under the Master Indenture. If there is an Event of Default, payments, if any, on the Bonds will be made after payments of Operation and Maintenance Expenses of the Airport System. Since Net Revenues are Gross Revenues net of all amounts needed to pay Operation and Maintenance Expenses of the Airport System, and the Authority is not subject to involuntary bankruptcy proceedings under Chapter 9 of the Bankruptcy Code, the Authority may be able to continue indefinitely collecting Gross Revenues and applying them to the operation of the Airport System even if an Event of Default has occurred and no payments are being made on the Bonds.

### **Subordinate Obligations**

The Authority may, through the execution of a subordinate indenture with the Trustee or another trustee at some future time, provide for the issuance and/or incurrence, from time to time, of any bond, note or other debt instrument issued or otherwise entered into by the Authority which is secured by a pledge of and lien on and payable from Net Revenues remaining after the deposits to certain Funds, Accounts and Subaccounts set forth in the Master Indenture (any such bonds, notes or debt instruments collectively "*Subordinate Obligations*"). See "APPENDIX C – FORM OF THE MASTER INDENTURE – ARTICLE IV – REVENUES; FUNDS AND ACCOUNTS – Section 4.03 – Receipt, Deposit and Use of Gross Revenues—Revenue Account" for a description of such Funds, Accounts and Subaccounts. On the date on which the Series 2024 Bonds are issued, the Authority expects to repay the full outstanding principal balance of the 2022 Subordinate Bonds with a portion of the proceeds of the Series 2024 Bonds and to retire the Non-Revolving Credit Agreement.

### **Other Covenants of the Authority**

Pursuant to the Master Indenture, the Authority has agreed to other covenants for the benefit of the holders of the Bonds, including the Series 2024 Bonds, in addition to those described above. For example, the Authority has covenanted not to issue any bonds or other obligations with a lien on or security interest in the Net Revenues which is superior to the Bonds, not to enter into any contracts or take any actions that are inconsistent with the Master Indenture, and to operate and maintain the Airport System in good working order. The Authority also has retained the right under the Master Indenture to issue obligations secured by a pledge of Net Revenues which is subordinate to the lien securing the Bonds, and to issue special facilities obligations that are not secured by a pledge of Net Revenues but that are secured only by revenues derived from a specified Special Facility. See "APPENDIX C – FORM OF THE MASTER INDENTURE – ARTICLE V – COVENANTS OF THE AUTHORITY."

## THE AIRPORT

### Overview

The Airport serves as the principal airport for much of northwestern Nevada and the Lake Tahoe region of California. See “APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Role of the Airport.” Approximately 2.34 million passengers enplaned aircraft at the Airport in fiscal year (“FY”) 2024. The Authority’s fiscal year runs from July 1 to the next succeeding June 30. This was an increase of approximately 5.2% relative the Airport’s number of enplanements in FY 2023. The number of enplanements in FY 2024 was also 9.1% higher than the number of enplanements at the Airport in FY 2019, which until FY 2023 was the fiscal year in which the Airport saw its highest annual number of enplanements since FY 2008. The number of enplaned passengers at the Airport declined substantially in FYs 2020 and 2021 due primarily to the COVID-19 pandemic but increased in FY 2022 and then further in FYs 2023 and 2024 as demand for air travel recovered. According to preliminary FAA statistics for CY 2023, the Airport was the 68<sup>th</sup>-busiest commercial service airport by enplanements in the United States.

All of the major network airlines, four low-cost carriers (“LCCs”) (including two ultra-low-cost carriers (“ULCCs”)), and one foreign airline currently operate at the Airport. In FY 2024, Southwest Airlines (“Southwest”), an LCC, was the Airport’s largest carrier by enplanements, carrying approximately 42.2% of the Airport’s enplaned passengers that fiscal year. See “— Airlines Serving the Airport” below for further information regarding the air carriers presently serving the Airport. The Airport operates efficiently and was ranked by the FAA as third in CY 2022 among the United States’s 100 busiest airports for the least number of flight delays. The Airport also has significant cargo operations. Approximately 63,946 U.S. tons of freight and mail were loaded on and unloaded off aircraft at the Airport in FY 2023. Based on preliminary FAA data for CY 2023, the Airport ranked 51<sup>st</sup> in cargo landed weight among U.S. airports.

An aerial view of the Airport is set forth below.

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## The Reno-Tahoe International Airport



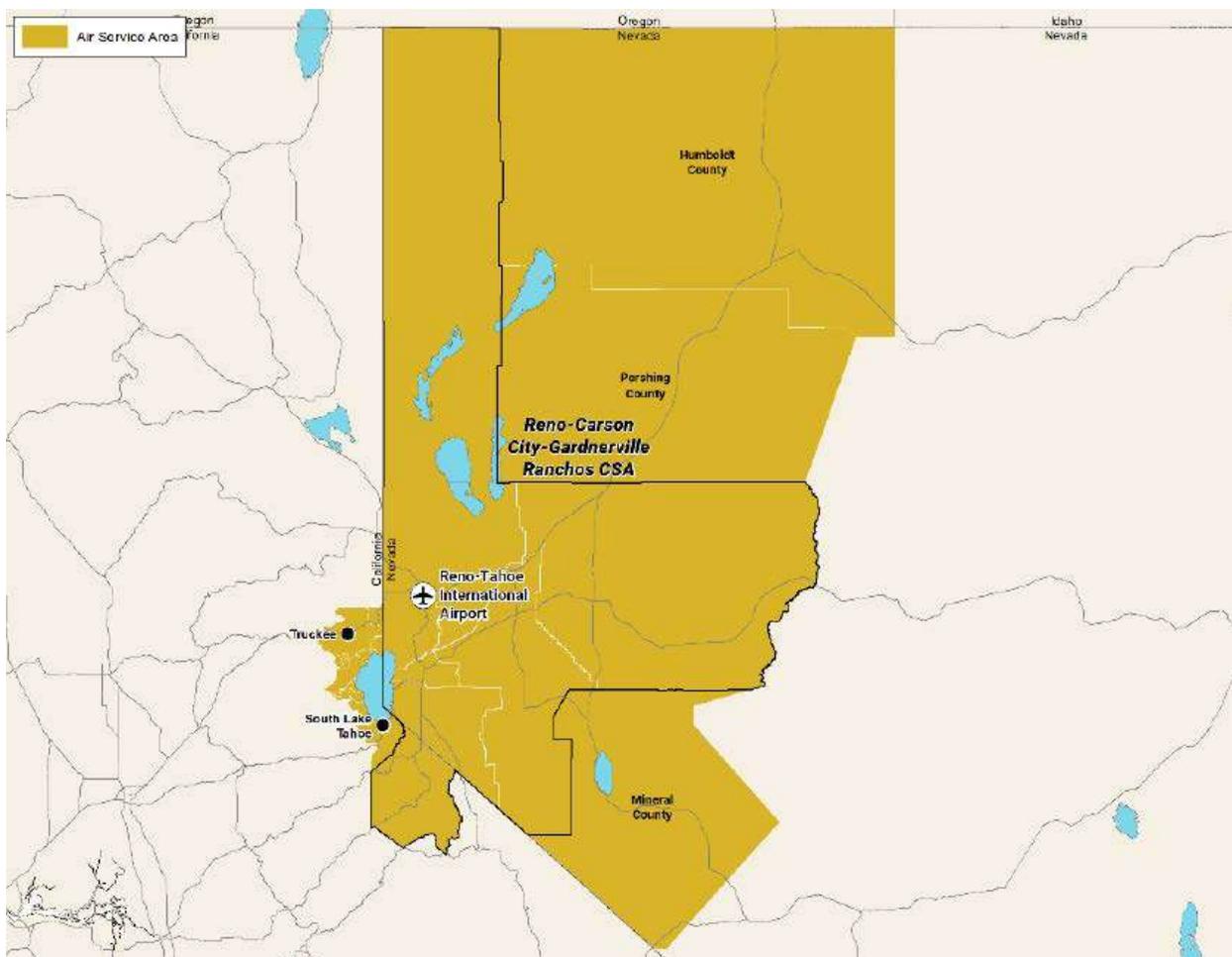
Source: The Authority, June 2023 (Google Earth).

### The Airport's Air Service Area

The Airport is the primary commercial service airport for northwestern Nevada, California's Lake Tahoe region, and parts of northeastern California. The Airport is largely insulated from competition from other airports.

The Airport’s closest commercial hub airport is California’s Sacramento International Airport (SMF), which is approximately 142 highway miles away from the Airport. However, SMF is located on the opposite side of the Sierra Nevada mountains, and the primary means of access to SMF from the Reno and Lake Tahoe regions is via Interstate 80, which is frequently closed in winter due to storms in the mountains. The geographic region that serves as an airport’s primary air service catchment area is generally referred to as its Air Service Area. The Airport’s Air Service Area consists of Carson City, which is Nevada’s state capital, the eight Nevada counties of Churchill, Douglas, Humboldt, Lyon, Mineral, Pershing, Storey, and Washoe, the California county of Alpine, and parts of California on the east side of Lake Tahoe. Washoe is the most populous of those eight Nevada counties and is home to the cities of Reno and Sparks. The Air Service Area was conservatively estimated to have a population of approximately 766,000 in CY 2023. Generally, an airport’s Air Service Area is the primary source of demand for the airport’s origin and destination (“O&D”) air travel. The Airport also draws passengers from additional areas of California’s Lake Tahoe region and northeastern California. Overall, the Airport’s Air Service Area and the broader region from which the Airport draws passengers, collectively referred to as the Airport’s “catchment” area, is estimated to have a population of over 1.0 million people. The chart below indicates the Airport’s Air Service Area in the western United States.

### The Airport’s Air Service Area



Source: Landrum & Brown, based on data from the White House Office of Management and Budget.

Because the Airport is geographically isolated from competing airport facilities, it has limited competition for air service. SMF is the closest comparable airport, at approximately 142 highway miles from the Airport. The next-closest hub airports are in the San Francisco Bay Area: San Francisco Bay Oakland International Airport (OAK) is approximately 226 highway miles from the Airport, while San Francisco International Airport (SFO) is approximately 234 highway miles and San Jose Mineta International Airport (SJC) is approximately 253 miles. Only two other hub airports are within 400 highway miles of the Airport: Fresno Yosemite International Airport (FAT), at approximately 308 highway miles from the Airport, and Rogue Valley International Medford Airport (MFR), at

approximately 309 highway miles. However, both FAT and MFR are smaller facilities, with significantly fewer enplanements, according to preliminary CY 2023 FAA data. Boise Airport (BOI), a Medium Hub airport, is approximately 422 highway miles from the Airport, while Harry Reid International Airport (LAS), the Large Hub airport serving Las Vegas, is approximately 449 highway miles from the Airport. There are no other facilities comparable to the Airport within the State with respect to air service. Other than the Airport and LAS, the only commercial services airports in Nevada are Boulder City Municipal Airport (BVU), which is approximately 465 highway miles from the Airport, and Elko Regional Airport (EKO), which is located in northeast Nevada, approximately 290 highway miles from the Airport. Both BVU and EKO are much smaller than the Airport; in CY 2023, BVU had 49,841 enplanements while EKO had 10,723 enplanements, according to preliminary FAA data.

The Airport's Air Service Areas has experienced significant population growth over the past decade, considerably higher than the national average. From CY 2013 through CY 2023, the population of the Air Service Area increased at a compounded annual growth rate ("CAGR") of 1.2%; by contrast, the U.S. population overall grew at a CAGR of 0.6% during that timeframe. The Air Service Area's labor force is also growing. In Washoe County, unemployment declined substantially over the past decade, from 9.8% in CY 2013 to 4.1% in CY 2023. In the Reno-Carson City-Gardnerville Ranchos Combined Statistical Area (the "*Reno CSA*"), defined by the White House Office of Management and Budget to include Carson City, the Nevada counties of Churchill, Douglas, Lyon, Storey, and Washoe, and California's Alpine County, the unemployment rate was 4.2% in April 2024 compared to 5.4% for Nevada overall. The Airport's Air Service Area has also seen substantial economic diversification over the past decade. In contrast to prior decades, the Reno CSA no longer relies primarily on gaming and tourism for economic development. Rather, the Reno CSA has attracted substantial investment and relocation from blue chip technology companies and other major corporations, including, among other, Amazon, Apple, Google, Microsoft, Panasonic, Patagonia, Tesla, and Walmart. Tesla's Gigafactory Nevada, located about half an hour west of Reno's central business district, produces lithium-ion batteries and other components for electric vehicles, and has recently begun manufacturing semi-trailer trucks. The City of Reno is also home to the University of Nevada, Reno, with a total enrollment of over 21,700 students during the fall of 2022, of whom just under 17,000 were undergraduates. The university has over 460 academic programs and graduates over 5,000 students each year. The City of Reno also offers approximately 5,000 hotel rooms across multiple hotels and resorts in its entertainment district, and many of these properties are investing in improvements and new facilities. As an example, in 2023 the Grand Sierra Resort and Casino announced a \$1 billion investment in its 140-acre property over the next decade. In the Lake Tahoe area, 35-60 miles from the Airport, there are multiple additional resort properties, including well-known names such as Harrah's, Bally's, the Golden Nugget, and Hyatt Regency. In addition, the Air Service Area and the surrounding region are home to numerous ski resorts, including at least five within a one-hour drive of the Airport. There are also numerous golf courses within the Air Service Area. The Airport's proximity to these resorts and courses, as well as to Lake Tahoe and several national parks in northeastern California, provides year-round tourism demand in the Air Service Area.

The Tahoe Reno Industrial Center ("*TRI Center*") is located less than 30 minutes from the Airport and is the world's largest industrial park. An estimated \$9.2 billion worth of projects are under development at the TRI Center or elsewhere within the Airport's catchment area, including several data centers, a lithium battery recycling company that, when complete, will be able to recycle enough material to create more than five million electric vehicle ("*EV*") batteries each year, and several lithium mines and lithium processing centers. Lithium is a critical element of EV batteries. The recently discovered lithium deposits are expected to support additional industrial growth in northern Nevada. As one example, the U.S. Economic Development Administration awarded approximately \$21 million to the Nevada Lithium Batteries and Other EV Material Loop, a statewide effort led by the University of Nevada, Reno, to lead initiatives to strengthen America's lithium batteries, critical elements and other electric vehicle materials industry sectors within the State. These investments in advanced industrial facilities are resulting in an increase in jobs in the catchment area, many of which pay high wages, including over 400 recently created jobs paying over \$40 per hour. This increasingly diverse economy, with manufacturing, services, and tourism, supports a strong O&D market. For additional information regarding the Airport's Air Service Area and demographics, see "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Section 1.2 – Socioeconomic Base for Air Traffic."

### **The Authority**

The Airport is owned by the Authority, a quasi-municipal corporation established by an act of the Nevada Legislature enacted on May 12, 1977. The Authority owns and manages two airports: The Airport and RTS. The Board oversees the Authority's affairs.

The Board is composed of nine members, four of whom are appointed by the City of Reno, two of whom are appointed by the City of Sparks, two of whom are appointed by Washoe County, and one of whom is appointed by RSCVA. Term information concerning the members of the Board is set forth below:

<b>Person</b>	<b>Appointing Entity</b>	<b>Title</b>	<b>Years in Service</b>
Jennifer Cunningham	City of Reno	Chair	3
Shaun Carey	City of Sparks	Vice Chair	7
Courtney Young	Washoe County	Treasurer	1
Adam Kramer	Washoe County	Secretary	3
Carol Chaplin	RSCVA	Trustee	7
Joel Grace	City of Reno	Trustee	1
Richard Jay	City of Reno	Trustee	7
Kitty Jung	City of Reno	Trustee	1
Art Sperber	City of Sparks	Trustee	7

### **Airport Management**

The day-to-day operations of the Airport System are managed by the Authority’s President/CEO, who reports directly to the Board. The Authority’s executive team consists of the President/CEO and eight other executives, all of whom are full-time professional personnel. In addition to the President/CEO, the executive team consists of (1) the Chief Commercial Officer, (2) the Chief Marketing & Public Affairs Officer, (3) the Chief Finance & Administration Officer, (4) the Chief People, Culture & Equity Officer, (5) the Chief Air Service Development Officer, (6) the Chief Operations & Public Safety Officer, (7) the Chief Infrastructure & Planning Officer, and (8) the Chief Legal Officer. The MoreRNO program is under the oversight of Jackie Borman, P.E., MoreRNO Program Director. Brief biographies of the members of the Authority’s executive team are set forth below:

#### ***Daren Griffin, A.A.E., President/CEO***

Daren Griffin has served as the President/CEO of the Authority since 2020. Prior to joining the Authority, Mr. Griffin served for 16 years at the Port of Portland (Oregon), including as General Aviation Manager, Director of Airport Operations, and, finally, Director of Program Operations for the PDXNext capital improvement program.

In his role as Director of Airport Operations, Mr. Griffin had direct responsibility for the safe and efficient operation of the Portland International Airport’s (PDX) airfield, terminal, and landside, and general aviation operations, as well as for facility maintenance, airport customer experience, and noise management. As Director of PDXNext Program Operations, Mr. Griffin managed the \$2.3 billion redevelopment of PDX, an initiative that included four concurrent capital expansion projects. Among those projects were the \$1.65 billion redevelopment of PDX’s main terminal building, the \$215 million, seven-gate expansion of a concourse to facilitate service by Southwest, the \$115 million demolition of one concourse and redevelopment and expansion of another to provide a base for Alaska Airlines’s regional air service operations, and the \$282 million development of a consolidated rental car center, public parking garage expansion, and operations and coordination center for the airport’s operations and public safety staff and first responders.

Prior to his service at the Port of Portland, Mr. Griffin served from 2000 to 2004 as State Airports Manager for the Oregon Department of Aviation, managing 28 general aviation airports owned by the State of Oregon. Before that service, Mr. Griffin served as Deputy Airport Director and in other management positions at Yuma International Airport between 1994 and 2000. Mr. Griffin earned his bachelor of applied science degree in aviation business administration from Embry-Riddle Aeronautical University, during which time he also served as a Unit Supply and Logistics Specialist in the Arizona Army National Guard. Mr. Griffin is an accredited member of the American Association of Airport Executives (“AAAE”).

#### ***Mark Berg, Chief Commercial Officer***

Mark Berg serves as the Authority’s Chief Commercial Officer, overseeing strategic initiatives to enhance revenue, manage airline agreements and oversee real estate leasing and development at the Airport System.

Prior to joining the Authority in 2024, Mr. Berg served as the Managing Director of Corporate Real Estate at Hawaiian Airlines. There, he led strategy development and implementation for airport and non-airport property management, leasing, design, construction and facility maintenance. Prior to his tenure at Hawaiian Airlines, Mr. Berg spent 15 years at Alaska Airlines, as Senior Attorney and Director of Airport Affairs.

Mr. Berg holds a bachelor's degree in political science from the University of North Dakota, a master's degree in aviation safety from the University of Central Missouri and a juris doctor with an emphasis on transportation law from the University of Denver.

***Natalie Brown, Chief Marketing & Public Affairs Officer***

Natalie Brown has served as the Authority's Chief Marketing & Public Affairs Officer since 2023, during which time she has worked to keep the public informed regarding the MoreRNO program's progress and the Airport System's operations, led air-service marketing, and directed the Authority's government affairs functions. Prior to joining the Authority, Ms. Brown spent 21 years as a communications professional with Well Fargo Bank, rising to the position of Vice President and Communications Senior Manager for Wells Fargo Bank's credit card, automotive, and personal lending divisions. Prior to her work at Wells Fargo Bank, Ms. Brown served as an account executive and publicist.

Ms. Brown earned her bachelor's degree in English literature at the University of Nevada, Reno and holds an Accreditation in Public Relations.

***Randall Carlton, Chief Finance & Administration Officer***

Randall Carlton has served as the Authority's Chief Finance & Administration Officer since 2018, overseeing the financial operations, capital financing, technology and procurement of the Authority and the Airport System. Prior to joining the Authority, Mr. Carlton served for 11 years as the Chief Financial Officer of the Contra Costa Transportation Authority in California, overseeing that agency's financial management and capital financing programs. From 2001 to 2007, Mr. Carlton served as Chief Financial Officer for the East Bay Regional Park District in the San Francisco Bay Area. Previously, from 1988 to 2001, Mr. Carlton served as an assistant controller of the City of Fresno.

Mr. Carlton earned both his bachelor's degree in public administration and his master's degree in public policy and administration from California State University, Fresno.

***Tina Iftiger, Chief Air Service Development Officer***

Tina Iftiger serves as the Authority's Chief Air Service Development Officer, a role that she has held since last year. In that role, Ms. Iftiger uses her experience with airline business models and community relationships in northern Nevada to attract air service to the Airport at a time when many communities are competing for limited service. Ms. Iftiger has extensive executive experience at the Authority, having previously served as the Authority's Chief Commercial Officer between 2020 and 2023 and, before that, as the Authority's Vice President of Economic Development between 2009 and 2020. She was appointed to the Nevada Air Service Development Commission in December 2023.

Prior to joining the Authority, Ms. Iftiger served as Director of Business Development for the Economic Development Authority of Western Nevada between 2008 and 2009 and as General Manager and Vice President of Land Development and Master Planned Communities at Landmark Communities between 2003 and 2008. She previously served as a National Consulting Manager for the Whirlpool Corporation between 2000 and 2002.

Ms. Iftiger received both her bachelor's degree in planning and development and her master's degree in urban planning from the University of Southern California. She presently serves as the Board Chair of the Desert Research Institute's Dandini Research Park.

***Cris Jensen, A.A.E., Chief Operations & Public Safety Officer***

Cris Jensen has served as the Authority's Chief Operations & Public Safety Officer since 2021. In that role, Mr. Jensen is responsible for the safe and efficient operation of both the Airport and RTS. In that role, Mr. Jensen oversees the Authority's airport communications, airside operations, compliance, emergency management, fire, landside operations, police, and terminal operations departments and the management of RTS.

Prior to joining the Authority, Mr. Jensen served as Airport Director of Missoula Montana Airport, a Small Hub airport, between 2005 and 2021. Between 1997 and 2005, Mr. Jensen served as the Airport Director of Elko Regional Airport in Nevada. Mr. Jensen began his career at the Authority in 1990 as an Airport Duty Manager.

Mr. Jensen earned his bachelor of science degree in aeronautical studies and business at Embry-Riddle Aeronautical University and is an accredited member of AAAE.

***Gary Probert, Chief Infrastructure & Planning Officer***

Gary Probert has served as the Authority's Chief Infrastructure & Planning Officer since 2020, overseeing a team of more than 100 employees and a portfolio that includes planning, engineering, construction, environmental, noise, and maintenance projects for the Authority. Prior to his current role, Mr. Probert served as the Authority's Manager of Engineering & Construction between 2018 and 2020 and as a Senior Project Manager for the Authority between 2011 and 2020. From 2009 to 2011, Mr. Probert owned Probert Engineering, a civil engineering firm. He previously held several positions as an engineering and project management professional between 1983 and 2009.

Mr. Probert earned a bachelor of science degree in soil resource management from the University of California, Berkeley and a bachelor of science in civil engineering from San Jose State University.

***Christy Wheeler, Acting Chief People, Culture & Equity Officer***

Christy Wheeler serves as the Authority's acting Chief People, Culture & Equity Officer. In that role, Ms. Wheeler oversees the human resources functions of the Authority, which employs staff in approximately 292 full-time-equivalent positions.

Prior to joining the Authority, Ms. Wheeler served as the Regional Vice President of Human Resources over Northern Nevada for Caesars Entertainment. In that role, Ms. Wheeler oversaw all aspects of human resources and employee engagement for Caesars Entertainment's Reno and Lake Tahoe properties. Prior to joining Caesars Entertainment, Ms. Wheeler served as Vice President of Human Resources for Grand Sierra Resort and as Senior People Director at The Cosmopolitan in Las Vegas.

Ms. Wheeler earned a bachelor of science degree in business administration from the University of Nevada, Reno, where she currently serves as an instructor in human resources leadership. Ms. Wheeler holds certifications as a Senior Professional in Human Resources, a Certified Benefit Professional, a Certified Compensation Professional, and a Global Remuneration Professional.

***Ian Whitlock, Chief Legal Officer***

Ian Whitlock has served as the Authority's Chief Legal Officer since 2022, providing general legal counsel to the Authority. Prior to joining the Authority, Mr. Whitlock served as legal counsel to the Port of Portland between 2005 and 2022, rising to the position of Deputy General Counsel in 2015. Between 2008 and 2015, Mr. Whitlock served as a commissioner of the Oregon Government Ethics Commission, including serving a term as its chair. Between 1997 and 2005, Mr. Whitlock served as Senior Assistant Attorney General for the State of Oregon. Between 1984 and 1997, Mr. Whitlock was an associate attorney and then partner in private practice. He began his legal career as a law clerk in the Supreme Court of Texas.

Mr. Whitlock holds a bachelor's degree in environmental studies from Bard College at Simon's Rock, a master's degree in environmental science from the University of Texas at Dallas, and a juris doctor from the University of Texas at Austin.

## Airport Facilities

### *Overview*

The Airport is situated on approximately 1,540 acres entirely within the City of Reno, about five miles southeast of the City of Reno's central business district. The Airport's airfield comprises three runways, two of which are used for airline traffic and one of which, a crosswind runway, is primarily used by smaller general aviation aircraft. The Airport's passenger facilities currently include a terminal building and two airside concourses, Concourses B and C. Passengers may reach the terminal via the Airport's Loop Road, which brings passengers to the front entrance to the terminal, or by parking in the Airport's public parking facilities and entering the terminal via a skybridge. The FAA classifies the Airport as a Medium Hub facility, signifying that the Airport hosts between 0.25% and 1% of all annual passenger enplanements in the United States. Although enplanements at the Airport in CY 2023 were approximately 5.6% higher than in CY 2022, according to preliminary FAA data, growth in enplanements at several other U.S. airports in CY 2023 is expected to cause the FAA to classify the Airport as a Small Hub facility in October of 2024, which would signify that the Airport hosts between 0.05% and 0.25% of all annual passenger enplanements in the United States.

The Airport began operations as Hubbard Field in 1929, when it was owned by Boeing Transport, Inc. In 1936, United Airlines ("*United*") purchased the Airport; United sold the Airport to the City of Reno in 1953. The Airport's current terminal building was opened in 1960, in preparation for the 1960 Winter Olympics held in nearby Palisades at Tahoe, formerly known as Squaw Valley. In 1977, the Nevada Legislature established the Authority to own and operate both the Airport and RTS. In 1981, the Authority opened Concourses B and C. In the 1990s, the Authority extended its two longest runways; in 1993, the Authority extended Runway 17L-35R from 5,000 to 9,000 feet, and in 1999, the Authority extended Runway 17R-35L from 10,001 to 11,001 feet. In 2008, the Authority completed several projects at the Airport, including several runway safety improvements, construction of the Airport's current airport traffic control tower, development of the existing Hyatt Place hotel on Airport property, and construction of the Airport's current airport rescue and firefighting facility. In 2013, the Authority completed the Gateway Project, an initiative that consolidated its passenger security checkpoints and improved Airport concessions. The next year, the Authority modernized its Federal Inspection Services ("*FIS*") facility, allowing for the resumption of international air service. In 2020, a private developer opened the Aloft hotel on Airport property leased from the Authority adjacent to the Hyatt Place hotel. In 2022, the Authority broke ground on MoreRNO, an integrated series of projects to expand and modernize the Airport to facilitate more passenger traffic, increase aircraft capacity, and improve the traveler experience throughout the Airport. See "*—The MoreRNO Program*" herein. In April 2024, the Authority completed the initial element of MoreRNO when it opened its substantially expanded Airport ticketing hall. In May 2024, the Authority achieved financial close on another major MoreRNO element, a Ground Transportation Center being developed by a private developer that will consolidate rental car and ground transportation operations in a large, modern facility.

### *Airfield*

The airfield consists of three runways. The two primary runways, 17L-35R and 17R-35L run parallel, in a north-south orientation, and principally serve air carriers. A third runway, 7-25, is shorter and bisects the other two runways; it is used primarily for smaller general-aviation traffic. Runway 17R-35L is the Airport's longest runway, measuring 11,001 feet long. Runway 17L-35R is 9,000 feet in length, while Runway 8-26 is 6,102 feet long. All three runways are each 150 feet wide. The two parallel runways each feature high intensity runway lighting systems, centerline lighting, and touchdown zone lines. A precision instrument landing system ("*ILS*") is located on Runway 17R-35L to facilitate approaches during instrument flight rules ("*IFR*") conditions. The other two runways have non-precision approach procedures.

Complete reconstruction of Runway 17R-35L was completed on October 16, 2021 and, beginning in November 2021, Authority staff noted flaking in the concrete surface. The Authority and the contractor have negotiated a settlement of claims arising from the concrete flaking issues noted by the Authority. Pursuant to that settlement, the runway will be closed from August 19, 2024 and approximately three inches of concrete will be milled from the runway's surface and replaced with three inches of asphalt by the contractor. Work is expected to be substantially complete by November 21, 2024. The Authority will be responsible for maintaining Runway 17R-35L thereafter. The contractor will also pay the Authority five million dollars, which is estimated to be sufficient to maintain the runway and remill and replace the asphalt after ten years. The Authority and the contractor have agreed to waive any future claims relating to the existing concrete work on the runway.

### ***Terminal Facilities***

The existing terminal complex includes a terminal building and Concourses B and C, both of which connect to the ticketing hall. The terminal is two stories tall and comprises approximately 448,650 square feet. Concourses B and C collective have 23 aircraft gates, each of which has an attached loading bridge. The Airport's existing gate positions are designed to accommodate aircraft from the Airbus A320, Boeing 737, Bombardier Q400, and Canadair CRJ families. One gate, B10, can accommodate widebody aircraft.

The first floor of the terminal building includes an airline ticketing hall, a baggage claim area, rental car and ground transportation kiosks, restaurants, retail and vending concessions, and a gaming concession area. The first floor of the terminal building also includes various nonpublic areas, including certain baggage-handling areas, airline operations facilities, and offices for other Airport tenants. The second floor of the terminal building contains concessions including a passenger lounge, a full-service restaurant, retail shops and quick serve food service and connects to the two concourses.

Concourses B and C run parallel to one another, perpendicular to the terminal building. Passengers may access each concourse via its second floor, after proceeding through the Transportation Security Administration ("TSA") checkpoint. Concourse B contains 11 gates, while Concourse C has 12. Concourses B and C respectively have 3,300 and 4,100 square feet of concessions space offering retail and restaurants. Both concourses have two banks of restrooms each, as well as one family restroom. The concourses also offer slot machines and vending services. The first level of each concourse, on the apron, is not for passenger use and is only available to staff of the Authority, the airlines, and certain other Airport tenants.

In Concourse B, Delta Air Lines ("*Delta*") leases one gate, while Southwest leases four gates and the Authority retains control of the remaining gates as common use gates. In Concourse C, Alaska Airlines ("*Alaska*") leases two gates, American Airlines ("*American*") leases three, United leases two, and the Authority retains five gates for common use.

The Airport's FIS facility is a standalone building just to the north of the terminal complex. U.S. Customs and Border Protection operates the facility. Presently, the Airport's only international commercial passenger service is to Guadalajara, via Volaris, whose passengers enter the United States via the FIS facility upon arrival. However, the FIS facility also serves international charter and general aviation aircraft.

### ***Parking Facilities***

The Airport offers two public parking facilities for use by Airport passengers: a three-story parking garage and a surface parking lot. The garage has 1,630 spaces for long-term parking and 296 spaces for short-term parking. Passengers may walk directly from the parking structure to the terminal. The surface parking lot has 1,437 parking spaces, exclusively for long-term parking. Separately, the Airport provides two parking lots for Airport employees and tenants: the Green Lot, with 128 parking spaces for Authority staff and Airport-tenant managers, and the Purple Lot, with 630 parking spaces for other Airport-tenant employees and overflow parking for passengers. The Airport uses two additional parking lots for passenger overflow parking: the Yellow Lot, with 144 parking spaces, and the Blue Lot, with 291 parking spaces.

For members of the public, parking for up to 10 minutes is free and 11 minutes to 20 minutes costs \$1, regardless of whether one parks in a short-term garage space, long-term garage space, or long-term surface lot space. Likewise, the rate to park for one hour in any such lot is \$3. However, for each additional hour, the rate to park in the short-term lot is \$3, while the rate to park in either the long-term garage or the long-term surface lot is \$2 for each hour after the first. The maximum daily rate to park in the short-term garage is \$36, while the maximum daily rate for the long-term garage is \$16 and the maximum daily rate for the long-term surface lot is \$12.

### ***Rental Car Facilities***

Nine rental car brands operate at the Airport, eight of which are located on-Airport. The on-Airport brands are Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty. The off-Airport brand is Reno Tahoe Rental Car. Each of the eight on-Airport rental car companies operates one or more service counters on the first floor of the terminal building, across from baggage claim. Each of the on-Airport rental car companies provides vehicles for pickup from the ground level of the parking structure, while Reno Tahoe Rental Car provides free shuttle service to

its own remote lot. The parking structure also hosts the rental car return facility. To the southwest of the long-term surface lot is a servicing and storage area for rental cars. In addition, the Airport offers a “quick-turn-around” (“*QTA*”) facility north of the parking structure to allow on-Airport rental car operators to clean, fuel, and service their rental vehicles. When the new GTC Project opens, the on-Airport rental car companies will relocate from the parking structure and the existing QTA facility to the top three floors of the new Ground Transportation Center, thus opening up approximately 600 additional parking spaces. Off-Airport rental car companies will pick up customers on the first floor of the new GTC Project.

### ***Ground Transportation***

The Airport offers a ground transportation lot to the north of the terminal building where passengers may be picked up by a taxi, shuttle, or transportation network company (“*TNC*”) vehicle (such as Uber or Lyft). Taxis must pay \$2 for each on-Airport pickup. Beginning July 1, 2024, TNCs must pay \$3 for each on-Airport pickup and \$2 per on-Airport drop-off, each an increase of one dollar over prior rates. To reduce vehicular congestion near the terminal, the Authority provides staging areas at the Airport for taxis and TNCs to await riders. The Airport also has a Free Waiting Lot, where drivers may wait until their passengers have arrived at the terminal and are ready for pickup. Upon completion of the GTC Project, all ground transportation providers will operate from the first floor of the new GTC Project.

The Airport also has an agreement with a peer-to-peer car-sharing company, Turo. Turo operates from the Blue Lot, where it pays Airport parking fees, and meets customers in the TNC-pickup area. Turo pays a concession fee to the Authority similar to that which the off-Airport rental car companies pay.

The Regional Transportation Commission of Washoe County provides two bus routes that each stop along Terminal Way, adjacent to the Airport.

### ***Air Cargo and Aircraft Maintenance Facilities***

The Airport includes several air cargo facilities to the north of the passenger terminal. The Airport’s air cargo operators include FedEx, DHL, and UPS. The Airport’s air cargo apron space is approximately 798,000 square feet, which is allocated among cargo operators: FedEx has 240,000 square feet of exclusive-use cargo apron, UPS and DHL share 405,000 square feet of exclusive-use cargo apron, and other cargo operators have access to 153,000 square feet of cargo apron. There are ten aircraft parking positions dedicated to all-cargo aircraft. There is additional cargo-aircraft parking available on the Airport’s northern remote apron if needed.

FedEx operates primarily from a 12,000 square foot building located on Air Cargo Way. FedEx has two preferential ramp positions on the cargo apron and uses a third on a per-turn basis. A commercial real estate developer, International Aviation Terminals Partnership (“*IATP*”), has approximately 53,349 square feet of warehouse space in a facility that it leases for cargo operations. UPS, DHL, Southwest Airlines, and two independent cargo handlers lease space in that facility. The Authority also owns and operates a cargo facility comprising approximately 23,000 square feet, which will be demolished as part of the GTC Project and replaced with a new facility of comparable size directly north of the IATP facility.

On June 15, 2023, the Authority entered into an option agreement with Aviation Facilities Co. (“*AFCO*”) granting the right to lease up to five parcels of land on which to develop new cargo facilities at the Airport. Under the option agreement, AFCO is required to pay an option fee equal to 5% of the ground rent of the initial parcel, develop and deliver a master development concept to the Authority for its review and approval and, following Authority approval, commence phased development within 18 months thereafter, leasing an additional parcel every 24 months. AFCO has met the deadlines set forth in the option agreement to date. While AFCO has not committed to proceeding with development, the Authority and AFCO anticipate that AFCO could break ground on the new cargo facilities in CY 2025 or CY 2026, and then construct the facilities in phases. AFCO is in discussions with FedEx, DHL, and UPS regarding their potential use of the proposed new cargo facilities. The option agreement is terminable on thirty days’ notice by either party.

### ***Ancillary Aeronautical Facilities***

The Nevada Air National Guard (the “*NVANG*”) operates on approximately 61 acres of the Airport, where it bases the 152<sup>nd</sup> Airlift Wing. The NVANG base has operated for over 70 years and hosts about 1,100 full-time and weekend personnel altogether.

The Airport's general aviation service providers include a maintenance, repair and overhaul ("MRO") center for business-jet manufacturer Dassault Falcon Jet; two fixed base operators Atlantic Aviation and Stellar Aviation; Grandview Aviation, a charter operator; three flight schools; and JSX, a scheduled charter operator that operates from the Stellar Aviation facilities.

In May 2024, Stellar Aviation ("Stellar") opened a new general aviation facility on the Airport. The facility, in which Stellar invested approximately \$14 million, includes a new, 5,000-square-foot executive terminal, 37,000 square feet of hangar and office space, and four acres of apron area dedicated to aircraft parking and maintenance. Stellar has also proposed to develop what it terms a "General Aviation Campus", which development would include several hangars and T hangars, a self-fueling station for aviation gasoline, and a meeting facility. Stellar's proposal to develop additional hangars on the Airport could help mitigate the Authority's waitlist for hangar space on the Airport, which includes 98 parties.

### ***Other Non-Aeronautical Facilities***

Two hotels currently operate on Airport property: The Aloft hotel and the Hyatt Place hotel. In addition, the Authority has approximately three acres of land near those two hotels that it currently uses for overflow parking but that could be used for the development of a third hotel. The Authority has received expressions of interest regarding such a hotel development, though it does not have plans to lease the property immediately. The Authority also considers proposals from other non-aeronautical businesses from time to time to lease available Airport property outside of the airfield and terminal areas.

### ***RTS***

The Authority also operates RTS, an FAA-designated reliever airport that is situated approximately 11 miles to the north of the City of Reno's central business district. RTS is about 5,170 acres in area and primarily serves general aviation. RTS has two runways: Runway 14-32, which is 9,000 feet long, and Runway 8-26, which is 7,608 feet long. Both runways are 150 feet wide. Each of the runways is asphalt and is equipped with high intensity runway lights and four-lighted precision approach path indicators. The Runway 32 approach is equipped with ILS. Approximately 200 aircraft are based at RTS. A former Air Force base, RTS hosts an Army Aviation Support Facility and a battalion of the NVANG. RTS is also home to a fixed base operator, Aviation Classics. RTS has been designated by the FAA and the State as a test range for unmanned aircraft systems ("UAS").

The Authority has entered into a master development agreement with Dermody Properties ("Dermody"), a real estate developer, to develop industrial facilities on up to 1,700 acres of the developable property at RTS. Dermody has announced plans to develop at least some of that property into the Reno AirLogistics Park, a two-building logistics facility whose buildings would, as proposed, comprise over 1,230,000 square feet of space. Dermody is presently constructing the first phase of the Reno AirLogistics Park, occupying 56 acres, and the Authority expects Dermody to develop substantially more space within the property subject to the master development agreement, regulatory approval and other contingencies.

Together, the Airport and RTS constitute the Airport System.

### **The MoreRNO Program**

The MoreRNO program is a comprehensive, integrated capital improvement program to expand and modernize the Airport. MoreRNO is intended to relieve congestion and provide additional capacity for the Airport's landside facilities, replace the Airport's aging and undersized terminal concourses, and modernize the terminal building to accommodate future technologies and enhance customer experience and wayfinding. MoreRNO is expected to fully replace the Airport's two existing concourses, which are now more than 40 years old, with new, larger and up-to-date facilities that offer passengers a more-comfortable travel experience, better match the aircraft serving the Airport, meet current code requirements, and enhance concessions opportunities. MoreRNO is also being designed to relieve congestion in the parking, ground transportation and rental car facilities by providing a new, four-story Ground Transportation Center, which an experienced private developer is currently developing, and relocating rental car operations from the parking garage and adjacent parking areas, thereby opening approximately 600 additional parking spaces in the existing parking garage for public use and consolidating ground transportation facilities adjacent to the terminal. The MoreRNO program is also intended to relieve curbside congestion and has added space to the ticketing hall in the terminal. In addition, MoreRNO includes a new headquarters building to house

the Authority’s administrative staff and its police department. The new headquarters building will allow Authority staff to vacate office space within the terminal, making that space available for lease to the airlines serving the Airport or to other Airport tenants. The Authority also expects to construct a new Central Utility Plant to serve the two new concourses and the new headquarters building, with the potential for future expansion to serve additional Airport facilities.

Currently budgeted at approximately \$985 million, MoreRNO includes (1) the expansion of the Airport’s terminal ticketing hall, (2) reconstruction of the Loop Road that brings vehicles to and from the ticketing hall, (3) the construction of the Airport’s Ground Transportation Center, (4) replacement of Concourses B and C with two new concourses, referred to as New Gen A&B, and (5) the construction of a new headquarters building for the Authority’s administrative staff and police force. The Authority expects to construct the new Central Utility Plant and additional remain overnight aircraft parking as part of the New Gen A&B project.

The following table summarizes the budget for each major component of the MoreRNO program and its current design or construction status.

<b>Project</b>	<b>Current Budget (\$000s)</b>	<b>Planned Date of Entry Into Service</b>
Ticketing Hall Expansion	\$32,396	Operational (entered service April 2024)
Loop Road Improvements	13,918	Fourth Quarter (Q4) 2024
Ground Transportation Center	299,000	Q3 2028
New Gen A&B (including aircraft remain overnight parking and a Central Utility Plant)	570,000	Various phases (between Q1 2028 and Q1 2029)
Authority and Police Headquarters	70,000	Q4 2026

***Ticketing Hall Expansion***

The Authority completed expansion of the ticketing hall, a major project within the MoreRNO program, in April 2024. The expansion added approximately 10,000 square feet to the ticketing hall, increasing its capacity for passengers to queue during check-in by approximately 113%. The expansion also provided additional restrooms and improves the flow of passengers within the hall.

***Loop Road Improvements***

The Authority is currently improving the Loop Road that provides access to the passenger terminal, including by repaving and otherwise reconstructing the existing inner and outer lanes of that road, to improve their safety and traffic flow and meet requirements of the Americans with Disabilities Act. The inner loop improvements are complete and the outer loop is expected to be completed by the end of the fourth quarter of 2024. In addition to expanding the capacity of the Loop Road and rebuilding the aged roadway infrastructure, the Authority is adding canopies to curbside positions beside the Loop Road to protect passengers from inclement weather, and the Authority is adding bollards to the Loop Road to better protect passengers and the terminal building from incursions by vehicles. Upon completion of the Loop Road improvements, the Airport’s “front door” will welcome passengers and other patrons with modern, enhanced infrastructure better sized to accommodate the current passenger demand.

***Ground Transportation Center***

MoreRNO will bring an entirely new ground transportation experience to the Airport through the construction of the comprehensive GTC Project. Occupying a ground lease of approximately 440,220 square feet, the GTC Project will span four floors, add at least 600 additional parking spaces to the Airport’s capacity by relocating the current rental car operations, and accommodate rental car facilities, TNCs, taxis, and public transportation. The GTC Project will include a consolidated rental car facility on floors two through four, including a ready-return center, a QTA

facility, and space for rental car operators to conduct minor vehicle repairs. The GTC Project is expected to serve up to ten rental car brands initially.

Notably, the GTC Project will be funded almost entirely with private investment, obligating the Authority to contribute only about 5% of its cost. The Authority has entered into a public-private partnership with a joint venture affiliated with Meridiam and Conrac Solutions, RNO ConRAC LLC. Meridiam is a global asset manager focused on sustainable infrastructure investment, while Conrac Solutions, a subsidiary of Meridiam, has developed and operates rental car facilities at many U.S. airports. Under the ground lease between the Authority and RNO ConRAC LLC (the “*Ground Lease*”), Meridiam will finance approximately \$283 million of the Ground Transportation Center’s projected \$299 million development cost with its own equity and bank loans, while the Authority will be responsible for funding the remaining approximately \$16 million of the project costs. Pursuant to the Ground Lease and related documents, Conrac Solutions will develop the GTC Project on an at-risk basis, assuming the majority of potential cost increases, and operate the rental car facilities following completion on a “triple-net” basis, assuming all costs of operations, maintenance, taxes and insurance. The majority of the costs of the GTC Project’s development will be funded through CFCs, which have been pledged to RNO ConRAC LLC through the thirty-year term of the Ground Lease. RNO ConRAC LLC will operate and maintain the rental car facilities for the term of the Ground Lease while the Authority will operate and maintain the ground transportation facility, which will occupy a portion of the first floor of the Ground Transportation Center. The Authority will be responsible for remediating any previously unidentified environmental contamination identified during construction, although the Authority expects to be reimbursed for up to \$9 million of such costs pursuant to the Ground Lease from available CFCs, although there can be no assurance that CFCs received in the future will be sufficient to reimburse the Authority as so provided. The Authority may contribute up to an additional \$34 million in exchange for a lower CFC rate and a greater share of CFC collections. The Authority also has the ability to buy out RNO ConRAC and terminate the Ground Lease. During the term of the Ground Lease, RNO ConRAC will pay the Authority ground rent, variable rent from CFCs based upon the amount contributed by the Authority and various other revenue sharing amounts. The Authority has designated the GTC Project as a “special facility” under the Master Indenture, and CFCs are excluded from Gross Revenues under the Master Indenture.

### ***New Gen A&B***

The Authority is preparing to replace the two existing concourses, B and C, with two new concourses, New Gen A&B. The New Gen A&B project is intended to replace the over-40-year-old existing concourses with modern facilities designed to accommodate the new, larger aircraft now serving the Airport and provide an enhanced passenger experience. Each new concourse is being designed to meet or exceed industry standards for levels of service, be larger and more spacious, increase concessions space, improve passenger flow, and admit more natural light to provide a more comfortable travel experience. The new concourses are also designed to have greater capacity for passengers in the holdrooms and greater capacity for aircraft externally. Together, New Gen A&B is expected to increase the Airport’s airline gate capacity from 23 to 24 gates, all of which will be designed to accommodate Airplane Design Group III (or in some cases, Group IV) aircraft and all of which are expected to have jet bridges. New Gen A&B is also expected to have capacity to provide up to 28 gates if the Authority reconfigures New Gen A&B in the future, depending on the aircraft mix. New Gen A&B is also expected to more than double the current concessions capacity in the concourses, including gaming. As of the date hereof, the New Gen A&B project is at approximately 30% design, and the Authority, in consultation with the Signatory Airlines, continues to refine the design of the project.

The New Gen A&B project is intended to reflect the Airport’s growth and the evolution of airlines’ fleets. The Airport’s two existing concourses were designed to accommodate a fleet mix of smaller aircraft, including regional jets that have historically served the Airport. Over the past two decades, however, airlines have reduced their reliance on relatively small regional jets and generally upgauged to larger, more fuel-efficient aircraft. In addition, several U.S. airlines have acquired newer, larger models of existing aircraft types, including physically larger versions of the Boeing 737 and aircraft in the Airbus A320 family. New Gen A&B is designed to accommodate these larger aircraft, including Boeing 737 Max 10s and Boeing 757s, while also continuing to accommodate regional jets. As part of the New Gen A&B project, the Authority plans to construct taxilanes that are designed to accommodate Group III aircraft, and which are intended to include dual taxilanes between concourses.

The New Gen A&B concourses are also expected to facilitate airline and tenant ground operations. The concourses are designed to offer wide drive tunnels, open interior circulation halls, a centralized distribution center for concessions, and concessions spaces designed for better customer and employee movement. The Airport’s current concourses lack sufficient concessions and holdroom space to meet passenger demand at peak hours; the Authority is designing New Gen A&B to address those limitations and provide greater revenue-generating opportunities for the

Authority through a significant increase in concessions capacity. In addition, the Authority is designing New Gen A&B to meet current seismic design codes and, therefore, improve the facility's seismic resilience.

As part of the New Gen A&B project, the Authority will construct the new Central Utility Plant. The Central Utility Plant will provide both electricity and heating and cooling to New Gen A&B and the Authority's new headquarters building. The Central Utility Plant is expected to be substantially more water-efficient than the Airport's existing central utility facility and is designed to exceed code for efficiency, reducing the Authority's energy usage. The Central Utility Plant is intended to supplement, not replace, the Airport's existing central utility facility. However, the Authority is designing the Central Utility Plant with the expectation that it could be expanded modularly to serve other Airport facilities and, possibly, replace the existing central utility facility in the future.

The Authority is working with representatives of the Airport's Signatory Airlines to mitigate the impacts of the New Gen A&B construction project on airline operations. For most of that project, the Authority expects to keep at least 16 jet bridge gates in operation at any given time, minimizing the need for airlines to conduct ground loading during construction. The New Gen A&B project includes upgrading the south remain overnight aircraft parking facilities adjacent to the concourses, allowing the Airport to accommodate its current level of operations. The Authority is working with airline representatives to mitigate the impacts of construction of New Gen A&B on operations while achieving efficient, cost-effective, and timely completion of the project.

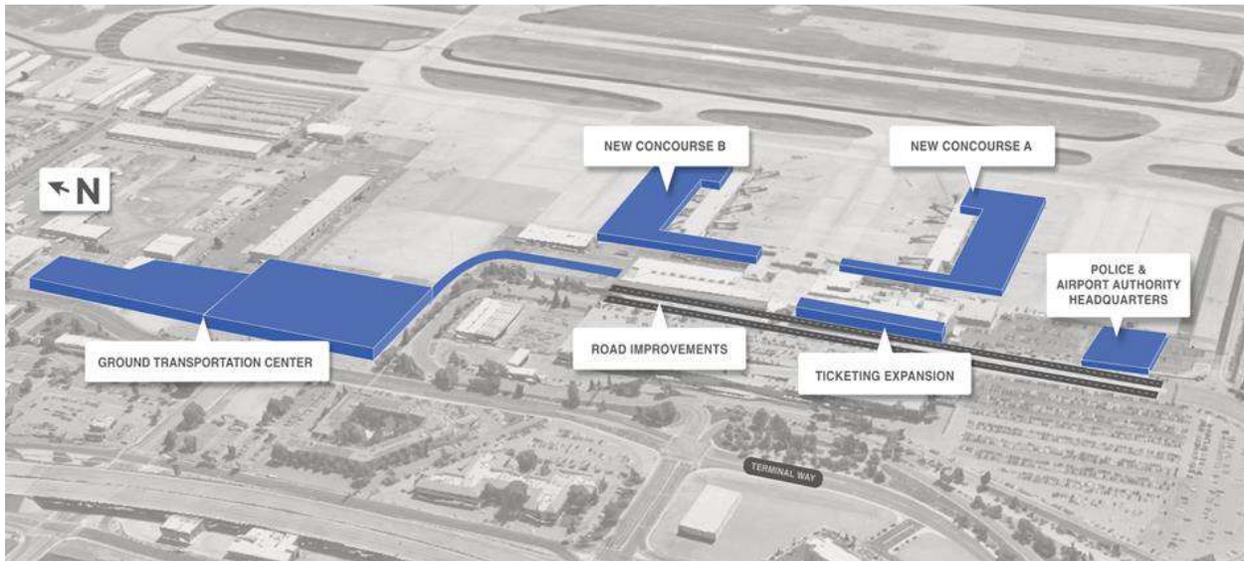
#### ***Authority and Police Headquarters***

As part of MoreRNO, the Authority expects to construct a standalone headquarters building for its administrative staff and police force immediately south of the passenger terminal complex, consolidating the location of the Authority's administrative staff and facilitating police response to Airport and passenger needs. Presently, Authority administrative staff work out of office space on the second floor of the terminal building and at other locations on the Airport, while the Authority's police department is headquartered on the first level of the existing Concourse B, which will be demolished to make way for New Gen A&B. The Authority determined through a planning study that it would be most strategic to combine its administrative and police headquarters into the planned joint headquarters building, which the Authority expects to be designed to facilitate quick police response times to both landside and airside incidents.

The Authority expects to house the police department on the planned headquarters building's first floor, which is also expected to include a reception area for the Authority. The building's second floor is expected to feature shared spaces for both the Authority's administrative and police staff. As planned, Authority administrative staff will occupy the building's third and fourth floors. The new headquarters building is being designed to include multi-use spaces, among them a board room, kitchen, cafeteria, gymnasium, and meeting rooms, as well as office space and workstations. By opening the new headquarters building, the Authority expects to make its existing office space in the terminal available for lease by the airlines serving the Airport and other Airport tenants.

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## The MoreRNO Program of Capital Improvement Projects



Source: The Authority.

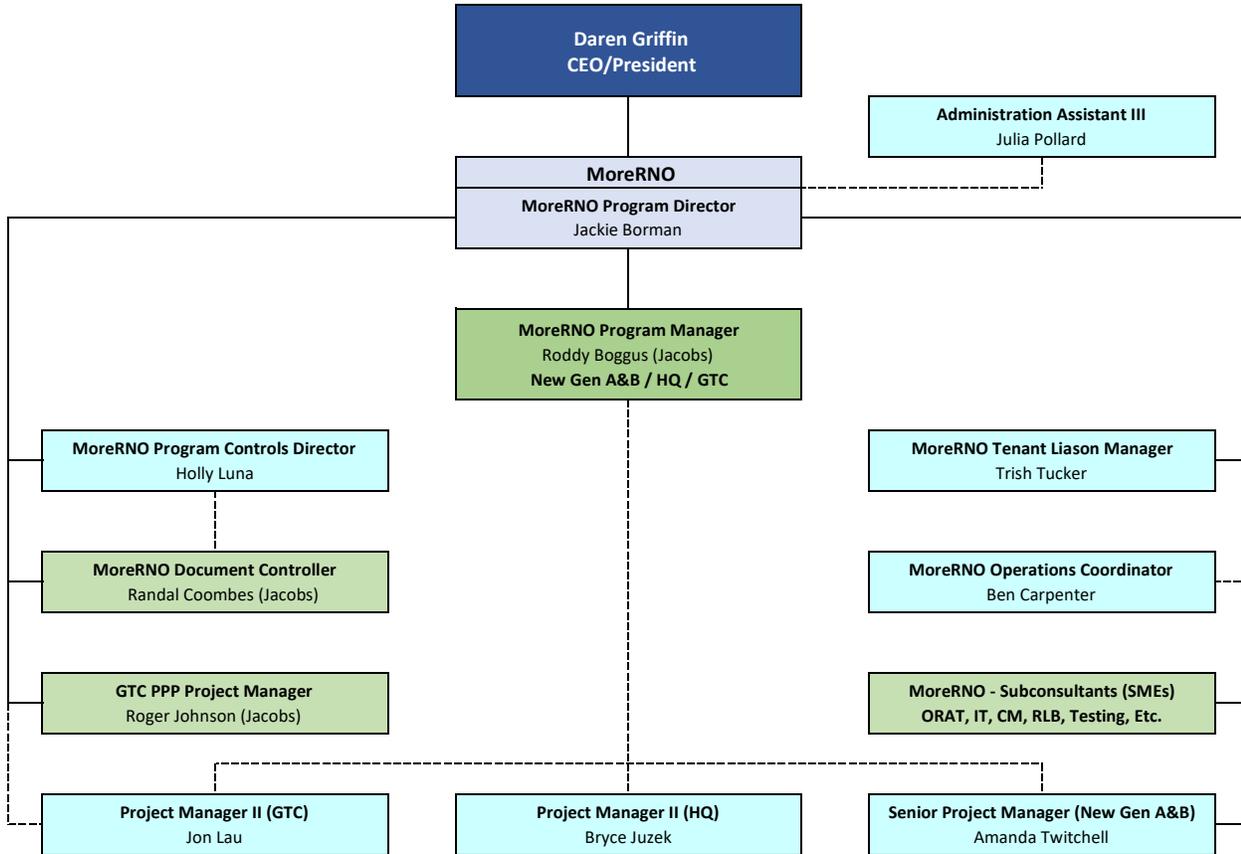
### Management of the MoreRNO Program

The Authority has assembled a team specifically to manage the design and construction of the MoreRNO program. MoreRNO Program Director Jackie Borman, P.E., leads the MoreRNO program, overseeing all components of the program's development and implementation. Ms. Borman reports directly to the Authority's President/CEO, providing the Authority's chief executive direct communication with the MoreRNO project team and reflecting the importance of the MoreRNO program to the Authority. Ms. Borman directly supervises the MoreRNO Program Manager, Roddy Boggus, of Jacobs Engineering, an experienced airport project-management consultant. Ms. Borman also oversees a team of MoreRNO program staff specializing in various aspects of the program's delivery, including three Authority staff who are direct project managers and each responsible for managing the implementation of one of the remaining elements of MoreRNO (*e.g.*, New Gen A&B, the new headquarters building, and the Ground Transportation Center). The project managers of the three major remaining MoreRNO projects in the organization chart listed below report directly to the MoreRNO Program Director and are led by the Program Manager. The project managers are supported by identified Authority staff dedicated to MoreRNO and outside subject matter experts. The MoreRNO Program Director will oversee the specialized services provided by outside subject matter experts, while the Program Manager, along with each project manager, will manage contract execution. The MoreRNO program team also includes Authority staff tasked with overseeing program controls, coordinating with the Authority's operations team and liaising with airline representatives and other Airport tenants and with other Authority staff, as well as outside contractors from Jacobs and other firms assisting with project management, document control and providing subject matter expertise as and when needed.

Jackie Borman, P.E., is the MoreRNO Program Director for the Authority, overseeing the Airport's approximately-billion-dollar infrastructure-improvement program, including New Gen A&B, a new headquarters, and a Ground Transportation Center. She was appointed to the position in 2024. Previously she served as the Engineering and Construction Manager for the Authority. Prior to joining the Authority, Ms. Borman served for five years as the Assistant Director of Construction and Project Management at Washoe County School District, overseeing their billion-dollar infrastructure program for new schools, repairs, and expansions. Ms. Borman began her career at HDR and in her 16 years there, she was a program and project manager, a staff engineer, a risk and value engineer, a construction inspector, and a contract manager. Ms. Borman received her Bachelor of Science in Civil Engineering from the University of Alaska Anchorage. Ms. Borman is a Professional Engineer licensed in Nevada.

An organizational chart reflecting the current organization of the MoreRNO project team is set forth below.

## The MoreRNO Program Management Team



Source: The Authority.

### Contractors for the MoreRNO Program and Risk Management

The Authority has entered into contracts with several experienced construction managers and contractors to manage the construction of several major outstanding elements of the MoreRNO program. Both the New Gen A&B project and the new headquarters building are expected to be constructed pursuant to guaranteed maximum price (“GMP”) contracts by construction managers at risk (“CMAR”), while the Ground Transportation Center will be constructed pursuant to a public-private partnership with private developer RNO ConRAC. The New Gen A&B CMAR is a joint venture between Holder Construction Group and Q&D Construction, the latter based in the City of Sparks. Gensler is the lead designer and architect for New Gen A&B. The CMAR for the Authority’s headquarters building is Clark/Sullivan Construction, with RS&H serving as the project’s lead designer and architect. For the Ground Transportation Center, a joint venture of Webcor Builders and Q&D Construction serve as the general contractor, while PGAL is that project’s lead designer and architect.

The Authority has taken several steps intended to mitigate the financial risks associated with MoreRNO project delivery. The CMAR contracts for New Gen A&B and the new headquarters building are each expected to include GMP packages for project elements as well as separate contingencies of 3% of contract price, each to be controlled separately by the CMARs and the Authority. In addition, the Authority expects to control a contingency of 6% of the contract price under each of those CMAR contracts to account for price escalation. As each CMAR solicits bids for construction and development of New Gen A&B or the new headquarters building, the Authority’s MoreRNO program team will coordinate with the CMAR to evaluate the cost and completeness of contractor bids, interview bidders as the program team deems necessary to ensure the bidders’ understanding of the project, select bidders based on which bid provides the best value to the Authority, and enter into change orders subject to a GMP for each such project element. The Authority has entered into a GMP contract for several early elements of the New Gen A&B project, and anticipates entering into a GMP with the CMAR for the headquarters project later in the fall

of 2024. Although the Authority is working diligently to adhere to the project cost estimates set forth below, there can be no assurance that project costs will not escalate due to a myriad of factors, including cost inflation above projected levels, a shortage of skilled labor, increases in equipment costs or long delivery times, design changes or other factors.

The Authority, in consultation with the Signatory Airlines, is also evaluating alternative construction approaches for New Gen A&B in an effort to reduce the risks of project delays and cost escalation. Such construction approaches could include conducting work on the two New Gen A&B concourses concurrently to shorten the overall construction process.

The Authority has also established minimum insurance and bonding requirements for the CMARs and their subcontractors, including general liability coverage of a minimum of \$150 million, automobile, employer's, pollution and professional liability and workers' compensation coverages with varying limits, naming the Authority and its trustees, officers and employees as additional insureds, as appropriate. The Authority has undertaken to obtain builder's risk coverage for the New Gen A&B and headquarters projects. In addition, each CMAR must obtain a labor and materials payment bond and a performance bond, each in the full amount of the estimated contract cost, for the benefit of the Authority.

### **Signatory Airline Involvement in New Gen A&B**

The Authority has worked closely with representatives of the airlines serving the Airport throughout the design and development of the MoreRNO program to achieve airlines' support for the program and to better optimize the program's development plan and design to meet the airlines' needs. Under the AAULA, which approved the New Gen A&B project, the Authority consults with the airport-airline affairs committee composed of representatives of the Airport's Signatory Airlines (the "AAAC") and with an airline technical representative (the "ATR") whom the Authority has appointed to represent the Signatory Airlines and to liaise with the Authority and its MoreRNO program team. The Signatory Airlines have expressed support for the MoreRNO program. Each AAULA that the Signatory Airlines entered into in 2023 includes pre-approval for the Authority to spend up to \$570 million for the New Gen A&B project. As the Authority continues to design New Gen A&B and refine the construction phasing plan, the Authority is obligated to continue consulting with the ATR and the AAAC at each stage of design, in part to identify means of minimizing disruption to airline operations at the Airport while continuing to develop New Gen A&B in a time- and cost-efficient manner. See " – the Airport-Airline Use and Lease Agreement, *Capital Projects*" below.

### **Financing for the MoreRNO Program and Other Capital Projects**

The Authority plans to finance the various elements of the MoreRNO program through a combination of Bonds, private investment, federal grants, and Authority revenues, including PFC revenues and proceeds from the sale of the Series 2024 Bonds and future issuances of Bonds. The Authority also intends to use various funding sources, but not revenues from the Series 2024 Bonds, to finance other capital projects within the Airport System between FY 2025 and FY 2031 ("*Other Capital Projects*"). The Authority's current plan of finance for the MoreRNO program and Other Capital Projects is summarized in the table below and discussed immediately following.

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**CURRENT PLAN OF FINANCE FOR THE MORERNO PROGRAM  
AND OTHER AUTHORITY CAPITAL PROJECTS**  
(in thousands of dollars)

<u>Project</u>	<u>Estimated Project Costs</u>	<u>Third- Party Funds</u>	<u>Grants</u>	<u>PFC Revenues PayGo</u>	<u>Authority Funds</u>	<u>Series 2024 Bonds</u>	<u>Future Bonds</u>
<u>MoreRNO</u>							
Ticketing Hall Expansion	\$ 32,396	\$ 0	\$ 7,237	\$ 0	\$ 2,740	\$ 22,419	\$ 0
Loop Road Improvements	13,917	0	3,589	10,328	0	0	0
Ground Transportation Center	299,000	283,000	0	0	16,000	0	0
New Gen A&B	570,000	0	97,304	52,382	0	122,373	297,941
Authority and Police Headquarters	<u>70,000</u>	<u>0</u>	<u>7,000</u>	<u>0</u>	<u>0</u>	<u>63,000</u>	<u>0</u>
MoreRNO Subtotal	985,313	283,000	115,130	62,710	18,740	207,792	297,941
Other Capital Projects	<u>112,599</u>	<u>0</u>	<u>48,409</u>	<u>3,269</u>	<u>30,921</u>	<u>0</u>	<u>30,000</u>
<b>Total MoreRNO and Other Capital Projects</b>	<b><u>\$1,097,912</u></b>	<b><u>\$283,000</u></b>	<b><u>\$163,539</u></b>	<b><u>\$65,979</u></b>	<b><u>\$49,661</u></b>	<b><u>\$207,792</u></b>	<b><u>\$327,941</u></b>

Source: The Authority.

***Third-Party Funds***

RNO ConRAC, the Authority's P3 partner with respect to the GTC Project, will provide nearly 95% of the funds to construct the GTC Project, or approximately \$283 million of the project's expected \$299 million cost. The Authority's contribution is limited to \$16 million, plus the cost of remediating any unknown contamination, which are expected to be recovered through variable rent payments. In May 2024, RNO ConRAC reached financial close on a loan from JP Morgan Chase Bank to finance much of the project, and expects to repay the loan as well as recover its capital contribution from CFCs collected during the 30 year term of the Ground Lease.

***Federal Grants***

The Authority expects to use approximately \$163.5 million in federal grant funds to fund portions of the MoreRNO program and Other Capital Projects. The Authority receives grants for the development of the Airport System from the FAA through the federal Airport Improvement Program, including both annual entitlement grants, which the FAA allocates nationally among airport proprietors based on a funding formula, and discretionary grants, which are allocated according to a competitive process. In addition, the Authority is eligible for grant funding from two federal programs established by the 2021 Bipartisan Infrastructure Law. Those two programs include the Airport Infrastructure Grant ("AIG") program, under which the FAA distributes funds based on a national formula, and the Airport Terminal Program ("ATP"), under which the FAA distributes funds based on a competitive application process. The Authority expects to receive a total of \$34.3 million in AIG funds through FY 2026, of which it has already received approximately \$20.6 million. The Authority also received approximately \$7.0 million in ATP funds

in FY 2024. The Authority intends to use all such AIG and ATP funding for elements of the New Gen A&B development program, part of MoreRNO. Those AIG and ATP funds, together with AIP entitlement funds, collectively constitute the approximately \$163.5 million in federal grant funds that the Authority anticipates receiving for MoreRNO and Other Capital Projects. However, given the competitive nature of ATP, the Authority cannot be certain that it will receive all of the AIP or ATP grant funding that it anticipates. Were the Authority to receive less federal grant funding than it anticipates, such variation could require the Authority to allocate more proceeds from Authority funds or future Bond issuances to finance the MoreRNO program or Other Capital Projects. See “APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Plan of Finance.”

### ***PFC Revenues***

The Authority intends to use approximately \$66.0 million in PFC revenues to finance various aspects of the MoreRNO program and Other Capital Projects on a pay-as-you-go (“PAYGO”) basis. Specifically, the Authority anticipates applying approximately \$52.4 million in PFC revenues to fund the New Gen A&B project, approximately \$10.3 million in PFC revenues to fund the Loop Road reconstruction program, and approximately \$3.3 million in PFC revenues to fund Other Capital Projects. The Authority also expects to apply the majority of additional PFC collections to repay Bonds through the use of Other Revenues Available for Debt Service. See “SECURITY FOR THE SERIES 2024 BONDS – Use of PFCs and Other Revenues to Pay Debt Service.” The Authority has received approval from the FAA to impose and use up to \$24.54 million for design costs of New Gen A&B and up to \$17.26 million for roadway improvements, including the Loop Road project. The Authority expects to file a new PFC application with the FAA when design of the New Gen A&B project is at or near 100% complete seeking additional authority to impose and use additional PFCs for the New Gen A&B project, including payment of debt service on Bonds issued to finance costs of that project.

### ***Authority Funds***

Pursuant to the Master Indenture, the Authority may use any remaining Gross Revenues in the General Purpose Fund, after all other obligations under the Master Indenture have been satisfied, for any lawful Airport System purpose. The Authority anticipates applying approximately \$18.7 million of such General Purpose Fund revenues to finance aspects of the MoreRNO program, including approximately \$2.7 million to fund the Ticketing Hall expansion, approximately \$209,000 to fund the reconstruction of the Loop Road, and approximately \$16 million to fund its mandatory contribution to the GTC Project. The Authority anticipates using an additional approximately \$30.9 million in General Purpose Fund Revenues to finance Other Capital Projects.

### ***Series 2024 Bond Proceeds***

The Authority expects to apply approximately \$207.8 million in proceeds from the Series 2024 Bonds to costs of the MoreRNO program. Among such costs, the Authority intends to allocate approximately \$22.4 million in such proceeds to the ticketing hall expansion (by repaying all of the outstanding 2022 Subordinate Bonds), approximately \$122.4 million to the New Gen A&B project, and approximately \$63.0 million to the development of the Authority and Authority police headquarters facility. The Authority does not presently expect to use any Series 2024 Bond proceeds for Other Capital Projects.

### ***Additional Bonds***

The Authority anticipates issuing additional Bonds within the next several years to fund remaining costs of the New Gen A&B project, as well as a project to redevelop the Airport’s terminal mezzanine following relocation of the Authority’s offices to the newly constructed Authority headquarters building and a project to improve certain of the Airport’s landside facilities. While the Authority has not finalized any plans for any such future Bond issuance, the Authority presently anticipates using approximately \$327.9 million in proceeds from the sale of such future Bonds to finance such projects, including approximately \$297.9 million for the New Gen A&B project and approximately \$30.0 million for the Other Capital Projects.

### **COVID-19 Outbreak**

Certain of the historical information regarding developments in finances and operations of the Authority contained under the heading “THE AIRPORT” includes the period encompassing the COVID-19 pandemic and should be considered in light of the negative and adverse impacts of COVID-19. The data for FY 2020 contains information that pre-dates the outbreak of COVID-19 in the United States and the data for FY 2021 and FY 2022 shows the impacts

of the pandemic on air travel through the Airport. The effects of the COVID-19 pandemic on passenger traffic and airline operations, and related effects on revenues, began to be experienced at the Airport in March of 2020.

The outbreak of COVID-19, a respiratory disease caused by a novel strain of coronavirus, had significant adverse health and financial impacts throughout the world and the State and caused significant disruptions to domestic and international air travel, including both passenger and cargo operations. Many states and local governments in the United States, including the State, initially issued “stay at home” or “shelter in place” orders, which severely restricted movement and limited businesses and activities to essential functions. Additionally, a number of nations actually or effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for 14 days, further depressing demand for passenger air travel, although those restrictions have generally been lifted.

Beginning in March of 2020, airports in the United States, including the Airport, were significantly affected by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 outbreak. The outbreak adversely affected domestic and international travel and travel-related industries. Airlines, including those operating at the Airport, reported unprecedented reductions in passenger volumes, causing the cancellation of numerous flights and a dramatic reduction in network capacity, including suspension of service on certain routes, including some to and from the Airport.

The COVID-19 pandemic appears now to be endemic and its impact on air travel appears to be receding significantly. The U.S. Centers for Disease Control and Prevention announced the end of the COVID-19 public health emergency declaration on May 11, 2023. There can be no assurance, however, that a new strain of COVID-19 or another pandemic will not adversely affect air travel in the future. See “INVESTMENT CONSIDERATIONS – Public Health Concerns.”

The information included in this Official Statement includes audited data for FY 2020, which reflects approximately four months of impact from the COVID-19 pandemic, as well as audited data for FY 2021 and FY 2022 showing the impacts of the COVID-19 pandemic and the subsequent recovery of air traffic, passengers and Gross Revenues.

### **Aviation Activity at the Airport**

The Airport predominantly serves domestic traffic, which comprised approximately 98.5% of the Airport’s enplaned passenger traffic in FY 2023; international traffic is a relatively small component of the Airport’s enplaned traffic, at approximately 1.5%. In July 2024, scheduled passenger airlines collectively served 24 non-stop destinations and averaged over 66 daily departures from the Airport. (JSX, a public charter air carrier, operates nonstop service to a 25<sup>th</sup> destination.)

#### ***Historical Enplaned Passengers***

Enplaned passengers at an airport correlate positively to several important sources of non-airline revenue, including in-terminal concessions, parking and rental car fees, as well as PFCs and CFCs. Based on preliminary data collected by the FAA, approximately 2,251,808 passengers enplaned aircraft at the Airport in CY 2023, ranking the Airport 68<sup>th</sup> in the United States for enplaned passengers. This was an increase of approximately 5.6% compared to FAA data for CY 2022, continuing an upward trend in enplanements at the Airport as demand for air travel recovered following the height of the COVID-19 pandemic.

The following table sets forth historical enplanement information for the Airport for the fiscal years ending June 30, 2014 through June 30, 2024. Prior to the outbreak of the COVID-19 pandemic, the Airport had experienced four consecutive fiscal years of enplanement growth through FY 2019.

**RENO-TAHOE INTERNATIONAL AIRPORT  
ENPLANED PASSENGERS (O&D AND CONNECTING COMBINED)**

<u>Fiscal Year</u>	<u>Total Enplaned Passengers</u>	<u>% Change From Prior FY</u>
2014	1,658,187	(5.6)
2015	1,656,293	(0.1)
2016	1,778,611	7.4
2017	1,909,187	7.3
2018	2,064,968	8.2
2019	2,149,759	4.1
2020	1,690,171	(21.4)
2021	1,231,616	(27.1)
2022	2,079,807	68.9
2023	2,229,254	7.2
2024	2,344,848	5.2

Source: The Authority.

Between FY 2016 and March 2020, the number of passenger enplanements at the Airport generally increased. In March 2020, the effects of the COVID-19 pandemic began to be experienced at the Airport and broadly across the United States. However, by FY 2022, enplanements at the Airport had almost entirely recovered to pre-pandemic levels. In FY 2024, enplanements at the Airport reached their highest annual level since FY 2008. The table below shows monthly enplaned passengers for FY 2019 through FY 2024.

**RENO-TAHOE INTERNATIONAL AIRPORT  
MONTHLY ENPLANED PASSENGERS  
FISCAL YEARS 2019 – 2024**

<b>Month</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>% Change FY 2024 compared to FY 2019</b>
July	205,174	213,326	66,039	217,124	203,375	220,645	7.5
August	198,874	211,958	93,015	188,207	199,365	214,616	7.9
September	189,886	202,280	82,844	152,267	206,819	212,376	11.8
October	174,084	193,859	87,379	177,407	193,074	200,621	15.2
November	158,100	158,558	74,910	161,926	171,626	171,361	8.4
December	166,795	187,914	76,164	164,561	162,680	176,035	5.5
January	168,909	172,452	72,887	147,717	171,374	172,968	2.4
February	152,933	170,067	80,263	155,233	162,964	177,670	16.2
March	195,310	99,986	126,359	185,671	193,748	202,409	3.6
April	166,676	8,690	125,009	163,973	177,665	179,020	7.4
May	175,621	22,807	149,486	174,487	183,112	190,496	8.5
June	197,397	48,274	197,261	191,234	203,452	226,631	14.8
<b>Total</b>	<b>2,149,759</b>	<b>1,690,171</b>	<b>1,231,616</b>	<b>2,079,807</b>	<b>2,229,254</b>	<b>2,344,848</b>	<b>9.1</b>

Source: The Authority.

During the ten-year period from FY 2014 to FY 2023, the number of passengers enplaned at the Airport grew to a peak of approximately 2.1 million in FY 2019 and then declined to approximately 1.2 million enplaned passengers in FY 2021 as a result of the COVID-19 pandemic, before fully recovering to 2.2 million enplaned passengers in FY 2023 and then rising further in FY 2024. Passenger enplanements at the Airport showed steady growth during the latter half of the 2010s, as the Reno CSA grew substantially. When the COVID-19 pandemic began to affect passenger traffic in March of 2020, passenger enplanements at the Airport decreased substantially, but less than at many other U.S. airports. For a more complete discussion of the changes in enplanements at the Airport and factors affecting these changes, see “APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Air Service and Air Traffic Analysis.”

***Airlines Serving the Airport***

All the major network airlines and four LCCs, including two ULCCs, operate at the Airport. Four regional airlines also operate at the Airport as affiliates of the network carriers. In addition, one foreign flag carrier, Volaris, operates flights between the Airport and Mexico. The Airport also hosts service by JSX, a specialty air carrier that operates from an FBO on the east side of the Airport as a scheduled public charter. The Airport also has cargo operations by three all-cargo carriers in addition to cargo carried by the passenger airlines.

**AIRLINES OPERATING IN JULY 2024  
AT RENO-TAHOE INTERNATIONAL AIRPORT**

**Signatory Passenger Airlines**

Alaska Airlines (AS)  
American Airlines (AA)  
Delta Air Lines (DL)  
Southwest Airlines  
United Airlines (UA)

**Affiliate and Non-Signatory Airlines\***

Envoy Air (AA)  
Horizon Air (AS)  
JetBlue Airways  
Mesa Airlines (UA)  
SkyWest Airlines (AS, AA, DL, UA)  
Sun Country Airlines  
Spirit Airlines  
JSX (scheduled public charter)

**All Cargo Airlines**

FedEx (Signatory)  
DHL/Northern Air Cargo  
United Parcel Service (Signatory)

**Foreign Flag Airlines**

Volaris

\*Affiliated Signatory Airlines, if any, are shown in parentheses.

Southwest is the largest carrier at the Airport by passenger enplanements and was responsible for approximately 42.2% of enplanements at the Airport in FY 2024. United is the number two carrier at the Airport by enplanements, with an enplaned passenger market share of approximately 15.6% in FY 2024. American had an enplaned passenger market share of approximately 15.4% in FY 2024. Delta grew its number of enplanements at the Airport substantially in FY 2024 relative to FY 2019 and now accounts for 8.7% of the Airport’s enplanements. Alaska, by contrast, has declined in enplanements during that timeframe, and now accounts for approximately 7.5% of the Airport’s enplanements. No other carrier had more than 6% of the Airport’s passenger enplanements in FY 2024. The table below lists the airlines serving the Airport in FY 2019 through FY 2024 and their respective market share of enplaned passengers during those Fiscal Years.

**RENO-TAHOE INTERNATIONAL AIRPORT**  
**AIRLINE MARKET SHARE OF ENPLANED PASSENGERS**  
(in thousands of passengers)  
**Fiscal Year Ended June 30**

<b>Airline</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Market Share FY 2019</b>	<b>Market Share FY 2024</b>
Southwest Airlines	910	659	461	833	962	990	42.3%	42.2%
United Airlines*	312	253	176	294	331	367	14.5	15.6
American Airlines*	385	348	247	363	347	361	17.9	15.4
Delta Airlines*	165	129	131	215	202	205	7.7	8.7
Alaska Airlines*	208	173	120	198	159	176	9.7	7.5
Spirit Airlines	0	0	0	0	87	124	0.0	5.3
JetBlue Airways	78	53	16	55	51	49	3.6	2.1
Allegiant Air +	42	35	29	33	15	7	1.9	0.3
Frontier Airlines+	27	19	25	33	15	0	1.2	0.0
Other	<u>23</u>	<u>22</u>	<u>26</u>	<u>55</u>	<u>58</u>	<u>68</u>	<u>1.1</u>	<u>2.9</u>
<b>Total</b>	<b><u>2,150</u></b>	<b><u>1,690</u></b>	<b><u>1,232</u></b>	<b><u>2,080</u></b>	<b><u>2,229</u></b>	<b><u>2,345</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>

\* Includes affiliates

+ No longer serving the Airport

Source: The Authority.

Amounts may not add due to rounding.

***Passenger Markets***

For July 2024, scheduled non-stop service from the Airport was offered to 24 destinations (18 year-round and 6 seasonal), including one international flight, operated by Volaris, to Guadalajara, Mexico. As of July 2024, the Airport offered non-stop service to 16 of its top 25 O&D markets. Set forth below is a map depicting the non-stop destinations served from the Airport.

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# NON-STOP DESTINATIONS SERVED FROM RENO-TAHOE INTERNATIONAL AIRPORT

All Domestic and International Non-Stop Destinations as of July 2024



Source: The Authority.

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The following table shows the percentage of O&D passengers traveling on U.S. air carriers between the Airport and other airports for CY 2023. Passengers traveling on foreign flag airlines and charter carriers are not included.

**RENO-TAHOE INTERNATIONAL AIRPORT  
TOP O&D PASSENGER DESTINATIONS**

<u>Destination City</u>	<u>Airport Code(s)</u>	<u>% of O&amp;D Enplaned Passengers</u>	<u>CY 2023 Enplaned O&amp;D Passengers Per Day</u>
Las Vegas	LAS	14.2	779
Los Angeles Basin	BUR, LAX, LGB, SNA	13.9	765
Phoenix	PHX	5.3	291
San Diego	SAN	4.4	243
Seattle	SEA	4.3	234
Denver	DEN	4.1	225
Dallas	DAL, DFW	3.1	169
San Francisco Bay	OAK, SFO, SJC	3.0	167
Portland	PDX	2.5	136
Chicago	ORD, MDW	2.4	130
Houston	IAH	2.1	118
New York	JFK	1.8	99
Salt Lake City	SLC	1.7	96
Austin	AUS	1.5	85
Atlanta	ATL	1.4	76
Minneapolis/St. Paul	MSP	1.4	75
Boston*	BOS	1.2	68
Orlando*	MCO	1.2	68
Nashville*	BNA	1.0	57
Newark*	EWR	0.9	50
Philadelphia*	PHL	0.9	49
Tampa*	TPA	0.8	46
Detroit*	DTW	0.8	45
San Antonio*	SAT	0.8	44
Honolulu*	HNL	<u>0.8</u>	<u>44</u>
Top 25 Total		75.5	4,158
Remaining		24.5	1,348
<b>Total:</b>		<b>100.0%</b>	<b>5,506</b>

\*Connecting service  
Sources: Cirium, Diiio Mi;  
USDOT Reports DB1A;  
USDOT T100 Report

The future level of aviation activity and enplaned passenger traffic at the Airport will depend upon factors such as regional, national and international economic conditions, the continued regional, national and international recovery of air travel from COVID-19, potential health or security threats, the financial condition of individual airlines and their continued service at the Airport, and changes to business travel patterns as a result of remote work, online meetings, and artificial-intelligence systems. See “INVESTMENT CONSIDERATIONS” below.

### ***Aircraft Operations and Landed Weights***

Total aircraft operations at the Airport increased from 88,304 in FY 2018 to 98,794 in FY 2019. As a result of the COVID-19 pandemic, total aircraft operations decreased to 91,517 in FY 2020. However, total aircraft operations have increased in every fiscal year since, through FY 2024. In FY 2022, total aircraft operations reached 103,094, exceeding the pre-pandemic high (in FY 2019). In FY 2024, total aircraft operations rose further, to 116,555. Between FY 2019 and FY 2024, landed weights increased from 3,039,273 thousand pounds to 3,226,330 thousand pounds, reflecting increased operations at the Airport and use of larger aircraft. Although air carrier operations have not yet reached the peak experienced in FY 2019, before the COVID-19 pandemic, landed weights for air carriers in each of FY 2022-2024 exceeded those in FY 2019, showing the effect of upgauging aircraft at the Airport. Cargo landed weights increased during the COVID-19 pandemic, a trend seen across the United States generally, as demand for cargo operations rose during the early portion of the pandemic. As travel and social-distancing restrictions were lifted, cargo demand somewhat declined but demand for in-person travel increased, leading to a decline in cargo landed weights in FY 2024 but an increase in passenger-airline landed weights.

The following tables show historical data on aircraft operations (landings and takeoffs) for FY 2019 through FY 2024, and landed weights for the same periods. The approximate distribution of operations in FY 2024 was 39.8% air carriers, 9.7% air taxis, 48.5% general aviation, and 1.9% military.

#### **RENO-TAHOE INTERNATIONAL AIRPORT HISTORICAL AIRCRAFT OPERATIONS (total landings and takeoffs) Fiscal Year Ended June 30**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Air Carrier	47,970	41,797	35,958	44,871	43,814	47,680
Air Taxi	11,063	9,748	11,190	15,018	13,367	10,974
General Aviation	37,733	37,583	44,769	41,016	45,244	55,763
Military	2,028	2,389	2,716	2,189	2,143	2,138
<b>Total Operations</b>	<b><u>98,794</u></b>	<b><u>91,517</u></b>	<b><u>94,633</u></b>	<b><u>103,094</u></b>	<b><u>104,568</u></b>	<b><u>116,555</u></b>
Annual Change	11.9%	(7.4%)	3.4%	8.9%	1.4%	11.5%

Source: The FAA. FAA operations data may differ from Authority data due to tabulation methodologies.

#### **RENO-TAHOE INTERNATIONAL AIRPORT HISTORICAL LANDED WEIGHTS (in thousands of pounds) Fiscal Year Ended June 30**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Airlines*	2,434,129	2,167,047	1,766,564	2,414,964	2,468,994	2,700,558
Cargo	605,144	622,339	637,256	662,371	630,735	525,772
<b>Total</b>	<b><u>3,039,273</u></b>	<b><u>2,789,386</u></b>	<b><u>2,403,819</u></b>	<b><u>3,077,335</u></b>	<b><u>3,099,729</u></b>	<b><u>3,226,330</u></b>
Annual Change	6.3%	(8.2%)	(13.8%)	28.0%	0.7%	1.4%

Source: The Authority.

\* Includes certain charter operations.

### ***Air Cargo***

The Airport is also a regional center for processing air cargo. In FY 2023, approximately 63,946 U.S. tons of freight and mail were loaded and unloaded on and off aircraft at the Airport. As of July 1, 2024, the Airport was served by three all-cargo and small package and express carriers. All-cargo carriers carry only cargo and these companies include FedEx, UPS, and Northern Air Cargo on behalf of DHL.

## **Airport-Airline Use and Lease Agreement**

### ***General***

The Authority has entered into an AAULA with each of the following carriers: Alaska, American, Delta, FedEx, Southwest, United, and UPS (each a “*Signatory Airline*”). Each AAULA became effective July 1, 2023, and continues in effect through June 30, 2033, unless earlier terminated or extended. Signatory Airlines or their affiliates carried 89.7% of the enplaned passengers at the Airport in FY 2024.

The AAULA may only be terminated by a Signatory Airline for an extraordinary event, such as closure or imposition of material and substantial restrictions on operation of the Airport for more than 90 days. The AAULA also allows a Signatory Airline to designate one or more airlines meeting certain criteria as Affiliates. Of the 12 passenger air carriers operating at the Airport, nine are either Signatory Airlines or their Affiliates. The AAULA with each Signatory Airline is in substantially the same form and provides for the lease of specified airline premises on an exclusive or preferential basis, depending upon the type of space, as well as use of certain common and joint use facilities. Gates and ticket counters are leased on a preferential basis, pursuant to which the Authority may allow another airline to operate in such space in periods during which the Signatory Airline does not have a scheduled operation using such facilities. Offices are leased on an exclusive use basis, and baggage and certain other areas are joint or common use facilities. In addition, the Authority currently has not leased and has reserved 11 gates as common use facilities. The AAULA also provides for reallocation of space by the Authority, either on its own initiative, in which case moving costs will be paid by the Authority, or at the Signatory Airline’s request, in which case all costs are paid by the requesting Signatory Airline. The AAULA grants the Signatory Airlines the right to operate at the Airport.

The AAULA contains other provisions that are typical of use and lease agreements entered into between the airlines and airport operators at U.S. airports, including requiring the Signatory Airlines to carry certain minimum insurance coverages, requiring the Signatory Airlines to indemnify the Authority against certain losses, providing the methodology for setting rates and charges for the use of the Airport’s facilities by the Signatory Airlines, permitting the Authority to reallocate gates or other facilities and setting forth the requirements for Signatory Airline approval of certain capital projects. The AAULA is subordinated to the Master Indenture. The form of the AAULA is available from the Authority upon request.

### ***Rates & Charges***

The AAULA sets forth how the Authority will establish and collect rates and charges for the Signatory Airlines’ use of the Airport. (Non-Signatory Airlines pay a premium over the rates charged to Signatory Airlines since they do not have a long-term lease of space.) The AAULA establishes six direct cost centers. A cost center is a physical or functional area of the Airport System that is treated as a unit for certain accounting purposes; a “direct” cost center is a cost center that has both revenues and expenditures directly attributable to it. Three of the six cost centers established by the AAULA are direct cost centers that relate to the airlines; they include the Airfield, Baggage Handling System (“*BHS*”), and Terminal Building cost centers, as well as such cost centers’ respective allocations of indirect costs, mostly for Authority administration. The AAULA’s other three cost centers include Parking and Ground Transportation, RTS, and Other, the last of which includes the Authority’s indirect administration cost center and all other areas of the Airport not incorporated into one of the five other specified cost centers.

The AAULA employs a hybrid airline rate-setting methodology. Landing fees are calculated on a residual basis, under which the Signatory Airlines must assure the total cost of the Airfield cost center. As such, under AAULA, the Authority credits revenues from Non-Signatory Airlines, as well as non-airline revenues, against the cost of the Airfield cost center and then assesses the remainder to the Signatory Airlines in the form of landing fees. Subject, in certain cases, to approval by of a majority-in-interest of the Signatory Airlines, the Authority may allocate certain capital costs to the Airfield, including debt service on the Bonds.

By contrast, under the AAULA, the Signatory Airlines’ Terminal rental rates are allocated on a modified compensatory basis, under which each Signatory Airline pays rent based on such Signatory Airline’s leased percentage of total available airline space within the terminal. The Authority charges two rental rates to the Signatory Airlines for Terminal space, based on whether such space is air conditioned or not air conditioned; the rental rate for the unconditioned space is 50% that of the rate for the conditioned space. Pursuant to the AAULA, the Authority credits certain non-airline revenues, including a portion of in-terminal concessions revenues, against the costs that form the

Terminal rental rate. Subject, in certain cases, to approval by a majority-in-interest of the Signatory Airlines, the Authority may allocate certain capital costs of the Terminal, including debt service on the Bonds, to the Terminal cost center.

As with the Airfield cost center, costs of the BHS cost center are allocated to the Signatory Airlines on a residual basis, such that the Signatory Airlines must assure the BHS cost center's total costs. Pursuant to the AAULA, the Authority credits Non-Signatory Airline revenues allocable to the BHS against the BHS costs charged to the Signatory Airlines. Subject, in certain cases, to approval by a majority-in-interest of the Signatory Airlines, the Authority may allocate certain capital costs of the BHS, including debt service on the Bonds, to the BHS cost center.

Pursuant to the AAULA, the Authority may calculate and adjust the landing fee, terminal rental, and BHS rates such that they are effective on July 1 of each fiscal year. The Authority may use budgeted operating expenses, debt service, other recoverable capital costs, and non-airline revenues to calculate such fees. Furthermore, under the AAULA, the Authority may adjust such landing fees, terminal rentals, and BHS charges, as well as any revenue sharing credits (discussed in the following paragraph) following an annual audit of the Authority's records; in the event of such an adjustment, the Authority will issue credits or debts to each Signatory Airline for any overpayments or underpayments of applicable fees during the relevant fiscal year.

Subject to certain conditions, the AAULA provides for the Authority to share certain revenues with the Signatory Airlines. Provided that the Authority has met its financial obligations, including the deposit of \$3 million annually into the General Purpose Fund, and has remaining funds available for revenue sharing, the Authority will issue a base revenue share of \$2.00 per enplaned passenger during the applicable fiscal year (the "*Base Revenue Share*"). Then, if debt service coverage on the Bonds exceeds 150%, the Authority will share with the Signatory Airlines the lesser of (a) an additional 50% of the funds available for revenue sharing, after subtracting the Base Revenue Share, or (b) 50% of the funds available for revenue sharing that, when subtracted, would cause the debt service coverage ratio to be 150%. If the Authority does not have outstanding debt service, such additional revenue sharing shall equal 50% of the funds remaining after subtracting the Base Revenue Share. However, if the Authority calculates its debt service ratio coverage to be less than 140%, the Base Revenue Share will be reduced by an amount required to either (a) bring the debt service revenue share to 140% or (b) exhaust the Base Revenue Share funds, whichever occurs first. See "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Revenue Sharing Process per the Airline Agreements" for a graphical illustration of the revenue-sharing process under the AAULA.

The AAULA provides for extraordinary coverage protection, which allows the Authority to collect additional payments from the Signatory Airlines in any fiscal year in which the Authority projects that Net Revenues will fail to reach at least 125% of debt service on the Bonds and any Subordinate Obligations outstanding. Such payments would be in addition to the Signatory Airlines' landing fees, terminal rents, and BHS charges, and shall be allocated among the Signatory Airlines on the basis of net requirements of the airline-related cost centers. The AAULA requires that, if the Signatory Airlines do make extraordinary coverage payments to the Authority, the Authority must refund such payments to the Signatory Airlines when uncommitted funds become available to the Authority in the General Purpose Fund.

Under the AAULA, the Signatory Airlines have granted their approval of the majority of the MoreRNO projects, including the inclusion of debt service on Bonds issued to finance such projects in the rate base in accordance with estimates of costs determined in 2023. These projects include the New Gen A&B Project (including the new Central Utility Plant), the ticketing hall expansion and the Loop Road improvements. Pursuant to the AAULA, the Signatory Airlines have approved a budget of \$570 million for the New Gen A&B Project plus interest thereon. If the cost of the New Gen A&B Project increases, the Authority will likely need to obtain further Signatory Airline approval for such a cost increase unless the Authority secures a source of funding for such additional costs other than airline revenues. As a special facility that is not included in the airline costs centers, the GTC Project does not require Signatory Airline approval.

### ***Gate Use Provisions***

As of July 1, 2024, 11 of the 23 existing gates at the Terminal are leased to Signatory Airlines. The other gates are used by both Signatory Airlines and Non-Signatory airlines on a per turn basis. The Authority estimates that there is an average of three "turns" (each, an arrival and departure), on each gate per day. To provide additional flexibility to the Authority during construction of the New Gen A&B concourses, as well as accommodate growth in operations, the AAULA provides that, in addition to using gates not leased to Signatory Airlines on a common use basis, the Authority may require a Signatory Airline leasing a gate to accommodate operations of other airlines during

periods when the Signatory Airline does not have a scheduled operation. The AAULA also provides that, if the need for additional gates to be leased to a Signatory Airline or used on a common use basis arises in the future, gates may be reassigned from Signatory Airlines using the gates for an average of less than four turns per day, subject to a period within which the Signatory Airline may cure such under-utilization. Lastly, under the AAULA the Authority has the right to relocate part or all of a Signatory Airline's leased premises when necessitated by Terminal expansion, rehabilitation, or repair (including the New Gen A&B project); compliance with federal regulations; or other Airport operating considerations.

### ***Capital Projects***

Under the AAULA, the Signatory Airlines have approved the New Gen A&B project at a maximum cost of \$570 million. Under the AAULA, the Authority and the Signatory Airlines have agreed to coordinate and collaborate on development of New Gen A&B, including project requirements, scope and cost. The Authority has retained an ATR on behalf of the Signatory Airlines to represent their interests throughout all phases of the New Gen A&B project. The AAULA defines three levels of oversight to govern development of New Gen A&B, beginning with the Authority's project manager, the MoreRNO Program Director, advised by the ATR and the Authority's outside engineering firm, Jacobs. The project team manages project scope, schedule and budget and meets regularly with the design team, ATR, contractors and other parties involved in the New Gen A&B project. The ATR is responsible for providing regular summaries of the status of the project to the airlines. The project team coordinates with the airlines operating at the Airport and provides recommendations to the Oversight Committee and the Executive Steering Committee. Under the AAULA, the MoreRNO Project Director has the authority to approve contracts, change orders and uses of contingency up to \$2.5 million. The next level of oversight consists of two committees, the Construction Oversight Committee and the Finance Oversight Committee, each with separate areas of oversight. The ATR is a member of each committee and there are two other members of each committee appointed by the President/CEO of the Authority. The Oversight Committees have authority under the AAULA to approve expenditures up to \$10 million, as well as oversight and reporting obligations. The Executive Steering Committee ("ESC") consists of the Authority's President/CEO, advised by the chair of the AAAC, the ATR, the Jacobs representative and members of the Authority's executive team and acts on the recommendations and advice of the Oversight Committees. Under the AAULA, the ESC has approval authority over expenditures of \$10 million or more, all cost increases above the \$570 million cost cap and material changes to the scope of the New Gen A&B project. The President/CEO of the Authority must approve all ESC decisions, but the AAAC Chair or any two Signatory Airlines may request a majority in interest ("MII") vote of the Signatory Airlines if they wish to challenge any determination of the President/CEO. The AAULA includes a process for addressing project cost increases and, if the cost will exceed \$570 million and be included in airline rates and charges, an MII may disapprove such cost increase. For these purposes, an MII is defined as at least 50% of the Signatory Airlines who, together, have paid over 60% of total terminal rents in the preceding Fiscal Year; provided, that after completion of the first concourse, 80% of the Signatory Airlines who paid at least 75% of terminal rentals must disapprove such cost increases. In the event of MII disapproval, then the cause of the project cost increase must be reviewed and either funds other than airline rates and charges must be used to fund the cost increase, the changes must be subjected to a value engineering process and costs reduced below the cap, or a particular airline or airlines must agree to pay for such increased costs. Material changes in the scope of the New Gen A&B project are also subject to ESC approval and MII disapproval through the same process.

Capital projects other than the New Gen A&B project the cost of which, net of grants and PFCs, do not exceed certain limits, depending upon the cost center, do not require approval of the Signatory Airlines in order to include the recovery of such costs through airline rates and charges. The limits are \$2.5 million per project and an annual aggregate of \$5 million for the terminal cost center, \$1.25 million and an annual aggregate of \$2.5 million for the airfield cost center and \$625,000 and an annual aggregate of \$1.25 million for the baggage handling cost center, in each case, escalated by the increase in the consumer price index since 2023. Certain other capital projects are also exempt from approval by the Signatory Airlines, including projects required by the FAA, TSA and other regulators, repair of casualty damage, facilities not included in the airline rate base and emergency expenditures. In order to recover the costs of other capital projects through airline rates and charges, the Authority must notify the Signatory Airlines and, unless an MII of the Signatory Airlines disapprove such project, the Authority may proceed with such capital project and include the costs in airline rates and charges. An MII varies depending on the cost center of the proposed project, but requires at least 60% of the Signatory Airlines who have paid at least 50% of the applicable fees, such as landing fees or terminal rents, for the preceding Fiscal Year. If an MII disapproves a proposed capital project, the costs of such project may not be included in airline rates and charges unless such disapproval is reversed.

Each of the projects in the MoreRNO program as described herein has received all necessary Signatory Airline approvals.

## **Airport Financial Operations**

The Authority is a quasi-municipal corporation that operates as a “closed” financial system. All Gross Revenues generated by the Airport System are deposited in the Revenue Fund and applied in accordance with the Master Indenture. The Authority has no taxing authority and no municipal general tax revenues are used for any Airport purpose. Accordingly, Gross Revenues (and other revenues, such as PFCs and CFCs) must be charged and collected in amounts that meet or exceed Operating and Maintenance Expenses and Debt Service.

### ***Management’s Discussion of Historical Operating Results***

The Authority prepares its financial statements on an accrual basis according to generally accepted accounting principles as specified by the Government Accounting Standards Board (“*GASB*”). Revenues and expenses are recorded when earned and incurred, not when received or paid. The Authority’s financial statements for the fiscal year ended June 30, 2023, audited by Crowe LLP, are attached to this Official Statement as APPENDIX A. See also “INDEPENDENT AUDITORS” herein.

The Authority receives Gross Revenues from a variety of sources, including from Signatory and Non-Signatory Airlines in the form of landing fees, terminal rents, BHS fees, and other rates and charges, from parking facilities and rental car concessionaires, from in-terminal concessionaires, including restaurants, retailers, and gaming operators, from ground transportation providers, and from other miscellaneous sources. Over FY 2023, the Authority enjoyed substantial asset growth: Total assets grew \$51.9 million to \$601.2 million, an increase of approximately 9%. Total liabilities grew \$34.9 million in FY 2023 to \$76.2 million, or 84%, driven primarily by an increase in net pension liability (\$426.1 million), outstanding debt (\$5.5 million), and construction contracts payable (\$2.8 million). The large majority of the Authority’s net position is comprised of its investment in capital assets less related indebtedness used to acquire those assets. As of June 30, 2023, the Authority had \$398.9 million of net investment in capital assets, an increase of \$10.3 million, or 3%, from a year prior. The Authority uses those capital assets to provide services to passengers, visitors, airlines, and service providers at the Airport; such assets are not available for future spending. Meanwhile, at June 30, 2023, approximately 8% of the Authority’s net position (\$36.5 million) constituted restricted assets, an \$8.0 million (28%) increase from FY 2022. That restricted net position is not available for spending because it is committed to operations and maintenance, renewal and replacement of assets, PFC-funded Airport projects, and other revenue purposes (such “other revenue purposes” constituting only approximately \$25,000).

The Authority saw a significant increase in revenues as a result of the recovery in travel demand resulting from the abatement of the COVID-19 pandemic. In FY 2023, parking and ground transportation revenues, which represent 28% of the Authority’s total operating revenues, increased by approximately \$4.2 million, or 30%, to \$18.2 million from the prior FY. Airline rental revenues also increased in FY 2023, rising approximately \$2.4 million (16%) from the previous fiscal year to approximately \$17.4 million, owing both to an increase in airlines’ demand for rented space and to the Authority’s adjustment to rental rates to reflect an increase in the Consumer Price Index. Meanwhile, the Authority’s revenues from Airport concessionaires, including car rental, gaming, food and beverage, merchandising, and advertising providers and other concessionaires, increased 11% from FY 2022 to FY 2023, to approximately \$16.9 million. Of that \$16.9 million, approximately \$1.6 million derived from federal pandemic relief funds through the American Rescue Plan Act program for concessionaire relief. Relative to FY 2022, landing fee revenue in FY 2023 increased approximately 20%, or \$2.1 million, to approximately \$12.7 million, owing to increases in both the aircraft landed weight at the Airport and an increase in landing and aircraft fees. The Authority also gained an approximate \$385,000 (13%) increase in reimbursements for services in FY 2023, bringing such reimbursements to approximately \$3.4 million; such reimbursements include payments by airlines for use of the BHS, minus certain costs assessed by TSA for security screening of baggage.

The Authority experienced an increase in several categories of operating expenses during FY 2023. Personnel-related expenses constitute approximately 68% of the Authority’s total operating expenses, and during FY 2023, employee salaries, wages and benefits rose approximately \$8.7 million (29%) to \$39.1 million. That increase was due to several factors. Employee salaries increased by approximately \$1.8 million, or 8%, during FY 2023 largely because the Authority added 22 full-time positions and incurred an additional \$490,000 in overtime costs. In addition, in FY 2023, the Authority transitioned to a step-based system of pay increases for Authority employees covered by a collective bargaining agreement (“*CBA*”) with the International Brotherhood of Teamsters (the “*Teamsters*”), under which those employees receive annual increases in salary and benefits payments based on seniority. That step-based system increased the Authority’s labor costs, and the Authority anticipates that it will yield approximately 5% annual increases in salary and labor costs for covered employees during the term of the Teamsters’ CBA. The Authority has

also increased its lowest hourly wages, regardless of union membership, such that the lowest hourly wage for Authority employees is now greater than \$15 per hour, a decision that the Authority considers important to attracting and retaining high-quality employees but which has contributed to increased labor costs. Additionally, the cost of employee benefits increased by approximately \$6.5 million, or 93%, because actual FY 2022 earnings on pension fund investments were lower than anticipated, resulting in an increase in the Authority's net pension liability. The pension funds covering the Authority's employees are invested and managed by the Nevada Public Employees Retirement System ("PERS"), and the investment underperformance affected PERS member organizations, including the Authority, statewide. During FY 2023, utilities and communications expenses increased approximately \$806,000, or 26%, from the year prior, while the Authority's costs for professional and technical services rose approximately \$612,000, or 8%, from the year prior, to approximately \$8.0 million. That cost increase was driven largely by the Authority's use of consultants for ongoing capital projects. Meanwhile, inflation in the costs of fuel, software, and safety equipment drove up the Authority's costs of materials and supplies by approximately \$659,000, or 26%, to approximately \$3.2 million in FY 2023 relative to the prior fiscal year. The Authority also incurred a year-over-year increase in administrative expenses of approximately \$515,000, or 18%, to approximately \$3.4 million in FY 2023, driven largely by an increase in costs associated with community outreach, conference sponsorship, insurance premiums, and training.

The Authority gained non-operating income while incurring various non-operating expenses in FY 2023 relative to FY 2022. The Authority increased its income from interest earned by approximately \$1.2 million during that period, rising to approximately \$2.4 million in FY 2023. The Authority also gained approximately \$71,000 on investment valuation in FY 2023, following a loss of approximately \$2.7 million the year prior. These increases were driven largely by increases in interest rates during FY 2023. Meanwhile, the Authority gained significant funding through federal stimulus grants, which rose approximately \$674,000 to \$15.2 million in FY 2023 relative to the year prior. Such stimulus grants included funding through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and the American Rescue Plan Act ("ARPA"). The Authority expects to receive and expend all of the federal relief funds for which it was eligible by the end of FY 2025. Meanwhile, the Authority's CFC revenues increased by approximately \$1.5 million, or 19%, to \$7.9 million in FY 2023 as demand for travel recovered. (CFC revenues have been dedicated to the GTC Project.) The Authority's interest expense declined in FY 2023 relative to the year prior by \$223,000, down to \$177,000 in FY 2023. Such interest expenses related largely to the Authority's payment of interest on the 2022 Subordinate Bonds.

The table below presents the Authority's operating revenues, operating expenses, non-operating revenues, non-operating expenses, and net position for fiscal years 2019 through 2023 and for the three-quarter periods ended March 31 of 2023 and 2024, respectively.

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**RENO-TAHOE AIRPORT AUTHORITY  
TOTAL ANNUAL REVENUES AND EXPENSES**

	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2023 through March 31</b>	<b>FY 2024 through March 31</b>
<b>Operating Revenues</b>							
Landing Fees	\$9,719,482	\$10,077,732	\$8,948,847	\$10,584,517	\$12,690,754	8,919,962	10,778,994
Concession Revenue	13,086,886	11,301,837	9,628,195	15,257,011	15,346,165	11,212,246	12,946,183
Parking	12,412,029	9,669,145	7,161,202	13,688,662	17,566,153	13,044,791	13,648,123
Ground Transportation	405,647	343,311	199,975	315,924	671,811	508,505	753,973
Rentals	14,078,153	16,534,688	15,715,644	15,073,833	15,072,521	13,297,132	16,909,057
Reimbursements for Services	2,671,073	2,397,717	1,823,280	3,000,059	3,384,893	2,387,318	2,411,300
Other	<u>176,468</u>	<u>345,296</u>	<u>185,773</u>	<u>145,174</u>	<u>108,925</u>	<u>41,761</u>	<u>103,176</u>
<b>Total Operating Revenues</b>	<b>52,549,737</b>	<b>50,669,725</b>	<b>43,662,916</b>	<b>58,065,181</b>	<b>64,841,222</b>	<b>49,411,715</b>	<b>57,550,806</b>
<b>Operating Expenses</b>							
Employee Wages and Benefits	29,334,325	32,120,112	30,923,994	30,348,607	39,092,497	27,414,393	31,396,805
Utilities and Communications	2,772,620	2,881,068	2,454,099	3,156,581	3,962,745	2,972,137	3,055,052
Purchase of Services	5,521,530	5,418,705	4,887,352	7,405,170	8,016,801	5,360,663	6,208,140
Materials and Supplies	2,045,295	2,340,685	2,259,926	2,575,145	3,234,016	2,404,923	2,286,620
Administrative Expenses	<u>2,646,733</u>	<u>2,431,355</u>	<u>2,086,926</u>	<u>2,854,518</u>	<u>3,369,064</u>	<u>2,277,195</u>	<u>2,574,638</u>
<b>Total Operating Expenses Before Depreciation</b>	<b>42,320,503</b>	<b>45,191,925</b>	<b>42,612,297</b>	<b>46,340,021</b>	<b>57,675,123</b>	<b>40,429,311</b>	<b>45,521,255</b>
<b>Operating Income Before Depreciation and Amortization</b>	<b>10,229,234</b>	<b>5,477,800</b>	<b>1,050,619</b>	<b>11,725,160</b>	<b>7,166,099</b>	<b>8,982,404</b>	<b>12,029,551</b>
<b>Depreciation and Amortization</b>	<b><u>27,801,203</u></b>	<b><u>27,608,618</u></b>	<b><u>26,827,690</u></b>	<b><u>25,079,112</u></b>	<b><u>24,461,762</u></b>	<b><u>18,403,289</u></b>	<b><u>17,803,174</u></b>
<b>Operating Income/(Loss)</b>	<b>(17,571,969)</b>	<b>(22,130,818)</b>	<b>(25,777,071)</b>	<b>(13,353,952)</b>	<b>(17,295,663)</b>	<b>(9,420,885)</b>	<b>(5,773,623)</b>
<b>Non-Operating Revenues (Expenses)</b>							
Interest Income	1,301,531	1,588,183	886,650	1,246,627	2,449,932	1,207,087	2,674,278
Gain (Loss) on Value of Investments	867,298	736,237	(935,537)	(2,737,875)	70,635	2,270,867	2,071,884
Passenger Facility Charges	8,443,673	7,607,924	4,514,399	8,502,997	8,372,017	6,158,854	6,990,147
Customer Facility Charges	4,613,478	4,891,406	4,954,128	6,350,891	7,863,374	5,722,692	7,919,364
Jet Fuel Tax Revenue	306,035	263,135	203,765	294,018	300,994	232,369	220,480
Gain on Sale of Capital Assets	25,070	28,196	41,838	15,080	10,871	2,157	115,374
Debt Issuance Costs					(135,000)	(135,000)	
Federal Grant Rev. (ex. AIP)		617,197	7,059,146	14,483,077	15,156,938	1,202,798	6,991,412
Interest Expense	(438,892)	(389,125)	(337,975)	(399,857)	(176,538)	(100,530)	(479,953)
Other revenue (expenses), net						<u>36,575</u>	<u>16,598</u>
<b>Net Non-Operating Revenue (Expenses)</b>	<b>15,118,193</b>	<b>15,343,153</b>	<b>16,386,414</b>	<b>27,754,958</b>	<b>33,913,223</b>	<b>16,597,869</b>	<b>26,519,584</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>(2,453,776)</b>	<b>(6,787,665)</b>	<b>(9,390,657)</b>	<b>14,401,006</b>	<b>16,617,560</b>	<b>7,176,984</b>	<b>20,745,961</b>
<b>Capital Contributions</b>	<b>14,057,725</b>	<b>16,868,554</b>	<b>25,193,485</b>	<b>27,686,032</b>	<b>4,320,592</b>	<b>3,245,764</b>	<b>5,955,187</b>
<b>Net Position</b>							
Increase in Net Position	11,603,949	10,080,889	15,802,828	42,087,038	20,938,152	10,422,748	26,701,148
Net Position, Beginning of Period	379,550,073	391,154,022	401,234,911	417,037,739	459,124,777		
Net Position, End of Period	<u>391,154,022</u>	<u>401,234,911</u>	<u>417,037,739</u>	<u>459,124,777</u>	<u>480,062,929</u>		

Source: Authority Audited Financial Statements (FY) and unaudited internal records.

### ***Airline Revenues***

The Authority received approximately \$19.6 million, or 29.5%, of its Gross Revenues in FY 2023 from the airlines operating at the Airport, net of revenue sharing, compared to \$16.5 million, or 28.2% of Gross Revenues, in FY 2022 and \$17.4 million, or 31.5% of Gross Revenues, in FY 2019. The Authority credited approximately \$7.3 million and \$5.2 million of revenue sharing back to the Signatory Airlines in FY 2023 and FY 2022, respectively, resulting in an average cost per enplaned passenger (“CPE”), a typical measure of airline costs nationally, of \$6.33 in FY 2023, up slightly from \$6.21 in FY 2022. The increase in CPE between those two fiscal years is attributable in part to an increase in O&M Expenses resulting from the Authority’s addition of 22 full-time-equivalent (“FTE”) employees in FY 2023, and in part to additional actuarial costs that the Authority incurred to compensate for lower-than-expected returns on the pension funds managed by the Nevada Public Employee Retirement System (“PERS”). The Authority receives Gross Revenues from the Signatory Airlines and other aviation users of the Airport’s facilities based on their use or lease of the Airport’s aeronautical facilities. The primary sources of such revenues are landing fees, which are charged by 1,000 pounds of landed weight, and terminal rents, which are charged on a per square foot basis or, for common or joint use facilities, on a per passenger, per use or daily basis. Other aeronautical fees are derived from aircraft remain overnight parking fees, support building rentals, fuel farm charges and fees for use of the passenger loading bridges. Landing fees and terminal rental rates are set annually by the Authority pursuant to the terms of the AAULA. See “– Airport-Airline Use and Lease Agreement” above. The table below provides a summary of the Authority’s sources of airline revenues by carrier.

**RENO-TAHOE INTERNATIONAL AIRPORT  
SOURCES OF AIRLINE REVENUES**  
(in thousands of dollars)  
**Fiscal Year Ended June 30**

Airline (includes affiliates)	FY 2022		FY 2023	
	Landing Fees	Terminal Rent**	Landing Fees	Terminal Rents**
<b>Signatory Airlines</b>				
Alaska	\$690	\$608	\$670	\$468
American	1,258	949	1,308	769
Delta	769	558	833	447
ExpressJet/Aha!*	103	236	29	213
FedEx	930	-	1,133	-
Southwest	2,847	1,925	4,126	1,725
United	1,023	838	1,389	729
UPS	956	-	1,107	-
<b>Non-Signatory Airlines</b>	<u>813</u>		<u>1,044</u>	
<b>TOTALS:</b>	<u><b>\$9,387<sup>^</sup></b></u>	<u><b>\$5,115</b></u>	<u><b>\$11,638<sup>^</sup></b></u>	<u><b>\$4,351</b></u>

Source: The Authority.

\* Entered bankruptcy protection in August 2022; no longer operates at the Airport.

\*\* Excludes certain per-turn and joint-use fees.

<sup>^</sup> Excludes fees for landings by non-airline aircraft.

**Landing Fees.** Landing fees at the Airport, including from airline and non-airline aircraft, increased from \$10.58 million in FY 2022 to \$12.69 million in FY 2023. During this period, the landing fee per thousand pounds of landed weight increased from \$3.04 to \$3.79. The landing fee for FY 2024 is budgeted to be \$3.99 per thousand pounds of landed weight for Signatory Airlines and \$4.59 per thousand pounds of landed weight for Non-Signatory Airlines. Landed weights at the Airport increased from 3,077,335 thousand pounds in FY 2022 to 3,099,729 thousand pounds in FY 2023 due to growth in passenger enplanements and an increase in the size (or “gauge”) of aircraft used by the air carriers at the Airport, even as the number of air carrier operations decreased slightly, by 2.5%, between FY 2022 and FY 2023 as air carriers upgauged aircraft and struggled with aircraft and pilot shortages. During the first nine months of FY 2024, the Authority continued to experience an increase in landing fees relative to the same nine-

month period of FY 2023: Landing fees for the first three quarters of FY 2024 were \$10.78 million, an increase of approximately \$1.86 million relative to the first three quarters of FY 2023 due to increased landed weights and an increase in the landing fee.

*Terminal Rents.* Each fiscal year, the Authority establishes terminal building rental rates and fees on a commercial compensatory basis as required by the terms of the AAULA. The annual calculation allows the Authority to recover its budgeted direct and indirect capital and operating costs for such leased terminal space, but the Authority bears the risk of not recovering the cost of any unleased terminal space. As of June 30, 2024, substantially all available airline space at the Airport was either leased, or in use on a common or joint use basis. Similar to the method described above for adjusting landing fees on an annual basis, terminal rates and fees are also adjusted based on actual costs incurred and rents received. The Authority calculates the variance from the budget estimates after the Fiscal Year ends, and either issues a charge for any shortfall to each airline as appropriate or, in the case of a surplus, credits or refunds such surplus to the appropriate airline. The Authority does not recover the costs allocable to unrented space through its terminal rentals. The Authority can also make adjustments during the year to the rates charged to the Signatory Airlines for terminal rentals.

The Authority currently leases 11 of the 23 currently operational gate positions on a preferential use basis to various Signatory Airlines serving the Airport. The remaining gates are held by the Authority for use on common use basis and airlines using such gates are charged a per turn or daily fee. In addition to the 23 gates, passengers arriving on international flights (presently, only scheduled service on Volaris from Guadalajara, Mexico) deplane via hardstand and then enter the Airport's FIS facility for immigration and customs processing by U.S. Customs and Border Protection. Upon completion of New Gen A&B through the MoreRNO program, the Airport expects to have 24 aircraft gates, with the ability, depending upon aircraft mix, to add an additional four aircraft gates, generally to accommodate smaller regional jet aircraft.

*Other Airline Fees.* Pursuant to its residual rate-setting methodology, the Authority fully recovers both direct and indirect costs from the airlines for their use of the Airport's BHS. In FY 2024, BHS charges are projected to total \$2.1 million, amounting to a per-bag rate of approximately \$1.45.

### ***Non-Airline Revenues***

The Authority receives a variety of revenues from non-airline sources at the Airport, including parking, car rental, ground transportation, and a variety of concessions related to food and beverage, news and gifts, rental, advertising, vending, and gaming. Historically, parking revenues have constituted the Airport System's single largest source of non-airline revenues, accounting for a projected 32% of non-airline revenues in FY 2024. During the COVID-19 pandemic, parking and ground transportation revenues fell substantially, by 26% between FY 2020 and FY 2021, as air travel declined. However, such revenues have recovered dramatically since, rising at a CAGR of 17.5% between FY 2020 and FY 2024. For the first three quarters of FY 2024, concessions revenues were \$1.7 million, or 13.4%, higher than for the same period in FY 2023, due largely to the increase in enplaned passengers. In addition, parking revenues increased by approximately \$600,000, or 32.6% in the same period.

Rental car concession revenues (excluding CFCs) constitute the second-largest non-airline revenue source for the Airport, and are projected to account for approximately 23% of such revenue in FY 2024. During FY 2021, rental car revenue decreased by approximately 3.7% due to the pandemic, a decrease mitigated by the minimum annual rent guarantees to which the Airport's rental car companies committed in their operating agreements. However, between FY 2020 and FY 2024, rental car revenue outpaced enplanement growth, with a CAGR of 12.4%.

Non-airline rentals of Airport property are projected to constitute approximately 17% of non-airline revenues received by the Airport System in FY 2024. Such rentals include things like land rent, hangar rent, and building rent. Non-airline rentals increased by 0.67% between FY 2020 and FY 2021, and they have since risen at a CAGR of approximately 2.9%, roughly in line with CPI. Rental income increased by approximately \$3.7 million, or 21.4%, in the first three quarters of FY 2024 compared to the same period in FY 2023.

Terminal and gaming concessions are projected to account for approximately 10% of the Airport System's non-airline revenues in FY 2024. As a Nevada airport, the Airport may legally offer passengers the use of slot machines and other gaming devices within the Airport's concourses, providing an unusual source of revenue to the Airport System. Between FY 2020 and FY 2021, terminal and gaming concessions declined 34%, reflecting a national drop in air travel. However, such concessions have recovered between FY 2021 and FY 2024, at a CAGR of 8.8%.

**RENO-TAHOE INTERNATIONAL AIRPORT**  
**SOURCES OF NON-AIRLINE OPERATING REVENUES**  
(in thousands of dollars)  
**Fiscal Year Ended June 30**

	2019	2020	2021	2022	2023	CAGR (FY 2019 – FY 2023)
Car Parking	\$12,386	\$9,669	\$7,161	\$13,689	\$17,565	9.13%
Auto Rental	7,838	6,737	6,754	10,244	10,496	7.57%
Ground Transportation	406	343	200	316	672	13.44%
Rentals	8,052	8,557	8,614	8,218	8,843	2.37%
Concessions – Gaming	1,116	819	666	1,256	1,080	(0.83%)
Concessions – Other	3,626	3,258	2,420	3,180	2,982	(4.77%)
Reimbursed Services*	2,590	2,398	1,994	3,000	3,173	5.20%
Miscellaneous	<u>1,697</u>	<u>1,863</u>	<u>1,767</u>	<u>2,000</u>	<u>2,022</u>	<u>4.48%</u>
<b>Total Non-Airline Operating Revenue</b>	<b>\$37,712</b>	<b>\$33,644</b>	<b>\$29,576</b>	<b>\$41,903</b>	<b>\$46,832</b>	<b>5.56%</b>
Enplanements	<u>2,150</u>	<u>1,690</u>	<u>1,232</u>	<u>2,080</u>	<u>2,229</u>	<u>0.91%</u>
<b>Non-Airline Revenue per Enplanement*</b>	<b>\$17.54</b>	<b>\$19.91</b>	<b>\$24.01</b>	<b>\$20.15</b>	<b>\$21.01</b>	

Source: The Authority.

\* For the fiscal years indicated in this table, the “Reimbursed Services” line item includes BHS fees. However, beginning in FY 2024, the Authority will exclude BHS fees from the Reimbursed Services line item.

***Federal Pandemic Relief Funds***

Between CY 2020 and CY 2021, in response to the economic impact of the COVID-19 pandemic, Congress enacted three major economic-relief packages: ARPA, the CARES Act, and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (“CRRSAA”). The FAA distributed economic relief funds under each of those three programs to airport operators across the United States, including the Authority. The FAA allocated the Authority ARPA, CARES, and CRRSAA funds for both the Airport and RTS. The Authority has received and expended funds from those programs in fiscal years 2021 through 2024, and the Authority expects to receive and expend all of the remaining funds for which it is eligible under such programs by the end of FY 2025. Under ARPA, the CARES Act, and CRRSAA, airport sponsors are generally entitled to use their federal relief funds for a broad range of airport purposes, including airport operations, staff compensation, and debt service, among other permissible uses. However, the FAA also set aside certain funds under ARPA and CRRSAA to enable airport sponsors to provide rent relief to airport concessionaires. The Authority has received ARPA and CRRSAA relief funding both for concessionaire rent relief (only at the Airport, not at RTS) and, separately, for non-rent-relief purposes. In expending relief funds under ARPA, the CARES Act, and CRRSAA, the Authority has prioritized staff retention during the pandemic, anticipating that demand for travel would rise after the worst of the pandemic concluded and recognizing the need to minimize the attrition of qualified staff in the interim.

The table below lists the relief funds that the Authority has spent pursuant to each of ARPA, the CARES Act, and CRRSAA. Relief funds provided by the FAA to the Authority specifically for concessionaire rent relief are identified as “(concessionaire rent relief),” while other ARPA and CRRSAA funds are labeled “(non-rent relief).”

**RENO-TAHOE AIRPORT AUTHORITY  
EXPENDITURES OF FEDERAL PANDEMIC RELIEF FUNDS**

<u>Relief Program</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025 (anticipated)</u>
<u>Reno-Tahoe International Airport (RNO)</u>					
CARES Act	\$709,962	\$3,125,025	\$13,186,648	\$13,936,231	\$0
CRRSAA (non-rent relief)	0	6,146,847	0	0	0
CRRSAA (concessionaire rent relief)	0	463,098	0	0	0
ARPA (non-rent relief)	0	4,518,985	284,912	3,856,650	7,993,450
ARPA (concessionaire rent relief)	<u>0</u>	<u>132,122</u>	<u>1,616,298</u>	<u>89,148</u>	<u>24,118</u>
<b>RNO Subtotal</b>	<b>709,962</b>	<b>14,386,077</b>	<b>15,087,858</b>	<b>17,882,029</b>	<b>8,017,568</b>
<u>Reno-Stead Airport (RTS)</u>					
CARES Act	15,000	15,000	0	0	0
CRRSAA	0	23,000	0	0	0
ARPA	<u>0</u>	<u>59,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>RTS Subtotal</b>	<b>15,000</b>	<b>97,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (RNO and RTS combined)</b>	<b>\$724,962</b>	<b>\$14,483,077</b>	<b>\$15,087,858</b>	<b>\$17,882,029</b>	<b>\$8,017,568</b>

Source: The Authority.

***Operating Expenses***

The Authority's operating expenses fall into five primary categories and include employee wages and benefits, utilities and communications, the purchase of services, the purchase of materials and supplies, and administrative expenses. The Authority's management of operating expenses is an important aspect of maintaining the CPE at the Airport within the Authority's desired range. As a result, the Authority's operating expenses (excluding capital outlays) have increased at a CAGR of 3.21% from FY 2019, before the COVID-19 pandemic, through FY 2023, from a total of \$70.1 million in FY 2019 to \$82.1 million in FY 2023. This reflects the budget cuts that the Authority achieved in FY 2021 in response to the COVID-19 pandemic as well as the recovery of passengers and air service in subsequent Fiscal Years and the resulting need to increase staffing to accommodate such increases.

The Authority has budgeted \$93.1 million for operating expenses in FY 2024, including depreciation and amortization. That budgeted increase reflects, among other things, increased personnel, utilities, services, and materials costs. Personnel costs, including the costs of salaries, wages, and benefits, held relatively flat between FY 2020 and FY 2021 before increasing at a CAGR of 11.2% between FY 2021 and FY 2024. A significant part of that cost increase is attributable to an increase in the Authority's employee headcount as well as increased pension liability costs. The Authority's utilities and communications costs, including electricity, water, natural gas, and data communications, have also proven volatile; after declining approximately 14.8% between FY 2020 and FY 2021, they rose at a CAGR of 22.8% between FY 2021 and FY 2024, a cost increase attributable largely to utility price increases but also to a significant increase in the Airport's number of passengers. Purchased services, including both professional and specialized service contracts, such as maintenance and repair, saw costs decline 9.1% between FY 2020 and FY 2021 but then rise at a CAGR of 27.4% between FY 2021 and FY 2024, reflecting both increased costs of labor and the Authority's hiring of consultants to help it prepare the MoreRNO program. Materials and supplies also rose in cost, increases at a CAGR of 17.7% between FY 2021 and FY 2024 after declining 3.5% between FY 2020 and FY 2021. Finally, administrative expenses, which include travel, training, air service development, insurance, and similar expenses, rose at a CAGR of 32.0% between FY 2021 and FY 2024, largely reflecting the

Authority’s recovery and efforts to restore and grow air service and attract carriers during the post-pandemic recovery. See “APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Operating Expenses.”

**RENO-TAHOE INTERNATIONAL AIRPORT  
SUMMARY OF OPERATING EXPENSES**  
(in thousands of dollars)  
**Fiscal Year Ended June 30\***

	2019	2020	2021	2022	2023	FY 2023 through March 31	FY 2024 through March 31
Employee Wages and Benefits	\$29,334	\$32,120	\$30,924	\$30,349	\$39,092	\$27,414	\$31,397
Purchase of Services	5,522	5,419	4,887	7,405	8,017	5,361	6,208
Utilities and Communications	2,773	2,881	2,454	3,157	3,963	2,974	3,055
Administrative Expenses	2,647	2,431	2,087	2,855	3,369	2,405	2,287
Materials and Supplies	2,045	2,341	2,260	2,575	3,234	2,277	2,575
Depreciation and Amortization	<u>27,801</u>	<u>27,609</u>	<u>26,828</u>	<u>25,079</u>	<u>24,462</u>	<u>18,403</u>	<u>17,803</u>
<b>Total Operating Expenses**</b>	<b><u>\$70,122</u></b>	<b><u>\$72,801</u></b>	<b><u>\$69,440</u></b>	<b><u>\$71,419</u></b>	<b><u>\$82,137</u></b>	<b><u>\$58,832</u></b>	<b><u>\$63,325</u></b>

Source: The Authority.

\* Expenses for each full fiscal year shown are audited; expenses shown for FY 2023 through March and FY 2024 through March are unaudited.

\*\* Total operating expenses may vary from sum of individual line items due to rounding.

The Authority’s largest expense in FY 2023 was comprised of employee wages and benefits, which were cumulatively \$39.1 million in FY 2023, a 28.8% increase from the \$30.3 million in FY 2022, and which comprised approximately 67.8% of the total operating expenses (excluding depreciation) for FY 2023. Since FY 2019, the cost of employee wages and benefits has increased from \$29.3 million to \$39.1 million in FY 2023. The increase in such costs is attributable to a number of factors, including an increase in FTE employees, the Authority’s increase in the minimum wage paid to its employees, additional overtime worked by employees and necessitating overtime payment, inflation, and increases in the Authority’s share of net pension liability based on actual investment results. In addition, the Authority’s entry into a new CBA with the Teamsters in FY 2023 increased employee wages and benefits during the first nine months of FY 2024 relative to the first nine months of FY 2023, in accordance with the Authority’s expectation that the new CBA will lead to approximately 5% annual increases in salary and labor costs for covered employees during the term of that CBA. The Authority also saw increased wage and benefit costs in the first nine months of FY 2024 relative to a year prior as a result of additional Authority staffing and, to a lesser extent, additional earned vacation time by Authority staff.

Purchases of services represented approximately 9.7% of operating expenses, and were \$8.0 million in FY 2023 compared to \$7.4 million in FY 2022. Such purchases included both professional and technical services. These increases were largely related to planning for the MoreRNO program. Utilities and communications expenses constituted approximately 4.8% of the Authority’s operating expenses and were \$4.0 million in FY 2023, compared to \$3.2 million in FY 2022. Administrative expenses were 4.1% of the Authority’s operating expenses in FY 2023, at \$3.4 million, relative to \$2.9 million for such expenses in FY 2022. Acquisition of materials and supplies, including fuel, safety equipment and supplies, and software, among other items, constituted approximately 3.9% of operating expenses in FY 2023, at \$3.2 million, compared to \$2.6 million in FY 2022.

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## Liquidity

It is the Authority's policy goal to maintain liquidity of 365 days' cash on hand. The table below shows the Authority's liquidity position for the past five fiscal years. The table below does not include any unused and available draws on the Non-Revolving Credit Agreement, which is available for any lawful use of the Authority. The table below also does not reflect application of any remaining federal pandemic relief funds. The table includes proceeds held in both the PFC and CFC Accounts.

**RENO-TAHOE AIRPORT AUTHORITY**  
**AIRPORT LIQUIDITY POSITION AND DAYS CASH ON HAND**  
(in thousands of dollars)  
**Fiscal Year Ended June 30\***

Fund Balances	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2023 through March 31**	FY 2024 through March 31
<b>Unrestricted cash</b>							
Revenue Account	12,060	7,968	16,960	26,901	35,322	27,674	43,339
Fuel Tax Account	293	671	646	778	990	1,017	1,178
Special Account	6,488	5,947	5,286	6,416	6,908	7,383	7,185
General Purpose Fund	36,392	34,935	33,143	30,448	21,816	24,610	21,170
<i>Total Unrestricted Cash</i>	\$55,233	\$49,521	\$56,035	\$64,543	\$64,937	\$60,684	\$78,872
<b>Restricted Funds</b>							
O&M Reserve Account	7,431	7,678	7,703	7,512	9,452	7,805	10,887
Renewal and Replacement Account	795	818	785	769	783	796	816
CFC Account	6,215	10,565	12,103	16,143	16,362	15,496	20,122
PFC Account	22,703	17,923	15,457	20,118	26,132	23,986	25,988
Debt Service Fund	2,091	2,149	0	0	0	0	0
Other Restricted Accounts	854	710	512	523	535	533	519
<i>Total Restricted Funds</i>	\$40,089	\$42,708	\$36,560	\$45,065	\$53,264	\$48,616	\$58,332
Total Unrestricted Cash and Restricted Funds	\$95,322	\$92,222	\$92,595	\$109,608	\$118,200	\$109,300	\$131,204
Funds Available for Operations [A] ***	\$63,459	\$58,016	\$64,316	\$ 72,824	\$75,172	\$69,284	\$84,575
O&M Expenses [B]^	\$41,678	\$44,774	\$43,215	\$45,819	\$57,140	\$40,101	\$45,033
Days Cash on Hand = [A] / ([B]/[actual days in period])	<b>556</b>	<b>473</b>	<b>543</b>	<b>580</b>	<b>480</b>	<b>473</b>	<b>513</b>

Source: Authority records.

\* Data for each full fiscal year shown is audited; data shown for FY 2023 through March and FY 2024 through March is unaudited.

\*\* Because the Authority may expend revenues in certain funds, or transfer revenues from certain funds to its General Purpose Fund, during the final quarter of a fiscal year, account figures for the first nine months of FY 2023 may exceed the comparable figures for full-FY 2023, which reflect final balances as of the end of FY 2023.

\*\*\* Excludes CFC, PFC and Other Restricted Accounts and Debt Service Fund.

^ Excluding depreciation.

## Personnel Considerations

The Authority has authorized 295.5 full time equivalent (“FTE”) employee positions for FY 2025, an increase of 6.5 FTE positions relative to the number authorized for FY 2022. As of June 30, 2024, the Authority was almost fully staffed: Approximately three FTE positions were vacant, and the Authority was actively hiring for those roles. In addition to Authority employees, approximately 2,700 individuals work at the Airport for the Authority’s various Airport tenants, including airlines, rental-car companies, ground transportation operators, and concessionaires, among others.

For FY 2023, the Authority budgeted the overall cost of personnel, including salaries, wages, and employment benefits, at approximately \$42.2 million, a 10.8% increase over the Authority’s personnel budget for FY 2022. This increase in personnel costs resulted from several factors, including an increase in salaries and wages for both salaried and unionized employees and an increase in the Authority’s required employee pension contributions to compensate for lower-than-expected investment returns received by the Nevada PERS, the State-wide public-employment retirement system. In FY 2023, the Authority transitioned to a step-based system of pay increases for Authority employees covered by a CBA with the Teamsters under which those employees receive annual increases in salary and benefits payments based on seniority. The Authority anticipates that it will yield approximately 5% annual increases in salary and labor costs for covered employees going forward. The Authority has also increased its lowest hourly wages, regardless of union membership, such that the lowest hourly wage for Authority employees is now greater than \$15 per hour. In each case, the Authority considers these increases important to attracting and retaining high-quality employees. The Authority anticipates that average employee salaries and benefits will rise at a rate of approximately 5% over the next several years, but such compensation increases will be highly dependent on a variety of factors, some within and some without the Authority’s control, that the Authority cannot project with certainty.

Approximately 181 of the Authority’s employees are covered by a CBA. The Authority is currently party to five CBAs with various Authority employee groups. One CBA, between the Authority and the Teamsters, covers various Authority employees who are not members of the Authority’s police or fire departments. Separately, members of the Authority’s police force are represented by one of two CBAs, one for police sergeants and another for other police officers. The Authority’s fire department also has two CBAs, one for battalion chiefs and the other for the department’s other firefighters. The Authority’s four CBAs with its police and fire employees will each expire on June 30, 2025, while the Authority’s CBA with the Teamsters will expire one year later, on June 30, 2026. The Authority expects to seek to replace each of those expiring CBAs with a three-year CBA, subject to negotiations with union representatives; however, the Authority is also studying the potential merger of its fire department with that of the City of Reno. The Authority considers itself to have good relationships with its labor unions.

Over the past year, Authority leadership has focused on strengthening the Authority’s workplace culture to better attract and retain employees. In June 2024, the Authority released the results of a workplace-culture survey of 200 Authority employees conducted by an international workplace-research firm. The survey results found that employees reported substantial improvement across most areas of the Authority’s organizational culture relative to the comparable survey of 211 Authority employees in 2022, with most respondents providing positive reviews of the Authority’s culture across a range of metrics.

## Retirement and Other Post-Employment Benefits

### **PERS**

*This section contains information relating to the State’s Public Employees’ Retirement System (“PERS”). Some of such information is derived from information produced by PERS or its independent accountants and actuaries. The Authority has not independently verified the information provided by PERS and does not guarantee the accuracy of such information.*

PERS covers substantially all public employees of the State, its agencies and its political subdivisions, including the Authority. Established by the Nevada Legislature effective July 1, 1948, PERS is governed by the Public Employees’ Retirement Board, whose seven members are appointed by the State’s governor for four-year terms.

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing, multiple-employer defined benefit plan. As required by statute, an employee’s benefits are determined by such employee’s number of years of accredited service at the time of retirement and the employee’s highest average

compensation over 36 consecutive months. Benefit payments to which employees 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. The following table illustrates the PERS service credit multiplier.

**PERS Benefit Multiplier**

	<b>Service Term Multiplier</b>	<b>Highest Contiguous Average Over</b>
For service prior to July 1, 2001	2.50%	36 months
For service on or after July 1, 2001 but before January 1, 2010	2.67%	36 months
For service on or after January 1, 2010:		
Members entering PERS on or after January 1, 2010 but before July 1, 2015	2.50%	36 months
Police or fire employees entering PERS on or after July 1, 2015	2.50%	36 months
Members (other than police or fire employees) entering PERS on or after July 1, 2015	2.25%	36 months

Source: PERS.

Legislative changes have created several tiers of retirement eligibility thresholds. The following table illustrates the PERS retirement eligibility thresholds.

**Nevada PERS Retirement Eligibility**

<i>Membership Date</i>	<b>Employees (Other Than Police or Fire)</b>		<b>Police and Fire Employees</b>	
	<i>Age</i>	<i>Years of Service</i>	<i>Age</i>	<i>Years of Service*</i>
Before January 1, 2010	65	5	65	5
	60	10	55	10
	Any	30	50	20
			Any	25
On or after January 1, 2010 but before July 1, 2015	65	5	65	5
	62	10	60	10
	Any	30	50	20
			Any	30
On or after July 1, 2015	65	5	65	5
	62	10	60	10
	55	30	50	20
	Any	33 1/3	Any	30

Source: PERS.

\* Only service as a police officer or firefighter may be counted as accredited service for police and fire employee retirement eligibility.

State law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer

and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system performs an annual actuarial study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2023. The following table reflects certain valuation results from the last four PERS actuarial studies:

**PERS Actuarial Report**  
(\$ in billions)

<b>Key Valuation Results</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>
Market Value of Assets	\$46.74	\$58.46	\$54.51	\$58.32
Actuarial Value of Assets	\$46.17	\$50.94	\$54.24	\$57.77
Actuarial Accrued Liability	\$60.66	\$67.58	\$72.57	\$76.57
Unfunded Actuarial Accrued Liability	\$14.49	\$16.64	\$18.33	\$18.80
Actuarial Value Funded Ratio	76.1%	75.4%	74.7%	75.4%
Market Value Funded Ratio	77.0%	86.5%	75.1%	76.2%

Source: PERS.

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to FY 2011 was 30 years. Effective starting FY 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. During the transition period, any new UAAL was amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers until the average remaining amortization period is less than 20 years. In FY 2014, the remaining amortization period dropped below 20 years, and since then, the 20-year amortization period has been used for new UAAL layers. The FY 2018 blended average amortization period was 16.5 years. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses.

GASB Statement No. 67. For the year ended June 30, 2014, PERS adopted GASB Statement No. 67, *Financial Reporting for Pension Plans* (“GASB 67”). GASB 67 replaces the requirements of GASB statements 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. GASB 67 requires enhancement to footnote disclosure and required supplementary information for pension plans. In addition, GASB 67 requires the determination of net pension liability (“NPL”) as opposed to the previously disclosed UAAL.

PERS’ NPL as of June 30, 2023, was approximately \$18.25 billion, as compared to approximately \$18.05 billion as of June 30, 2022, when measured in accordance with GASB 67. PERS’ fiduciary net position as a percentage of the total pension liability was 76.2% as of June 30, 2023, as compared to 75.1% as of June 30, 2022.

GASB Statements No. 68 and 71. For the fiscal year ended June 30, 2015, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan, which include the NPL, deferred outflows of resources, deferred inflows of resources and pension expense.

Among other requirements, the Authority was required to report its proportionate share of the total PERS (fiduciary) NPL in its financial statements. PERS was required to implement GASB 67. As a result of an actuarial study performed by PERS for FY 2023, the Authority’s proportionate share of PERS’ NPL in FY 2022 was 0.2806%, resulting in the recording of a June 30, 2023 net pension liability of \$50,663,709. The Authority has no legal obligation to fund any of PERS’s NPL, nor does it have any ability to affect funding, benefit, or actuarially determined contribution decisions made by PERS or the Nevada Legislature.

GASB Statement No. 82. In March 2016, GASB issued Statement No. 82, *Pension Issues* (“GASB 82”) with the objective of addressing certain issues raised with previous GASB statements 67, 68 and 73, including: (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Because PERS is a State-wide multi-employer plan that covers substantially all public employees of the State, its agencies and political subdivisions, including the employees of the Authority, it is the responsibility of PERS to perform the GASB calculations according to the applicable pension related statements and disseminate that information to the applicable agencies and political subdivisions for inclusion in their annual comprehensive financial report.

PERS Contributions by the Authority. As described above, State statute requires contribution rates be determined on the State’s biennium budget cycle based on an actuary study. While the Authority is not responsible to directly fund its proportionate share of the UAAL, it is required to make contributions that amortize the UAAL based on a closed end 20-year amortization. Furthermore, under the employer-pay funding method, while the Authority pays the full contribution rate, it is required to make the employee pay their half of the rate through either a reduction in a scheduled wage increase, or through an actual wage reduction. Employees receive credit for the wage reductions when PERS calculates their highest 36-month average wage. A history of contribution rates is shown below.

	<b>Fiscal Years 2018 and 2019</b>	<b>Fiscal Years 2020 and 2021</b>	<b>Fiscal Years 2022 and 2023</b>
Regular Members	28.00%	29.25%	29.75%
Police/Fire Members	40.50%	42.50%	44.00%

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Source: The Authority.

For each of fiscal years 2022 and 2023, the Authority’s contribution rate for regular members was 29.7% and for police and fire members was 44.00%.

The Authority’s contribution to PERS for the fiscal years ended June 30, 2022 and June 30, 2023 were \$6,193,630 and \$6,759,233, respectively, equal to the required contributions for each year.

See Note 9 in the Authority’s audited financial statements attached hereto as APPENDIX A for additional information regarding PERS. In addition, copies of PERS’ most recent annual financial report, including audited financial statements and required supplementary information, are available from the PERS website at [www.nvpers.org](http://www.nvpers.org), under the “Publications” section of such website. Information on the PERS website is not incorporated by reference herein.

***OPEB***

In addition to providing pension, death, and disability benefits to employees through PERS, the Authority offers OPEB to eligible Authority retirees who retired before September 1, 2008. For such retirees, the Authority provides OPEB through the State’s Public Employees Benefits Program (“PEBP”), a defined-benefit OPEB plan established by the State and administered by a nine-member governing board. PEBP provides accident, dental, life, medical, prescription, and vision insurance for covered retirees. State statute sets forth both the eligibility requirements for participation in PEBP and the Authority’s obligation to subsidize its eligible retirees’ PEBP-provided benefits. Pursuant to a change in State law in 2008, no Authority employee retiring from the Authority on or after September 1, 2008 is eligible to be a PEBP beneficiary at the Authority’s expense. In FY 2023, the Authority contributed approximately \$126,000 to PEBP for the benefit of 34 retirees, as required by applicable State law. As of June 30, 2023, the Authority’s OPEB liability was approximately \$2.2 million.

The Authority also maintains a defined-contribution Post-Employment Health Plan (“PEHP”) pursuant to section 501(c)(9) of the Internal Revenue Code. The Authority established PEHP, which is administered by a private administrator, to reimburse eligible Authority retirees’ qualified post-employment medical insurance expenses and other medical expenses. During FY 2023, the Authority contributed approximately \$171,000 to PEHP for all eligible

beneficiaries other than members of two of the Authority's labor unions, the RTAA Police Officers Association and the Reno Airport Fire Fighters Association. The Authority separately funds PEHP programs for eligible members of those two associations. For FY 2023, the Authority contributed approximately \$24,000 to the RTAA Police Officers Association PEHP and approximately \$76,000 to the Reno Airport Fire Fighters Association PEHP.

GASB Statement No. 75. For the fiscal year ended June 30, 2018, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 replaced the requirements of prior GASB statements concerning OPEB and established new accounting and financial reporting requirements for OPEB plans. Among other provisions, GASB 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenditures. With respect to defined benefit OPEB, GASB 75 also identified methods and assumptions required to project benefit payments, discount such projected payments to their actuarial present value, and attribute that present value to periods of employee service.

## **Risk Management**

The Authority maintains insurance coverage from various third-party insurers to cover both a range of operational and liability risks and employee health benefits. As an airport operator, the Authority faces risks related to theft, damage, or destruction of Authority assets, liability for the actions of its police officers and other public officials, death or injury to its employees, customers, and other Airport users, and natural disasters. For FY 2023, the Authority paid approximately \$5.4 million for insurance coverage of such risks, including over \$3.9 million for employee health insurance and related benefits. Separately, the Authority maintains third-party coverage of the health, dental, prescription, and vision benefits that the Authority provides to its employees. In fiscal years 2021 through 2023, settled claims resulting from the various risks and benefits obligations described in this paragraph have not exceeded the Authority's third-party insurance-coverage limits.

The Authority carries a general liability policy with a maximum limit of \$250 million covering bodily injury, property damage, excess auto liability and hangarkeeper's liability. The policy includes sublimits for each occurrence for personal and advertising injury and for commercial automobiles. The Airport also carries war liability/TRIA coverage of \$250 million. The Airport facilities are covered by a multi-risk property insurance policy with a maximum limit of \$400 million and \$100,000 deductible per occurrence. Earth movement carries a sublimit of \$50 million with a 10% deductible per location subject to a minimum deductible of \$250,000. Flood coverage carries a sublimit of \$10 million subject to a \$100,000 minimum and \$500,000 maximum deductible for all locations in any one occurrence. Named Storm coverage carries a \$400 million limit and a \$100,000 deductible per occurrence. The Authority carries Cyber Coverages including standard perils. The Authority carries commercial automobile liability coverage (scheduled vehicles) of \$1 million per occurrence with a \$100,000 deductible.

The Authority expects to carry builders' risk insurance covering all facilities under construction during the full period of construction. The CMARs are required to carry insurance covering both the CMAR and its subcontractors and naming the Authority and its trustees, officers and employees as additional insureds. See "– The MoreRNO Program – Contractors for the MoreRNO Program and Risk Management." As elements of the MoreRNO program are completed, the Authority expects to continue evaluating its coverage limits and increase them as appropriate to account for the increased value of the new construction. RNO ConRAC is required to carry minimum levels of liability and property damages insurance with respect to the GTC Project.

The Authority is covered under a \$10 million directors and officers insurance policy. The Authority also carries workers' compensation and employers' liability coverage as required by State law. The Authority carries, in addition, an equipment floater per scheduled values, insurance against employee crimes, EMT professional liability coverage, fiduciary coverage and law enforcement liability coverage.

## **Debt Management Policy**

The Authority's debt policies are narrowly defined because the Authority has primarily used loans and revenue bonds to finance airport capital projects. When the Authority funds capital projects using long-term debt, it will pay back the Bonds within the projected useful life of the financed project. State law generally prohibits the Authority from utilizing long-term debt to fund operations. The Authority has adopted a policy of full disclosure in every financial report and offering prospectus. The Authority's debt policy requires a minimum threshold of 3% savings to justify refinancing a bond issuance.

## **Investment Policy**

The Authority's investment policy provides that the Authority's primary investment objectives shall be, in order of priority, safety, liquidity, and yield. The Authority requires its investment managers to apply the "prudent person" standard of fiduciary responsibility, defined as follows: "Investments shall be made with judgment and care, under 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 Authority's Board has delegated the responsibility for investing Authority funds to the Authority's President/CEO, who, in turn, directs the Authority's Chief Finance and Administration Officer (the "CFAO") to oversee such investment. The CFAO invests all of the Authority's cash bond proceeds, among other Authority funds, through broker/dealers and financial institutions whom the Authority has approved to provide it with investment services. Such approved broker/dealers are limited to "primary" dealers or others who qualify under Rule 15c3-1, the Uniform Net Capital Rule, of the SEC. Authority policy further requires that securities that the Authority purchases shall be delivered against payment and held in a custodial safekeeping account with the trust department of a bank insured by the Federal Deposit Insurance Corporation.

Authority policy authorizes the CFAO to invest Authority funds in the following securities: United States Treasury bills and other notes, bonds, and debentures of the United States; certain other United States government agency securities; bankers' acceptances; commercial paper; money market mutual funds; the Local Government Investment Pool established by the State treasurer; supranational bonds; corporate bonds and notes; foreign corporate and government securities; collateralized mortgage-backed securities; and asset-backed securities. Investments are further governed by the definition of Permitted Investments in the Master Indenture and by State law. See "APPENDIX C – FORM OF MASTER INDENTURE – Permitted Investments."

The Authority's President/CEO reviews the Authority's investment policy annually and presents any proposed changes thereto to the Finance and Business Development Committee of the Authority's Board for consideration.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS**

### **Environmental and Sustainability Factors**

The Authority has undertaken a multifaceted commitment to environmental responsibility and sustainability, which is reflected in the MoreRNO program. The Authority has adopted the Airports Council International's "EONS" approach to sustainability, which involves focusing on economic stability, operational efficiency, natural resource conservation, and social responsibility. Since 2016, the Authority has issued an annual Sustainability Report, which discusses the Authority's environmental-sustainability initiatives over the prior year. In 2022, the Authority's Board established the Airport Sustainability Advisory Committee to identify future sustainability initiatives for the Authority to pursue.

As described in the Authority's 2023 Sustainability Report, the Authority has secured approximately \$6.6 million in federal funding through the FAA's Voluntary Airport Low Emissions Program ("VALE") to install pre-conditioned air units and gate electrification units at each of the Airport's 23 gates, an initiative that the Authority expects to reduce the emissions generated by aircraft parked at such gates by eliminating use of aircraft auxiliary power units to provide power and air conditioning, and to lower air carriers' operating costs by reducing the amount of fuel their aircraft must expend while parked at each gate. The Authority has also obtained FAA grant funding to obtain two electric charging stations for ground service vehicles at the Airport. In addition, the Authority has replaced high-energy-use ramp lights with more-energy-efficient LED lighting, reducing the Authority's annual energy usage by approximately 192,000 kilowatt hours.

The Authority has made energy efficiency a priority in developing the MoreRNO program, which includes several design elements intended to promote environmental sustainability and reduce the Airport's carbon emissions. The Authority is designing New Gen A&B, the program's new concourses, to better use natural light in lieu of electric lighting, reduce dependence on non-renewable fuel sources, and otherwise increase the concourses' energy efficiency relative to those of the Airport's existing concourses, which New Gen A&B will replace. The Authority intends to

seek LEED certification of New Gen A&B from the U.S. Green Building Council. As part of the MoreRNO program, the Authority will also construct the new Central Utility Plant to support New Gen A&B and other Airport facilities, including the new headquarters facility. The Central Utility Plant is expected to provide significantly greater energy and resource efficiency than the Airport's current utility plant, with reduced greenhouse gas emissions and approximately 75% less water consumption. In February 2024, the Authority received approximately \$7 million in federal grant funding for the Central Utility Plant through the Airport Terminal Program, established by the Bipartisan Infrastructure Law.

## **Social Factors**

The Authority's social commitment spans a range of initiatives to attract and retain talented and qualified employees, support local and disadvantaged businesses, collaborate effectively with regional economic-development organizations, and maintain strong relationships with local, State, and federal officials.

### ***Workforce Development***

To attract and retain qualified employees, the Authority offers competitive compensation and works to maintain an attractive workplace culture. The Authority has successfully filled nearly every open position on its staff; as of July 15, 2024, the Authority had only three FTE positions unfilled out of 295.5 authorized. The Authority has raised its minimum wage above \$15 per hour, a wage level that allows the Authority to attract and retain highly qualified employment candidates and advances the Authority's goal to make working for the Authority a financially sustainable career. The Authority also presents prospective employees with a description of the benefits that they would earn in addition to their base salaries or wages by working for the Authority, helping to highlight that overall compensation for Authority employees significantly exceeds base wages.

To make it more feasible for well-qualified candidates to gain employment with the Authority, the Authority's immediate past Chief People, Culture, and Equity Officer, who oversees the Authority's hiring efforts, has worked to streamline the hiring process. The Authority also works with the University of Nevada, Reno and the Truckee Meadows Community College, in Reno, to recruit potential Authority employees. In addition, the Authority has reviewed each of its posted job listings and removed academic-degree requirements, as appropriate, to expand the prospective pool of qualified employment applicants.

In each of 2022 and 2024, the Authority sponsored independent third-party surveys of its employees' perceptions of the Authority's workplace culture. Those surveys have indicated significant improvements in employees' perceptions of the Authority's culture and leadership over the two years between the surveys, reflecting ongoing efforts by Authority management to improve employee satisfaction with the workplace. See "THE AIRPORT – Personnel Considerations" herein.

The Authority has also undertaken an initiative to improve diversity, equity, and inclusion ("DEI") training among its staff. All of the Authority's employees, including the Authority's executive team, have now completed that training program. The Authority hired a consultant to develop its DEI training program and to review the Authority's marketing plan, recruiting process, and candidate-interview process for opportunities to address potential impediments to hiring a diverse, well-qualified employee pool. Between 2022 and 2024, the Authority saw significant improvements in various DEI-related metrics in its workplace culture surveys.

### ***Community and Political Engagement***

The Authority considers itself to have good working relationships with pertinent local, State, and federal elected officials. At the federal level, the Authority interacts frequently with both of the State's U.S. senators, Catherine Cortez Masto and Jacky Rosen, and with the congressman representing the Airport System, Rep. Mark Amodei, who chairs the Homeland Security Subcommittee of the House Appropriations Committee. Sen. Rosen played a key role in helping the Authority to obtain \$7 million in federal Airport Terminal Program grant funding to help finance the Central Utility Plant. The Authority also considers itself to have good working relationships with federal agencies that regularly interact with the Authority, including the FAA and the U.S. Department of Homeland Security.

At the State level, the Authority has worked collaboratively with the office of Governor Joe Lombardo and with the Authority's local State lawmakers. The Authority and its Board also work to maintain good working

relationships with local elected officials. The Authority's President/CEO annually briefs the City of Reno City Council on Airport System matters. The Authority is not aware of any significant or widespread local opposition to the Airport System's operations or development.

The Authority maintains cooperative relationships with two regional economic-development organizations: RSCVA, which appoints one of the Authority's Board members, and the Economic Development Authority of Western Nevada. The Authority's President/CEO regularly confers with the leaders of those two organizations to discuss matters of interest to the economic development of the Airport's region.

To facilitate the opportunity for disadvantaged businesses to participate in the Airport's concessions and AIP-funded construction opportunities, the Authority maintains Disadvantaged Business Enterprise ("DBE") and Airport Concession Disadvantaged Business Enterprise ("ACDBE") programs. The Authority sets goals for DBE and ACDBE participation in certain of its concessions agreements and certain other agreements. The Authority has also adopted an FAA-approved plan for maintaining compliance with Title VI of the Civil Rights Act of 1964, as amended, and related federal requirements, and an FAA-approved Community Participation Plan to engage local stakeholders in Authority planning efforts. In addition, the Authority has a Community Outreach Committee to support employee recruitment and community relations.

### **Governance Factors**

The Authority's Board actively participates in the oversight of the Authority and its Airport System, and Board members individually promote the Airport to air carriers that are considering starting or expanding air service at the Airport. The Authority's immediate past Board chair has traveled with Authority staff to meet with airline executives repeatedly about starting or expanding air service at the Airport. The Authority's Board and executive team also work cooperatively with the region's economic development organizations to promote travel to Washoe County, the Lake Tahoe area, and other parts of the Airport's Air Service Area.

The Authority has repeatedly been recognized for excellence in financial reporting by the Government Finance Officers Association, earning such recognition for the past 36 years in a row. The Authority's Board and executive team work closely to ensure the Authority's sound financial footing and develop its operations as a gateway to Western Nevada and the Reno-Tahoe region.

## **REPORT OF THE AIRPORT CONSULTANT**

### **General**

The Authority has retained the firm of Landrum & Brown, Inc., as recognized experts in their field, to prepare a report on traffic, revenues, expenses, the MoreRNO program, and financial analyses in connection with the issuance of the Series 2024 Bonds. The Airport Consultant has prepared a Report of the Airport Consultant dated August 8, 2024 (the "*Report of the Airport Consultant*" or the "*Report*") in connection with the issuance of the Series 2024 Bonds. The Airport Consultant has consented to the Report of the Airport Consultant being included in this Official Statement as APPENDIX B. This Report should be read in its entirety for an explanation of the assumptions and methodology used therein.

The Report of the Airport Consultant is divided into four sections plus a cover letter summarizing the Airport Consultant's conclusions. Section 1 provides an overview of the role of the Airport and the economic base for air traffic at the Airport. Section 2 reviews air service at the Airport and provides air traffic projections of air service activity at the Airport for the period from FY 2025 through FY 2032, a period of eight full fiscal years following the end of the projected period a portion of interest on the Series 2024 Bonds will be capitalized (the "*projection period*"). Section 3 reviews the existing Airport facilities and the Authority's capital improvement program, generally consisting of the MoreRNO program, as well as the Other Capital Projects through FY 2031. Section 4 of the Report reviews the Authority's financial framework and provides a financial analysis, concluding with projections of net revenues and debt service coverage through FY 2032, calculated in accordance with the Master Indenture. In preparation of the projections in its Report, the Airport Consultant has made certain assumptions with respect to conditions that may occur and the course of action Authority management expects to take during the projection period. The Airport Consultant has relied upon Authority staff for representations about its plans and expectations and for disclosure of significant information that might affect the realization of projected results. Authority staff have reviewed these assumptions and concur that they provide a reasonable basis for the purpose of the projections. While the Authority

and the Airport Consultant believe these assumptions to be reasonable for the purpose of the projections, they are dependent upon future events, and actual conditions may differ from those assumed in the analysis. To the extent actual future factors differ from those assumed by the Airport Consultant or provided to the Airport Consultant by others, the actual results could vary materially from these projections. The Airport Consultant has no responsibility to update its Report for events and circumstances occurring after the date of its Report. The projections are based on assumptions that may not be realized and actual results may differ materially from the projections. See “INVESTMENT CONSIDERATIONS – Financial Assumptions” herein.

### **Projection of Debt Service Coverage and Cost Per Enplanement**

The following table reflects the projection of Net Revenues and the calculation of debt service coverage on the Bonds, including the Series 2024 Bonds and the estimated \$327.9 million of MoreRNO project costs expected to be funded with proceeds of additional Bonds expected to be issued in the future. The Airport Consultant’s projection is based on actual unaudited Net Revenues for the first three quarters of FY 2024, and projected Net Revenues from the remainder of FY 2024 through FY 2032, as set forth in Section 4 of the Report of the Airport Consultant. Such projection reflects the impact on revenues and expenses associated with the Series 2024 Bonds and additional Bonds expected to be issued during the projection period and the operating costs of the elements of the MoreRNO program as they are placed into service. The projection does not reflect the impact on Authority finances of projects other than MoreRNO and the Other Capital Projects. Any additional future capital projects may be financed by future issuance of additional Bonds. The Report of the Airport Consultant also includes a projection based upon a slower recovery scenario. The full Report of the Airport Consultant should be read in its entirety for an explanation of the assumptions and methodology used in both the projections that are being relied upon for the additional debt test as well as the slower recovery scenario.

The projected cost per enplaned passenger for the Airport’s Signatory Airlines is estimated to be \$9.81 in FY 2024. The CPE is projected to rise over the projection period, primarily due to increases to debt service as a result of the Authority’s capital programs, and ultimately stabilize at between \$22.11 and \$22.98 in fiscal years 2030 through 2032, the end of the projection period. Assuming a 3% rate of inflation, the projected \$22.98 CPE in FY 2032 would be equivalent to \$18.14 in FY 2024 dollars, representing a slight decrease from the projected FY 2031 CPE of \$18.54 in FY 2024 dollars and from the projected FY 2030 CPE of \$18.52 in FY 2024 dollars. The CPE stabilization in fiscal years 2030 through 2032 is projected to occur as capitalized interest is expended, all of the facilities of the MoreRNO program are expected to be placed in service, and all debt service on the Bonds is included in the rate base. See “APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Signatory Airline Cost per Enplaned Passenger.”

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**PROJECTION OF DEBT SERVICE COVERAGE\***  
(in thousands of dollars)  
**Fiscal Year Ending June 30**

	<b>Estimate 2024</b>	<b>Budget 2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
<u>Revenues:</u>									
Airline Revenue	\$36,094	\$38,091	\$41,310	\$43,158	\$46,178	\$61,874	\$72,341	\$74,552	\$77,129
Adjusted Non-Airline Revenue <sup>1</sup>	52,713	53,036	55,379	57,843	60,554	63,579	69,487	72,028	74,485
Airline Revenue Share	<u>(9,344)</u>	<u>(8,298)</u>	<u>(8,472)</u>	<u>(6,582)</u>	<u>(6,212)</u>	<u>(5,427)</u>	<u>(6,459)</u>	<u>(5,475)</u>	<u>(5,967)</u>
Total Revenues	79,463	82,828	88,216	94,420	100,520	120,027	135,369	141,106	145,648
<u>Less:</u>									
Adjusted O&M Expenses <sup>2</sup>	64,519	67,642	71,382	75,210	79,669	85,568	90,235	94,800	99,613
Special Fund	498	507	770	801	833	866	900	934	970
Federal Relief Grants	(935)	0	0	0	0	0	0	0	0
Airline Transfers (Base Revenue Share)	<u>(4,194)</u>	<u>(4,442)</u>	<u>(4,614)</u>	<u>(4,696)</u>	<u>(4,775)</u>	<u>(4,855)</u>	<u>(4,935)</u>	<u>(5,012)</u>	<u>(5,089)</u>
Net Revenue	19,576	19,121	20,679	23,105	24,793	38,448	49,169	50,384	50,155
Other Transfers <sup>3</sup>	<u>0</u>	<u>416</u>	<u>391</u>	<u>1,527</u>	<u>1,998</u>	<u>5,735</u>	<u>7,941</u>	<u>8,320</u>	<u>8,213</u>
Net Revenue plus Transfers	19,576	19,538	21,070	24,632	26,791	44,183	57,110	58,704	58,368
Total Debt Service Requirement <sup>4</sup>	0	1,666	1,565	6,110	7,993	22,939	31,763	33,281	32,852
Debt Service Coverage Ratio (without other Transfers)	N/A	11.48	13.22	3.78	3.10	1.68	1.55	1.51	1.53
Debt Service Coverage Ratio (with other Transfers)	N/A	11.73	13.47	4.03	3.35	1.93	1.80	1.76	1.78

Source: Airport Consultant.

\*Amounts may not add due to rounding.

<sup>1</sup> Adjusted for aviation fuel tax revenue.

<sup>2</sup> Adjusted for CFC operating expenses, fuel tax expenses, and additional staffing expenses for U.S. Customs and Border Protection.

<sup>3</sup> Other Transfers are 25% of debt service.

<sup>4</sup> Net of PFCs and Other Revenues Available for Debt Service.

The Report of the Airport Consultant and the projection of Net Revenues and debt service coverage included therein incorporates assumptions of the debt service on the Series 2024 Bonds and additional Bonds expected to be issued during the projection period based upon information provided by PFM Financial Advisors LLC (“PFM”), municipal advisor to the Authority, in July 2024. PFM’s calculations are based upon the assumptions set forth in the Report of the Airport Consultant. Both PFM and the Airport Consultant have used what they believe are conservative assumptions to estimate the projected annual debt service on the additional Bonds to be issued to fund the MoreRNO program; however, there can be no assurance that the assumed rates will be achieved or that interest rates will not exceed those used in the assumptions. The Report assumes a true interest cost of 4.873% for the Series 2024 Bonds and 5.194% and 5.140%, respectively, for the additional Bonds expected to be issued in 2026 and 2028. Several other projections included in the Report of the Airport Consultant, such as projected airline payments per enplaned passenger, rely on the estimated debt service amounts and investors should take into consideration these assumptions when considering the Report of the Airport Consultant.

The Report of the Airport Consultant should be read in its entirety for an understanding of the Report and its underlying assumptions. As noted in the Report of the Airport Consultant, any projection is subject to uncertainties. Inevitably, some of the assumptions used to develop the Report will not be realized and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those in the Report of the Airport Consultant and the variations may be material. The Report of the Airport Consultant has not been updated with final pricing information for the Series 2024 Bonds. See “INVESTMENT CONSIDERATIONS – FINANCIAL ASSUMPTIONS” and “APPENDIX B – REPORT OF THE AIRPORT CONSULTANT.”

## INVESTMENT CONSIDERATIONS

*This section contains a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2024 Bonds. The order in which this information is presented does not necessarily reflect the relative importance of various risks. The Series 2024 Bonds may not be suitable for all investors. Potential investors in the Series 2024 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to making of an informed investment decision. The following summary does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to investing in the Series 2024 Bonds. There can be no assurance that other considerations not discussed herein will not be or become material to investors. The risks below present a summary of additional risks to the Airport's Revenues to which prospective purchasers of the Series 2024 Bonds should give careful consideration prior to purchasing the Series 2024 Bonds.*

### **Southwest's Presence at the Airport**

While no air carrier presently designates the Airport as a hub for its operations, and while no air carrier has a majority of the passenger enplanements at the Airport, Southwest is by far the largest passenger carrier at the Airport by annual enplanements. In FY 2023, Southwest carried approximately 43.2% of the passengers enplaned at the Airport; for comparison, American Airlines ("American"), the air carrier with the second-highest number of passenger enplanements at the Airport that year, carried approximately 15.6% of passengers enplaned at the Airport.

As a result of the Airport's geographic location, facilities and capabilities and Southwest's execution of a new AAULA through FY 2033, the Authority expects that Southwest will continue to maintain a substantial presence at the Airport. However, no assurance can be given to that effect or with regard to Southwest's future level of activity at the Airport, regardless of Southwest's financial condition. If, for whatever reason, Southwest discontinues or reduces its service to the Airport, its current level of activity at the Airport may not be replaced by other carriers. It is possible that if Southwest, or any other air carrier, were to discontinue or significantly reduce service at the Airport, Gross Revenues, PFC collections, and other revenues derived by the Authority from the air carriers serving the Airport could be adversely affected. Such a change in Southwest's or another air carrier's activity at the Airport could result in differences to the projections presented in the Report of the Airport Consultant. See "THE AIRPORT – Aviation Activity at the Airport – Airlines Providing Service at the Airport" above.

### **Project Costs and Schedule**

The estimated costs of, and the projected schedule for, the MoreRNO program and Other Capital Projects depend on various sources of funding and are subject to a number of uncertainties. The ability of the Authority to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) cost increases because of demand for and scarcity of labor and materials, (4) contractors' difficulty in predicting costs over a lengthy construction period, (5) the need to estimate costs of unbid project elements, (6) changes to the scope of the projects, (7) delays in contract awards, (8) material and/or labor shortages, (9) delays because of airline operational needs, (10) unforeseen site conditions, (11) adverse weather conditions, (12) contractor defaults, (13) labor disputes, (14) unanticipated levels of inflation, (15) litigation, (16) environmental issues, (17) changes in regional or national economic conditions affecting the feasibility or justification for such projects, and (18) federal or State statutory or regulatory changes. See "THE AIRPORT – The MoreRNO Program". No assurance can be given that the costs of the projects will not exceed the current budget for these projects or that the completion will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could result in the need to issue additional Bonds or Subordinate Obligations, which would require additional approval for certain increased costs. The issuance of additional Bonds or Subordinate Obligations may result in increased costs per enplaned passenger to the airlines serving the Airport. No assurance can be given that the Authority would receive the required Signatory Airline approvals, or that, absent such approvals, an alternative source of funding would be available. At present, the Authority is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. In addition, the Authority may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included in the projections shown in "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT."

## **Financial Assumptions**

The Authority's plan of financing for the MoreRNO program is based on a number of financial assumptions, including assumptions relating to: (1) the estimated costs and timing of construction of MoreRNO facilities and the ability of the Authority to complete construction of such facilities within budget; (2) the projected levels of aviation activity at the Airport; and (3) timing of, and assumptions with respect to the issuance of and interest rates borne by, any additional Bonds, including access to the capital markets. Although the Authority believes each of these assumptions is based on reasonable judgments, one or more of these assumptions may prove incorrect. The impact of a significant variation of any of the assumptions described above could have a material adverse effect on the plan of financing for the MoreRNO program.

The Authority's plan of financing is based upon certain assumptions with respect to growth in aviation at the Airport. The factors affecting such levels of activity are largely beyond the Authority's control. Origination and destination traffic, which accounted for approximately 97.3% of passenger activity at the Airport in FY 2023, will be affected to a significant degree by the economic vitality of the region and by the state of the national and State economies. Whether any airlines choose to use the Airport as a hub will also reflect those airlines' corporate decisions, which will be based, in part, upon each airline's financial capacity and strategic markets, availability of aircraft, cost of aviation fuel and a number of other factors beyond the control of the Authority.

## **Seismic, Climate and Other Environmental Risks**

The Authority and its contractors are designing MoreRNO facilities, in part, to mitigate the risk of damage from a potential earthquake. Western Nevada has the highest earthquake hazard risk in the State, and a high risk relative to most of the United States, due, in part, to the subterranean motion of the Sierra Nevada mountain range. The City of Reno lies near the Mount Rose fault zone and several other fault lines that could each potentially yield a major earthquake with significant seismic damage to the Airport and the Air Service Area. Regardless of improvements to the Airport's seismic resilience through the MoreRNO program, seismic damage could include pavement displacement and distortion, breaks in utility lines, loss of water supply, damage to drainage and sewage lines, and displacement or collapse of buildings, each of which could require closure of, or a reduction in activity at, the Airport for an extended period of time and thus affect Gross Revenues. A major earthquake in the Air Service Area could also significantly harm that area's economy, which, in turn, could negatively affect passenger traffic and Gross Revenues, potentially materially.

The City of Reno is susceptible to flooding and has experienced severe flooding before. In 1997, the Truckee River, which passes several hundred feet north of the Airport's runways, inundated those runways and closed the Airport for two days. The Authority has since invested significantly in flood-mitigation measures to reduce the risk of similar future flooding at the Airport. In December 2023, the board of the Truckee River Flood Management Authority voted to pursue a series of flood-mitigation projects that, if completed, is expected to dramatically reduce the risk of similar flooding at the Airport or in nearby areas of the City of Reno. One such project would be the construction of a berm on the southern bank of the Truckee River directly to the north of the Airport's runways. The Authority cannot guarantee that such a project, or any others, will be completed.

The Air Service Area is susceptible to climate and environmental risks related to drought conditions and water supplies, risks that may materially adversely affect the Airport's operations and the Authority's ability to generate Gross Revenues. Between October 2020 and March 2023, all of the State was in some degree of drought or classified as "abnormally dry" by the U.S. Drought Monitor. Those conditions have since abated significantly, and in early 2024, snowstorms helped to bring peak snow water amounts in the State to above-average levels, the second year in a row during which that was the case. However, it is unknown whether the Air Service Area will continue to avoid drought conditions. Furthermore, due to climate change, precipitation levels in the Air Service Area may become less predictable and more variable in the future.

Climate change could also materially reduce tourism in the Air Service Area. The University of Nevada, Reno Extension projects that the State will experience more heatwaves, drought, flooding, and wildfire risks in the future as a result of climate change over the coming decades. Such extreme weather patterns and environmental risks could reduce the appeal of western Nevada or the Lake Tahoe region for tourists, both by making natural sites in either area less attractive or by causing tourists concern with respect to their safety or comfort. In addition, reduced snowfall as a result of climate change could reduce tourism related to winter sports in the Lake Tahoe region, for which skiing and other snow sports are major tourist attractions. Between 1911 and 2021, the number of days during which the

average temperature in the Lake Tahoe basin was below freezing declined from approximately 80 to approximately 50 each year. Further reductions in freezing weather could inhibit the accumulation or maintenance of snow at ski resorts in the Air Service Area and thus materially and adversely affect tourism. Such a material adverse effect on tourism could reduce air traffic at the Airport and the Authority's Gross Revenues.

Other events of force majeure, such as extreme weather events and other natural occurrences such as fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, terrorist attacks or wars, and blockades or riots could also adversely affect the Authority's ability to generate Gross Revenues. There is no assurance that such events will not occur while the Series 2024 Bonds are Outstanding. Although the Authority has attempted to mitigate the risk of loss from many of these occurrences by purchasing commercial property and casualty insurance, no assurance can be given that such insurance will be available or in sufficient amounts at a reasonable cost or available at all or that insurers will pay claims in a timely manner, or at all.

### **Public Health Concerns**

As demonstrated by the COVID-19 pandemic, widespread public health events can have a sudden and material and adverse effect on air travel demand. Although both passenger traffic and commercial airline operations at the Airport have recovered to pre-pandemic levels, future outbreaks of disease or pandemics could lead to a decrease in passenger traffic which in turn could lead to a decrease in passenger traffic at the Airport and a corresponding decline in Airport Revenues. Subsequent disease outbreaks, including an outbreak of a strain of avian flu in the United States in 2024, continue to pose concerns regarding their potential impact on travel demand or restrictions. There can be no assurance that such an outbreak will not occur while the Series 2024 Bonds are outstanding or that the recovery from any such outbreak will be similar to, take longer than or be shorter than the recovery that the Airport has experienced since March of 2020. Airport management cannot predict, among other things: (i) the duration or extent of another outbreak of COVID-19 or another epidemic or pandemic; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines might reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what effect any other outbreak or pandemic-related restrictions or warnings may have on air travel and the resulting impact on Airport revenues and expenses; (iv) whether and to what extent another outbreak or pandemic may disrupt the local, State, national or global economies, 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 program, or other Airport operations; (v) the extent to which another outbreak or pandemic, or the resultant disruption to any local, State, national or global economies, 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, including resulting in the bankruptcy or cessation of operations of airlines or Airport tenants; (vi) whether or to what extent the Authority may provide deferrals, forbearances, adjustments or other changes to the Authority's arrangements with its tenants and Airport concessionaires; or (vii) the extent to which any of the foregoing will have a material adverse effect on the finances and operations of the Airport.

### **General Economic Considerations**

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. As a result of the COVID-19 pandemic, the U.S. and worldwide air travel industries sustained unprecedented losses, from which they are beginning to recover. However, both the global and United States economies have since been adversely affected by additional disruptions and conflicts, including increased inflation and supply-chain disruptions, the Russian invasion of Ukraine and resulting economic and especially energy embargoes, and the war between Israel and Hamas in Gaza and disruptions in global shipping due to hostile actions by the Houthi movement in Yemen in response to that war. Following significant and dramatic changes that occurred in the financial markets in September 2008, the U.S. economy experienced a recession followed by weak growth. There is also the potential for conflict between China and Taiwan, which could substantially inhibit global trade and supply-chain function and depress global demand for travel. The near-term economic outlook for the national and State economies to recover from the effects of the Russian invasion, Israel-Hamas war, Chinese-Taiwanese conflict, shipping disruptions, energy price instability, inflation and supply chain disruptions, as well as the effect of the COVID-19 pandemic, the speed and extent of which will be dependent on a number of factors, many of which are national or international in scope. There can be no assurances that the prolonged weak economic conditions and inflation, the recurrence of the COVID-19 pandemic or another national or global epidemic or pandemic, or other national and international fiscal concerns will not have an adverse effect on the air transportation industry and/or the Authority's Gross or Net Revenues.

## **Financial and Operational Condition of the Airline Industry**

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to continue providing service. The airline industry historically has been highly cyclical and is characterized by intense competition, high operating and capital costs, and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. After an exceptional period of volatility in the 2000s, U.S. carriers experienced record profitability prior to the COVID-19 pandemic. In the near term, the airlines now serving the Airport appear to have substantially recovered from the effects of the COVID-19 pandemic. However, operational issues resulting from the pandemic, including loss of air crews and a shortage of pilots, have hampered this recovery and may constrain growth in air service for some period of time. The profitability of the airline industry may continue to fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the COVID-19 pandemic, the terrorist attacks of September 11, 2001 and the economic recession of 2008 and 2009. Further, over the past two years, airlines serving the Airport have experienced significant and substantial service disruptions caused by several factors, including technological failures of airline and FAA computer systems, severe weather, and inability to staff operations due to crew shortages.

Further, because of the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are heavily influenced by a variety of factors, including: (i) the strength of the U.S. economy and other regional and world economies, (ii) the cost and availability of labor, fuel, aircraft and insurance, (iii) international trade, (iv) currency values, (v) competitive or partnership considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (viii) passenger demand for air travel, including the availability of business travel substitutes such as teleconferencing, videoconferencing and web-casting, (ix) strikes and other union activities, (x) operational disruptions caused by technological failures, severe weather events and crew shortages, and (xi) disruptions caused by airline accidents, criminal incidents, acts of war or terrorism, outbreaks of disease, epidemic or pandemic, and weather and natural disasters.

It is reasonable to assume that any significant financial or operational difficulties incurred by Southwest, the airline by far the most passenger service to the Airport, could have a material adverse effect on the Airport, although financial or operational difficulties by any of the other Signatory Airline, whether directly or indirectly, also may have an adverse impact on Gross Revenues or Airport operations, the effect of which may be material. At this time, it is not possible to predict the effect that any financial or operational difficulties incurred by Southwest or any other airline serving the Airport could have on the Authority.

After disposing of many aircraft during the COVID-19 pandemic, airlines are struggling to acquire sufficient aircraft to meet growing demand for air service in the United States and abroad. Those challenges are compounded because aircraft manufacturers, including Airbus and Boeing, have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply-chain disruptions and staffing shortages. Delays in aircraft delivery may hamper airlines' ability to increase capacity to meet travel demand. If such aircraft-delivery delays persist, airlines could reduce service domestically and internationally, including from the Airport.

### **Industry Workforce Shortages**

Workforce and labor shortages (including shortages of pilots, flight attendants, mechanics and other personnel) are an aviation industry-wide issue, and have resulted in difficulties in certain airlines restoring and maintaining routes and generally providing service. For example, a shortage in pilots has especially affected smaller regional airlines. There are several causes for such shortage. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. At the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in passenger air traffic. As a result, airlines offered their employees buyouts and early retirement packages and, according to certain media reports, approximately 5,000 (or 10% of) experienced pilots took early retirement. FAA airman certification statistics show that, as of December 31, 2023, 27% of the 180,738 people with an airline transport pilot ("ATP") certificate were 60 years of age or older and are therefore due to retire within the next five years. In contrast, only 6.4% of people with an ATP certificate were under the age of 30 as of December 31, 2023. Other factors include fewer new pilots coming out of the military. In particular, regional airlines have been hit

the hardest by the pilot shortage. Unable to provide the wages of the larger airlines, the regional airlines have been losing their pilots to the mainline carriers who are attempting to fill their needs. As a result, the regional airlines have had to scale back, or in some cases eliminate, service to smaller markets. If the pilot shortage becomes more widespread in the industry, the passenger airlines may not be able to meet future passenger demand, and would be required to reduce their seat capacity, resulting in material impacts to future traffic in the U.S. and internationally.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large number of whom are expected to retire in the next decade, and a lack of younger people becoming mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

General labor staffing shortages have also affected, and may continue to affect, the airline industry. Several major airlines have announced reduced schedules and have cancelled flights as a result of reported labor shortages and staffing challenges. Labor shortages have been attributed to growing travel demand after thousands of workers in the airline industry opted for buyouts, early retirement packages or otherwise terminated their employment during the COVID-19 pandemic.

### **Aircraft Shortages**

Ongoing aircraft production delays from Airbus and Boeing, the largest airliner manufacturers, have caused shortages of air-carrier aircraft that continue to limit airlines' ability to expand, or in some cases maintain, their schedules. By one estimate, air carriers globally will collectively receive 19% fewer aircraft in CY 2024 than they expected to receive during that timeframe, due primarily to production delays at Airbus and Boeing. Several air carriers serving the Airport, including Southwest and United, were particularly affected earlier this year when the FAA temporarily ordered airlines to take certain Boeing 737 MAX 9 aircraft out of service for inspections after a door plug on a Boeing 737 MAX 9 aircraft operated by Alaska Airlines broke free from the aircraft during flight on January 5, 2024. Boeing may also face a federal criminal investigation with respect to two fatal crashes of its 737 MAX 9 aircraft in 2018 and 2019, which investigation could result in further penalties against Boeing and, possibly, further hamper Boeing's aircraft production. Meanwhile, Airbus is experiencing delays in delivering aircraft, including potentially hundreds of A320neo passenger jets, as such jets await inspections to address a flaw in the Pratt & Whitney turbofan engines that a large share of A320neo aircraft use.

Those production delays and difficulties at Airbus and Boeing could lead U.S. air carriers to pare back their flight operations at the Airport. The Authority cannot predict the extent to which such schedule reductions may occur, or, if at all, for how long. However, any such reduction could materially adversely affect the Authority's Gross Revenues by reducing passenger traffic at the Airport.

### **Airline Consolidation**

In 2005, ten major airlines were flying inside the United States (AirTran, Alaska Airlines, American Airlines, America West, Continental, Delta, Northwest, Southwest, United and US Airways) and accounted for 87.0% of all available seats. Faced with declining profitability because of increased costs of aviation fuel, lower fares brought on by the proliferation of low-cost carriers (as described below), reduced growth potential in the domestic markets and declining passenger activity based on security concerns, the airlines pursued consolidation. As a result of these consolidations, today there are five major network airlines flying inside the United States – Alaska, American, Delta, Southwest and United – that account for approximately 80% of domestic capacity (available seats). Additionally, in 2009, Republic Airways Holdings purchased both Frontier Airlines and Midwest Airlines, operating the combined carrier as Frontier Airlines. Republic Airways sold Frontier Airlines in 2013. In December 2016, Alaska Air Group acquired Virgin America, and a single operating certificate was issued in 2018. Such consolidation, combined with a focus on driving profitability via capacity discipline and unbundling of services and resulting increased fee income, increased airline profitability prior to the onset of the COVID-19 pandemic.

The Biden administration has successfully challenged two recent attempts by airlines to consolidate or operate jointly. First, the Biden administration successfully sued to enjoin an alliance between American and JetBlue. Then, the Biden administration won an antitrust lawsuit challenging the proposed merger of JetBlue and Spirit Airways. However, further airline consolidation remains possible. Currently, Alaska and Hawaiian Airlines are seeking to merge. If there is a change in presidential administration, the new administration may decline to take

antitrust action against proposed airline mergers to the same extent as the Biden administration has done. Depending on which airlines serving the Airport merge or join alliances, if any, the result of more consolidation in the airline industry may be fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Airport Gross Revenues, reduced PFC collections and increased costs for the airlines serving the Airport.

### **Effect of Bankruptcy of Air Carriers and Other Tenants**

Since 2001, several major U.S. airlines have filed for and have subsequently emerged from bankruptcy protection, including United, Continental, Delta, Frontier, Northwest, US Airways and, most recently, American Airlines in 2011. In 2022, ExpressJet, which had most recently operated at the Airport under the brand name aha! Airlines, entered bankruptcy with intent to liquidate. In addition, during the COVID-19 pandemic, two rental-car conglomerates, Hertz Rent a Car and Advantage, filed for bankruptcy protection. The Hertz Group (including Dollar and Thrifty) emerged from bankruptcy protection in 2021 and, at most airports at which it operated, including the Airport, assumed its operating agreements and leases. By contrast, Advantage filed for liquidation and its assets, including leases at many airport locations, were sold off. Additional bankruptcies, liquidations or major restructurings of other airlines or important Airport tenants could occur. The Authority's stream of payments from a debtor could be interrupted to the extent of unpaid fees for pre-petition goods and services, including accrued rent and landing fees. Under the U.S. Bankruptcy Code, a debtor that is a lessee under an unexpired lease with the Authority of non-residential real property, such as a lease of terminal space, a hangar, or space in a rental-car facility, is required within certain statutory time periods to assume or reject such lease. Rejection of a lease or other agreement or executory contract would give rise to an unsecured claim of the Authority for damages, the amount of which in the case of a lease or other agreement is limited by the U.S. Bankruptcy Code. The amount ultimately received in the event of a rejection of a lease or other agreement could be considerably less than the maximum amounts allowed under the Bankruptcy Code, and could be negligible. Additionally, during the pendency of a bankruptcy proceeding, a debtor may not, absent a court order, make any payments to the Authority on account of goods or services provided prior to the bankruptcy. The Authority actively monitors past-due balances to minimize any potential losses due to such proceedings, diligently pursues overdue amounts and bankruptcy claims, and includes an allowance for uncollectible debts in its landing fee and terminal rental rates. Whether or not an airline agreement is assumed or rejected by a debtor airline in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement.

It is not possible to predict the impact on the Authority of any future bankruptcies, liquidations or major restructurings of other airlines or tenants.

### **Cost of Aviation Fuel**

Airline earnings are significantly affected by changes in the price of aviation fuel. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East, Russia and North Africa); Organization of Petroleum Exporting Countries policy; the rapid growth of economies such as China and India and resulting demand for oil-based fuels; the levels of inventory carried by industries; the amounts of reserves maintained by governments; the amount and availability of new sources of energy (*e.g.*, U.S. fracking operations); disruptions to production and refining facilities; and weather. The Russian invasion of Ukraine led to a substantial increase in oil prices and a concomitant increase in the cost of jet fuel. Similarly, actions by the Houthi militia in Yemen, and possibly affiliated groups, to disrupt shipping in the Red Sea in response to the Israel-Hamas war have caused an increase in certain costs of shipping oil.

There has been no prolonged shortage of aviation fuel since the fuel crisis of 1974, but there have been significant price increases for fuel. From 2000 to 2008, the price of aviation fuel more than tripled. Oil prices reached an all-time record high of approximately \$145 per barrel in July 2008, and while oil prices have declined from this elevated level, they have fluctuated significantly since then. During the second half of CY 2014, an imbalance between worldwide supply and demand resulted in a significant drop in the price of oil and aviation fuel. As of July 11, 2024, according to Bloomberg, the price of Brent crude oil futures was \$85.34 per barrel. According to the U.S. Bureau of Transportation Statistics, the cost of aviation fuel purchased by scheduled U.S. air carriers in May 2024 averaged \$2.74 per gallon. Significant fluctuations and prolonged increases in the cost of aviation fuel have adversely affected air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel; to invest in new, more fuel-efficient aircraft and equipment; and to increase airfares and institute fuel, checked baggage, and other extra surcharges, all of which may reduce demand for air travel.

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

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

Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price-sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. Consumers have come to expect extraordinarily low fares. In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the Internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel and the impacts of the COVID-19 pandemic, have made business customers more amenable to communications substitutes such as teleconferencing and videoconferencing.

Teleconference, videoconference and web-based meetings continue to improve in quality and price and are often considered a satisfactory alternative to face-to-face business meetings. Events such as the COVID-19 pandemic have accelerated this trend and increased the number of individuals who are able to work from home. While the effects cannot be quantified, it is possible that business travel to and from the Airport may be susceptible to such travel substitutes.

### **Technological Innovations in Ground Transportation**

One significant source of non-airline Gross Revenues is ground transportation activity at the Airport, including use of on-Airport parking facilities; trip fees paid by taxis, limousines, shuttle buses, and TNCs; peer-to-peer car-sharing companies such as Turo; and rental car transactions by Airport passengers. The relative market share of these sources of revenue is shifting. As one example, the popularity of TNCs has increased because of the increasing number of cities where TNCs operate, the lack of other technological innovations in ground transportation, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. Although ground transportation revenue in total and excluding TNC trip fees has continued to perform well, there can be no assurance that passengers will not choose to utilize TNCs instead of parking or using rental cars in the future, which could result in a reduction in ground transportation revenues.

New technologies (such as autonomous vehicles, connected vehicles, and electronic vertical take-off and landing aircraft (eVTOL)) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground and air transportation modes. Examples of disruptive technologies in the ground transportation context include TNCs and peer-to-peer car sharing companies such as Turo, which have encroached upon traditional taxi, limousine and car rental concessions. While the Authority attempts to anticipate demand shifts, there may be times when the Authority's expectations differ from actual outcomes. In such event, Gross Revenues from one or more ground transportation modes may be lower than expected. The Authority cannot predict with certainty what impact these innovations in ground transportation will have over time on Gross Revenues from parking, other ground transportation services or rental cars. The Authority also cannot predict with certainty whether or to what extent it will collect non-airline Gross Revenues in connection with such new technologies or innovative business strategies.

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

Security and safety concerns affect air-travel demand from time to time. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more-stringent health or

security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

### **Information Concerning the Airlines**

The Authority's finances and operations rely heavily on the finances and operations of the airlines that serve the Airport, particularly the Signatory Airlines, given the large share of Authority revenues that are derived from the airlines and the fact that the Airport's operations largely facilitate air carrier service. Many of the principal domestic airlines serving the Airport, or their respective parent corporations, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, file reports and other information with the SEC. Likewise, foreign airlines serving the Airport that have American Depositary Receipts ("ADRs") registered on a U.S. national exchange are subject to the same reporting requirements. Certain information, including financial information, concerning such domestic airlines, or their respective parent corporations, and such foreign airlines is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC and on its website.

Foreign airlines serving the Airport, or foreign corporations operating airlines serving the Airport, unless such airlines have ADRs registered on a national exchange, are not required to file information with the SEC. Such foreign airlines, or foreign corporations operating airlines, serving the Airport file limited information only with the USDOT.

The Authority does not undertake any responsibility for or make any representation as to the accuracy or completeness of and does not incorporate herein by reference: (i) any reports and statements filed with the SEC or USDOT or (ii) any material contained on the SEC's website as described in the two preceding paragraphs, including, but not limited to, updated information on the SEC's website or links to other Internet sites accessed through the SEC's website.

### **FAA Reauthorization and Federal Funding**

On May 16, 2024, the President signed into law a bill, the FAA Reauthorization Act of 2024 (the "*2024 FAA Reauthorization Act*"), reauthorizing the FAA and various federal aviation programs through September 30, 2028. The 2024 FAA Reauthorization Act retains the federal cap on PFCs at \$4.50 and authorizes \$4.0 billion per year for AIP grants through FY 2028, an increase of \$650 million per year from prior annual AIP funding levels of \$3.35 billion. The 2024 FAA Reauthorization Act also makes a broader variety of airport projects eligible for AIP grant funding. AIP provides 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, allocated on the basis of specific set-asides and the national priority ranking system. However, the Authority cannot currently predict how much AIP funding the FAA will actually make available in any future Fiscal Year because such funding is subject to annual congressional appropriations. If the FAA reduces the amount of AIP grant funding awarded to the Authority for the capital and operating costs of the Airport, such a reduction could: (1) increase by a corresponding amount the capital expenditures that the Authority would need to fund from other sources, including operating revenues and Bond proceeds, (2) extend the timing to complete certain projects, and/or (3) reduce the scope of individual proposed projects or the MoreRNO program, or both. See "THE AIRPORT – The MoreRNO Program" for more information regarding federal grant funding received by the Authority.

### **Federal Law Affecting Rates and Charges**

Rates and charges for aeronautical use of an airport imposed pursuant to a written agreement between the air carriers operating at that airport and the operator of the airport are generally not subject to federal regulation. The AAULA between the Authority and the Signatory Airlines sets forth a formula for establishing rates and charges for use of the aeronautical facilities at the Airport. Accordingly, the Authority believes that the provisions of federal law regarding the determination of such fees are generally inapplicable during the term of the AAULA.

For rates and charges not determined pursuant to an agreement, Federal aviation law requires, in general, that airport fees be reasonable and that, in order to receive federal grant funding, all revenues generated by a given airport must be expended on the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Pursuant to the requirements of the Federal Aviation Administration Authorization Act of 1994, the

USDOT and FAA have promulgated regulations setting forth an expedited hearing process to be followed in determining the reasonableness of airport rates and charges, and have also promulgated a policy statement (the “*Rates and Charges Policy*”), which sets forth the standards that the USDOT uses in determining the reasonableness of the fees charged to airlines and other aeronautical users.

In 1997, the United States Court of Appeals for the District of Columbia determined that a portion of the Rates and Charges Policy was arbitrary and capricious and vacated portions of the policy and remanded it to the USDOT. In 2008, USDOT amended the Rates and Charges Policy to permit “congested airports,” as defined therein, to charge a two-part landing fee that includes a per-operation charge intended to help reduce congestion and operating delays. Congested airports are also permitted to include certain other costs in their rate base, including the cost of certain construction work in progress and costs associated with reliever airports, if owned by the same airport operator. The Airport does not currently qualify as a congested airport. The USDOT has not yet proposed any other revisions to the Rates and Charges Policy. If new guidelines are published, the costs that will be permitted to be included in determining an airport’s rate base and the extent to which such future guidelines may limit the Authority’s flexibility in negotiating new airline agreements or in setting rates and charges for use of the Airport’s airfield and non-airfield facilities cannot be determined at this time. Any new FAA guidelines or any standards promulgated by a court in connection with a dispute could limit the amounts and allocation of costs payable by airlines serving the Airport. Unless and until the USDOT promulgates a new policy regarding rates and charges, the guiding principle for determining whether rates and charges established for use of airport assets is the requirement of federal law that such charges be “reasonable.”

### **PFC Revenues and Other Sources of Funding**

The plan of finance for the MoreRNO program assumes that PFC revenues, federal grants and other sources of funding will be received in certain amounts and at certain times to pay certain project costs and debt service. See “THE AIRPORT – The MoreRNO Program.” No assurance can be given that these sources of funding actually will be available in the amounts or on the schedule assumed.

The amount of PFC revenue collected for the Airport in past years has varied, and in future years will vary, based upon the actual number of passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. As a consequence of the reduction in passengers using the Airport due to the COVID-19 pandemic, the amount of PFCs collected diminished from FY 2019 levels in FY 2020 and was reduced in FY 2021 as well. In FY 2022, PFC collections recovered as passenger traffic at the Airport regained momentum. This adverse impact of decreased enplanements could be direct or indirect. For example, PFC shortfalls could result in increases in terminal rentals or landing fees at the Airport, thereby negatively impacting the airlines’ desire to operate at the Airport. Furthermore, under the terms of the PFC Act, the FAA may terminate the Authority’s authority to impose a PFC if the Authority’s PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Act or the regulations promulgated thereunder, or if the Authority otherwise violates the PFC Act or regulations. The FAA may also terminate the Authority’s authority to impose a PFC for a violation by the Authority of the Airport Noise and Capacity Act. The PFC termination provisions contained in the regulations provide both informal and formal procedural safeguards. The FAA’s PFC regulations require Collecting Carriers (as defined in the PFC Act) to account for PFC collections separately, and provides that such funds are to be regarded as trust funds held by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC. In early cases in which PFCs were at issue, certain bankruptcy court decisions indicated that PFCs may not be treated as trust funds and that airports are not entitled to any priority over other creditors of the Collecting Carrier as to such funds. In the more recent cases, however, the bankruptcy courts have recognized airports’ interests in PFCs and taken steps to segregate PFCs from airline revenues. Where an air carrier files for bankruptcy protection and liquidates, PFC revenues may not be recoverable if they have been expended by the air carrier before such filing.

To the extent that any portion of the funding assumed in the plan of finance for capital projects at the Airport is not available as anticipated, the Authority may be required to issue an additional Series of Bonds or Subordinate Obligations to pay the costs of such capital projects and to increase airline rates and charges to pay debt service on the Bonds and the Subordinate Obligations and to fund the required coverage thereon. As an alternative to issuing Bonds or Subordinate Obligations, the Authority may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, producing different results than those included in the projections shown in “APPENDIX B - REPORT OF THE AIRPORT CONSULTANT.”

## Cybersecurity

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

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Authority’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business-operations impacts or damage by cybersecurity incidents or cyber-attacks, the Authority invests in multiple forms of cybersecurity and operational safeguards, including employee-training programs and occasional simulations of cyber-attacks.

While Authority cybersecurity and operational safeguards are regularly tested, no assurance can be given by the Authority that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the Authority’s Systems Technology and cause material disruptions to the Authority’s finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Authority to material litigation and other legal risks, which could cause the Authority to incur material costs relating to such legal claims or proceedings. The Authority carries cybersecurity insurance against standard risks.

The airlines serving the Airport and other Airport tenants, as well as the FAA, TSA, and Customs and Border Protection, also face cybersecurity threats that could affect their operations or finances. As evidenced by the failure of the FAA’s Notice to Air Missions system in 2023 and the resulting nationwide ground stop, and as further evidenced by recent information-technology outages or failures at Southwest, United Airlines, and other airlines, third-party computer systems beyond the control of the Authority can also be critical to the air transportation system.

## Environmental Regulations

The EPA and the State Division of Environmental Protection are responsible for regulating air quality, water quality, and surface contamination. In 2000, the Authority entered into a consent decree with the United States and other parties that requires certain parties, including the Authority, to perform environmental investigation and monitoring of certain land at RTS and to perform remediation of any contamination found. Pursuant to a cost-allocation formula established by those parties for such investigation, monitoring, and remediation costs, as of June 30, 2023, the Authority bore reclamation liability of \$574,493. Additionally, at the Airport, the Authority has used fire-fighting foam containing per- and polyfluoroalkyl (“PFAS”) substances. Until last year, the FAA required operators of most commercial U.S. airports, including the Airport, to use aqueous fire-fighting foam (“AFFF”) containing PFAS. In January 2023, the FAA announced that airports could begin to convert to PFAS-free fire-fighting foam (“F3”) provided that such F3 meets certain federal criteria. The Authority expects to transition to use of F3 as it becomes widely available, but the current formulation of F3 is not a simple “drop in” solution and existing equipment must be thoroughly remediated of AFFF contamination before F3 can be used, which may require significant time and funds. In July 2020, the federal Army National Guard Bureau issued a report finding the possibility of PFAS contamination in certain areas of RTS used by the Nevada Air National Guard.

If PFAS from the Airport or RTS were to contaminate soil or groundwater, whether within or outside the property of the Authority, the Authority could face legal liability. In April 2024, the EPA issued a final rule designating two common PFAS substances, including those used in AFFF, as “hazardous substances” pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (“*CERCLA*”). Also in April 2024, the EPA finalized national drinking-water standards for certain PFAS contamination, setting a Maximum Contaminant Level of 4.0 parts per trillion for such PFAS substances, which is reportedly the lowest level that certain testing instruments can regularly detect. In April 2024, the EPA issued a policy that states, in relevant part, that the EPA does not intend to take enforcement action against publicly owned airports, such as the Airport and RTS, for using PFAS-containing AFFF in accordance with federal requirements. However, the EPA lacks authority to prevent third parties, such as private litigants, from bringing claims against the Authority or another airport operator with respect to possible PFAS contamination. While the Authority is unaware of any PFAS contamination from the Airport or RTS into drinking water or soil, there could be such releases not known to the Authority as of the date of this Official Statement.

If such contamination were found to exist, it is not yet clear whether or to what extent to Authority would be held liable therefor. Furthermore, the potential exists for additional federal regulation or remediation that may require capital expenditures or changes in operations at the Airport System.

### **Competition for Gaming Services**

The gaming industry is a significant driver of tourism to, and source of revenue for, the City of Reno, Washoe County, and the broader Air Service Area within the State. However, an increase in online betting and the legalization of online and in-person gaming in other states could reduce demand for gaming in western Nevada and thus lessen tourism to the Air Service Area. Such a reduction in tourism, if realized, could materially, adversely affect the Authority's Gross Revenues.

### **Potential Limitation of Tax Exemption of Interest on Series 2024 Bonds**

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed, and could propose in the future, legislation that, if enacted, could cause interest on the Series 2024 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended (the "*Tax Code*"), or court decisions may also cause interest on the Series 2024 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Series 2024 Bonds, or could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. Interest on the Series 2024 Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2024 Bonds that violate the requirements and limitations prescribed by the Tax Code. Although the Authority has agreed not to violate the requirements and limitations of the Tax Code, there can be no assurance that these events will not occur. If certain requirements are violated, the interest on the Series 2024 Bonds may be deemed to be taxable retroactive to their date of issuance. The Series 2024 Bonds are not subject to mandatory redemption or to mandatory acceleration in the event of such an occurrence. No premium or additional interest will be paid to the bondholders or former bondholders to compensate the bondholders for any losses they may incur as a result of the interest on the Series 2024 Bonds becoming subject to federal income taxation. See "TAX MATTERS – Changes in Federal and State Tax Law."

### **Risk of Tax Audit**

The Internal Revenue Service (the "*Service*") includes a subdivision that is specifically devoted to tax-exempt bond compliance. If the Service undertook an examination of the Series 2024 Bonds or any other Bonds issued by the Authority as tax-exempt bonds, it could have a material adverse effect on the marketability or the market value of the Series 2024 Bonds.

### **Counterparty and Liquidity Risk Exposure**

The Authority has entered into the Non-Revolving Credit Agreement and may enter into additional credit facility agreements or similar agreements with various financial institutions. Any adverse rating developments with respect to such credit or liquidity providers or other counterparties could have an adverse effect on the Authority, including, without limitation, an increase in debt service-related costs, a termination event or other negative effects under the related agreements. Payments required under these agreements in the event of any termination or a default by any of the financial institutions under its liquidity obligations could have an adverse impact on the finances of the Authority.

### **Legislative Developments**

The Authority is a quasi-municipal corporation and subject to applicable federal and State legislation and regulation, changes to which could have a material effect on the operations or financial position of the Authority. The Airport is highly regulated by federal agencies including the FAA, the EPA, TSA, Customs and Border Protection and the U.S. Department of Health and Human Services. In the past, actions by these agencies (in particular the FAA and

TSA) have required the Authority to undertake additional capital expenditures and have affected passenger traffic. In addition, the Authority may be subject to generally applicable fees, tax assessments, and other requirements or regulations that could be imposed by the Board of County Commissioners of Washoe County or the City Council of the City of Reno. The Authority cannot predict whether any such legislation or regulations will be introduced after the date of this Official Statement or, if introduced, whether such legislation or regulations would be enacted or adopted, or their effect on the operations or financial condition of the Authority.

### **Limitation of Remedies; No Acceleration**

Any remedies available to owners of the Bonds upon the occurrence of an event of default under the Master Indenture are in many respects dependent upon judicial actions which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the Authority fails to comply with its covenants under the Master Indenture, including its covenant to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds. The ability of the Authority to comply with its covenants under the Master Indenture and to generate Net Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside the control of the Authority. Further, the rate covenant included in the Master Indenture provides that if the requirement that Net Revenues together with any Transfer equal at least 125% of aggregate Annual Debt Service with respect to the Bonds is not met, so long as the Authority is taking specified steps to meet the rate covenant, an event of default will not be triggered until after the following Fiscal Year. See “SECURITY FOR THE SERIES 2024 BONDS – Rate Covenant.” The ability of the Authority to increase its rates, fees and charges and to reduce its expenses will be limited by, among other things, existing contracts and federal law.

Events of Default under the Master Indenture and related remedies are described herein under “APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE VIII – DEFAULTS AND REMEDIES.” The occurrence of an Event of Default does not grant any right to accelerate payment of the Bonds, including the Series 2024 Bonds. Since Net Revenues are Gross Revenues net of all amounts needed to pay Operation and Maintenance Expenses of the Airport System, and the Authority is not subject to involuntary bankruptcy proceedings, the Authority may be able to continue indefinitely collecting Gross Revenues and applying them to the operation of the Airport System even if an Event of Default has occurred and no payments are being made on the Bonds, including the Series 2024 Bonds.

### **Forward-Looking Statements**

This Official Statement contains projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the Authority specifically and the aviation industry generally and other economic and financial matters, the inclusion in this Official Statement of such projections and estimates should not be regarded as a representation by the Authority that such projections and estimates will occur. Such projections and estimates are not intended as representations of fact or guarantees of results.

As discussed in the Report of the Airport Consultant, the factors affecting aviation activity at the Airport include: the growth of population and of the economy in the Air Service Area, the recovery from the effects of the COVID-19 pandemic, airline service and route networks, the financial health and viability of the airline industry, national and international economic and political conditions, the availability and price of aviation fuel, levels of air fares, the capacity of the national air traffic control system and capacity at the Airport and elsewhere. The Report of the Airport Consultant should be read in its entirety for an understanding of all of the assumptions used to prepare the projections made therein. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary, and the variations may be material. See “APPENDIX B - REPORT OF THE AIRPORT CONSULTANT.”

## **TAX MATTERS**

### **General**

In the opinion of Sherman & Howard L.L.C., Bond Counsel to the Authority, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2024A Bond for any period during which such Series 2024A Bond is held by a “substantial user” of the facilities financed by the Series 2024A Bonds or a “related person” within the meaning

of Section 147(a) of the Tax Code. Bond Counsel is further of the opinion that (i) interest on the Series 2024A Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and (ii) to the extent that interest on the Series 2024 Bonds is included in calculating the “adjusted financial statement income” of “applicable corporations” (as defined in Sections 56A and 59(k), respectively, of the Tax Code), such interest is subject to the alternative minimum tax applicable to those corporations under Section 55(b) of the Tax Code. The opinions described above assume the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Tax Code, which must be met subsequent to the issuance of the Series 2024 Bonds. Failure to comply with such requirements could cause interest on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds. The Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2024 Bonds.

Section 55 of the Tax Code contains a 15% alternative minimum tax on the “adjusted financial statement income” of “applicable corporations” (as those terms are defined in Sections 56A and 59(k), respectively, of the Tax Code). “Applicable corporations” are generally corporations with average annual adjusted financial statement income over a three-year period of \$1 billion or more. “Adjusted financial statement income” generally means the net income or loss of a corporation (including interest on the Series 2024 Bonds) as set forth on the corporation’s applicable financial statement, adjusted as provided in Section 56A of the Tax Code. Corporations should consult their tax advisors about whether the corporation is an “applicable corporation” and if the corporation is such an applicable corporation, about the calculation of “adjusted financial statement income” and the alternative minimum tax for the corporation.

Section 55 also contains an alternative minimum tax for noncorporate taxpayers, at the rates specified therein. Under Section 56 of the Tax Code, certain tax preference items are required to be included for purposes of this alternative minimum tax. For purposes of computing the amount of alternative minimum taxable income for any year to which this tax is applicable, the interest on the Series 2024A Bonds is included as a tax preference item.

The accrual or receipt of interest on the Series 2024 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2024 Bonds. The extent of these other tax consequences will depend on such owners’ particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the Series 2024 Bonds. Owners of the Series 2024 Bonds 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 and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2024 Bonds 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.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2024 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the 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 Series 2024 Bonds, the exclusion of interest on the Series 2024 Bonds from gross income or alternative minimum taxable income, as applicable, or both from the date of issuance of the Series 2024 Bonds 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 tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2024 Bonds. Owners of the Series 2024 Bonds are advised to consult with their own tax advisors with respect to such matters.

The U.S. 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 Series 2024 Bonds. If an audit is commenced, the market value of the Series 2024 Bonds may be adversely affected. Under current audit procedures the Service will treat the issuer as the taxpayer and the Series 2024 Bonds owners may have no right to participate in such procedures. The Authority has covenanted in not to take any action that would cause the interest on the Series 2024 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes, as applicable. Neither the Authority or Bond Counsel is responsible for paying or reimbursing any Series 2024 Bond holder with respect to any audit or litigation costs relating to the Series 2024 Bonds.

A copy of the proposed form of opinions of Bond Counsel is attached hereto as APPENDIX F.

### **Tax Treatment of Original Issue Premium**

The Series 2024 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “*Premium Series 2024 Bonds*”), if any, are being sold at a premium. Under certain circumstances, an initial owner of such Premium Series 2024 Bond (if any) may realize a taxable gain upon their disposition, even though such Premium Series 2024 Bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest on the Series 2024 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2024 Bonds. Owners of the Series 2024 Bonds should consult their own tax advisors as to the applicability of these consequences.

### **State Tax Exemption**

In the opinion of Bond Counsel, the Series 2024 Bonds, 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.

### **RATINGS**

The Series 2024 Bonds have been assigned ratings of A+, A3 and A by Kroll Bond Rating Agency (“*KBRA*”), Moody’s Investor’s Service, Inc. (“*Moody’s*”) and S&P Global Ratings (“*S&P*”), respectively. Such ratings reflect only the respective views of the aforesaid ratings agencies and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any or all of such rating agencies if, in its or their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2024 Bonds.

### **FORWARD-LOOKING STATEMENTS**

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws in the sections hereof entitled “THE AIRPORT,” “REPORT OF THE AIRPORT CONSULTANT” and APPENDIX B. If and when included in this Official Statement, the words “expects,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances affecting airports and the airline industry, many of which are beyond the control of the Authority. These forward-looking statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## LEGAL MATTERS

### Litigation

The Chief Legal Officer of the Authority reports the following matters involving potential financial liability of the Authority:

An opinion executed by the Chief Legal Officer, dated the date of closing, will be provided stating, among other things, that to the best of his knowledge, after due inquiry, no litigation, with merit, in the State or federal courts has been served on the Authority or is, to the best of his knowledge, threatened, challenging the creation, organization or existence of the Authority, or the titles of its officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2024 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2024 Bonds are issued, the legality of the purposes for which the Series 2024 Bonds are issued, or the validity of the Series 2024 Bonds, or the issuance thereof.

Lawsuits are periodically filed against the Authority and/or its employees, involving construction claims, workers' compensation and employment claims, claims related to procurement processes and small claims. The majority of these claims are covered by the Authority's insurance coverage. The Authority has a statutory obligation to defend and indemnify its officers and employees, including those of the Authority, in relation to lawsuits arising from acts or failures to act of the officers or employees while in the scope and course of employment.

The Authority is involved from time to time in routine litigation matters relating to the Authority, the Airport System, and the respective operations of each. These routine matters include personal injury and property damage claims for which the Authority's liability is covered in whole or part by insurance or by contractual provisions that obligate third party service providers or concessionaires to indemnify and defend the Authority from claims that relate to such third-party services at the Airport. Other matters include disputes with employees; disputes with contractors, subcontractors, engineers and others arising out of construction and maintenance of the Authority's properties; disputes over leases and concessions; and property, theft and damage claims arising from the Authority's parking operations. The Authority has assessed the pending litigation and determined that the likelihood of liability in uninsured claims currently pending is remote. The Authority does not expect that these matters will require any amounts to be paid that, singly or in the aggregate, will have a material effect on the operations or financial position of the Authority. There can be no assurance, however, that a judgment may be rendered and sustained upon appeal that exceeds the amount of the Authority's insurance and its self-insured retentions, and such amounts, although unlikely, could be material.

### Approval of Legal Proceedings

Certain legal matters incident to the authorization and issuance of the Series 2024 Bonds are subject to the approval of Sherman & Howard L.L.C., Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by the Authority's Chief Legal Officer and by Kaplan Kirsch LLP, the Authority's Disclosure Counsel. The Underwriters are being represented by their counsel, Stradling Yocca Carlson & Rauth LLP. The approving opinions of Bond Counsel will be delivered with the Series 2024 Bonds in substantially the form set forth in APPENDIX G of this Official Statement.

### Police Power

The obligations of the Authority are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution (including bankruptcy).

### Sovereign Immunity

Pursuant to State statute (NRS 41.035), an award for damages in an action sounding in tort against the Authority may not include any amount as exemplary or punitive damages and are limited to; \$100,000 for causes of action that accrue prior to June 30, 2020; \$150,000 for causes of action that accrue from July 1, 2020, until June 30, 2022; and \$200,000 for causes of action that accrue on and after July 1, 2022. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under the Americans with Disabilities Act of 1990, or to actions in other states.

## INDEPENDENT AUDITORS

The basic financial statements of the Authority as of and for the year ended June 30, 2023, included in APPENDIX A to this Official Statement, have been audited by Crowe LLP, independent auditors, as stated in their report appearing in APPENDIX A herein.

Copies of the Authority's annual comprehensive financial report may be obtained upon request from Randall Carlton, the Authority's Chief Financial Officer, 2001 East Plumb Lane, Reno, Nevada 89502.

## UNDERWRITING

The Series 2024 Bonds are being purchased by BofA Securities, Inc. ("BofA"), Academy Securities ("Academy"), Loop Capital Markets ("Loop"), and Wells Fargo Bank, National Association ("Wells Fargo") (collectively, the "Underwriters"), for whom BofA is acting as representative (the "Representative"). The Underwriters have agreed, subject to certain conditions, to purchase all of the Series 2024 Bonds at an aggregate purchase price of \$257,453,164.48 (equal to the par amount of the Series 2024 Bonds, plus an original issue premium in the aggregate amount of \$19,810,300.55, less an underwriting discount of \$617,136.07) pursuant to a Bond Purchase Agreement between the Authority and the Representative, on behalf of the Underwriters (the "Bond Purchase Agreement") and to reoffer the Series 2024 Bonds at public offering prices not higher than or at yields not lower than those set forth on the inside cover page hereof. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2024 Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2024 Bonds to the public. The obligations of the Underwriters to accept delivery of the Series 2024 Bonds are subject to various conditions of the Bond Purchase Agreement.

The Underwriters may offer and sell the Series 2024 Bonds to certain dealers (including depositing the Series 2024 Bonds into investment trusts, which investment trusts may be sponsored by an Underwriter) and others at prices lower than the public offering prices stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority, 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) and financial instruments (which may include bank loans and/or credit default swaps) 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 Authority.

*The following language has been provided by the Underwriters named herein. The Authority takes no responsibility as to the accuracy or completeness thereof.*

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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

Academy Securities, Inc. has entered into third-party distribution agreements with various dealers for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these third-party distribution agreements, Academy Securities may share a portion of its underwriting compensation with the respective dealers.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“*WFBNA*”), one of the Underwriters of the Series 2024 Bonds, has entered into an agreement (the “*WFA Distribution Agreement*”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “*Wells Fargo Advisors*”) (“*WFA*”), for the distribution of certain municipal securities offerings, including the Series 2024 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2024 Bonds with WFA. WFBNA has also entered into an agreement (the “*WFSLLC Distribution Agreement*”) with its affiliate Wells Fargo Securities, LLC (“*WFSLLC*”), for the distribution of municipal securities offerings, including the Series 2024 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Bank, National Association is the Subordinate Bonds Bank and entered into the Non-Revolving Credit Agreement with the Authority. The outstanding principal amount of the 2022 Subordinate Bonds is expected to be paid in full from proceeds of the Series 2024 Bonds on the date of issuance of the Series 2024 Bonds.

#### **MUNICIPAL ADVISOR**

PFM is serving as municipal advisor to the Authority for the issuance of the Series 2024 Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities. PFM is a registered municipal advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board under the Dodd-Frank Act of 2010.

#### **CONTINUING DISCLOSURE**

The Authority will enter into a Continuing Disclosure Certificate (the “*CDC*”), in substantially the form attached hereto as APPENDIX E, for the benefit of the beneficial owners of the Series 2024 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the SEC under the Securities Exchange Act of 1934. In the CDC, the Authority will agree to use diligent efforts to require certain “obligated persons” to provide certain annual financial information and operating data, unless the Authority is no longer required to do so under the Rule. The Authority has not undertaken to provide additional information regarding any person that is obligated under the AAULA, a lease or other agreement having a term of more than one year to pay a portion of the debt service on the Series 2024 Bonds and providing at least twenty percent (20%) of the Gross Revenues of the Authority for the prior two (2) fiscal years.

A failure by the Authority to comply with the CDC will not constitute a default under the Master Indenture and beneficial owners of the Series 2024 Bonds are limited to the remedies described in the CDC. A failure by the Authority to comply with the CDC must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2024 Bonds in

the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2024 Bonds and their market price. See “FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto as APPENDIX E for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the CDC, including termination, amendment and remedies.

#### **MISCELLANEOUS**

All quotations from, and summaries and explanations of the Constitution of the State of Nevada, statutes, programs, laws of the State, court decisions and the Master Indenture, which are contained in this Official Statement do not purport to be complete and reference is made to said Constitution, statutes, programs, laws, court decisions and the Master Indenture for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement is not to be construed as a contract between the Authority or the Underwriters and the purchasers or owners of any of the Series 2024 Bonds.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

The delivery of this Official Statement and its distribution and use have been duly authorized by the Authority.

#### **RENO-TAHOE AIRPORT AUTHORITY**

By: /s/Jennifer Cunningham  
Jennifer Cunningham, Chair

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**APPENDIX A**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

# The Future of **RNO** is more

## **ANNUAL COMPREHENSIVE FINANCIAL STATEMENTS**

**For the year ended June 30, 2023**



**Reno-Tahoe  
Airport  
Authority**

**Reno, Nevada**

**more!  
RNO+**



**Reno-Tahoe  
International  
Airport**

**RENO-TAHOE AIRPORT AUTHORITY**  
**Reno, Nevada**

**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

**Prepared by**  
**Finance Department**

**Randall O. Carlton**  
**Chief Finance & Administration Officer**

**RENO-TAHOE AIRPORT AUTHORITY  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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**RENO-TAHOE AIRPORT AUTHORITY  
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# **INTRODUCTORY SECTION**



# Reno-Tahoe Airport Authority

November 30, 2023

To the Members of the Board of Trustees and Citizens of Northern Nevada and North-Eastern California,

This report is the Annual Comprehensive Financial Report (ACFR) of the Reno-Tahoe Airport Authority (“RTAA” or “Authority”) for the fiscal year July 1, 2022, through June 30, 2023. The staff of the RTAA prepared this report and is responsible for the information it contains. The purpose of this report is to present fully and fairly RTAA’s financial position, operating results, and cash flows.

Management assumes full responsibility for the accuracy, completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. The design of the internal accounting controls employed by RTAA is to provide reasonable assurance that assets will be safeguarded against loss and that financial records will be reliable for use in preparing financial statements that are free of any material misstatements.

This ACFR contains financial statements and statistical data that fully disclose all the material financial operations of RTAA. A narrative overview and analysis of RTAA’s financial activities that occurred during the fiscal year ended June 30, 2023, are presented in the Management’s Discussion and Analysis (MD&A) found at the beginning of the Financial Section.

This ACFR reflects guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards a Certificate of Achievement to those entities whose annual financial reports conform to the high standards of public financial reporting, including generally accepted accounting principles issued by the Governmental Accounting Standards Board. RTAA has received this prestigious award for 36 consecutive years and it is our belief that the accompanying ACFR also meets these program standards and will be submitted to the GFOA for review.

## **REPORTING ENTITY**

The RTAA is a quasi-municipal corporation created by the Nevada State Legislature and began operation on July 1, 1977. The act creating RTAA provides that it will serve a public use and will facilitate safe and convenient air travel and transport to and from the Reno-Tahoe area. RTAA is an independent entity that is not part of any other unit of local government and does not use local property or sales tax revenue to fund its operation.

The City of Reno, City of Sparks, Washoe County, and the Reno-Sparks Convention & Visitors Authority (RSCVA) appoint the nine-member Board of Trustees that governs RTAA. Four members appointed by the City of Reno, two by the City of Sparks, two by Washoe County, and a ninth board member by the RSCVA. The Board of Trustees serve a four-year term, and terms are staggered to ensure the continued presence of experienced members.

RTAA owns and operates the Reno-Tahoe International Airport (RNO) and the Reno-Stead Airport (RTS). RTS is a general aviation facility that is home to approximately 200-based aircraft. According to the latest available Federal Aviation Administration (FAA) statistics, RNO is the 64<sup>th</sup> busiest commercial passenger airport in the nation. RNO also has substantial cargo activity and a vibrant general aviation community.

The geographical, or catchment area, served by RNO primarily encompasses the seven northern Nevada counties of Churchill, Douglas, Humboldt, Lyon, Pershing, Storey, and Washoe and the major cities of Reno, Sparks, and Carson City (the capital of the State of Nevada). The total catchment area for RNO also includes the Lake Tahoe area and several communities in northeastern California.

As defined by the FAA, RNO is a medium hub commercial airport which served over 4.3 million passengers in calendar year 2022. RNO is located four miles southeast of Reno's central business district. RTS is a general aviation airport located 11 miles northwest of the central business district. Carson City, the capital of Nevada, is 30 miles south of Reno. The closest competing commercial airport is 115 miles away in Sacramento, California. Commercial air service for the public is provided by Alaska Airlines, Allegiant, American Airlines, Delta Airlines, Frontier Airlines, JetBlue, Southwest Airlines, Spirit Airlines, Sun Country, United Airlines, and Volaris. Aha! Airlines also provided service to the local area through September 2022. Commercial cargo carriers include Federal Express (FedEx), United Parcel Service (UPS), and DHL. In calendar year 2022, more than 139 million pounds of air cargo was transported through RNO. Air cargo operations occupy about 25 acres north of the RNO passenger terminal with two buildings used for air cargo activities that consist of approximately 67,300 square feet. The ramp facilities can handle 14 aircraft simultaneously.

## **ECONOMIC CONDITION AND OUTLOOK**

The US economy has been struggling to control inflation throughout FY 2023, as the Federal Reserve (Fed) has moved aggressively to maintain its dual mandate of price stability and maximum employment. As of June 2022, inflation reached its peak rate of 9.1% annually, and the federal funds overnight rate was 1.75%. The 12-month period that followed was an unprecedented year of quantitative tightening, as the Fed raised rates to 5.5% as of July 2023, a 22 year high, and reduced its balance sheet by 7.3%. The lag effect of monetary policy is now being realized, and inflation has come down every month since its peak in June of 2022, settling at 3.0% in June 2023.

Despite the aggressive policy, the job market has remained historically resilient with the 3.6% unemployment recorded in June of 2023. It has ranged from 3.4% to 3.7% since March of 2022. Fed Chair Jerome Powell remains committed to taming inflation and maximum employment and will adjust monetary policy accordingly over the months to come.

Much like the greater US economy, the Reno Metropolitan Statistical Area (MSA) remains resilient despite high inflation. Unemployment has remained below its historical average in Washoe County, recorded at 4.1% as of May 2023. Importantly, the Reno MSA has continued to diversify in recent history, and no longer relies on gaming as its only source of revenue. The friendly business environment has attracted companies such as Tesla, Panasonic, Microsoft, Apple, Amazon, Patagonia, Walmart, and Petco to set up major business operations in northern Nevada.

The Reno MSA industry trends for the month of May 2023, as published by Ekay Consulting, are as follows:

- **Business Activity Index** – Business activity declined in May of 2023 by 3.95% from the same period in May 2022. While taxable sales and gaming revenue were down modestly, airport passengers were up 4.7% year over year, and job growth was up 3.1%. While overall decline can be construed as concerning, it is important to note the economic impact federal reserve actions have taken on the economy. By bringing inflation down from 9% to 3% over the same 12 months, a modest decline in activity is to be expected, and the economy remains resilient.
- **Construction Index** – The index shows a 20.1% decrease in construction activity from May 2022 to May 2023. The only data series showing improvement over the year is Construction Employment, having risen 8.1%. Future construction, as represented by permit data, is expected to be lower than in the past. Increasing interest rates and flat home sale prices are impacting developers' ability to obtain financing.
- **Housing Affordability Index** – A ratio of 100 indicates the median family income in the MSA is sufficient to purchase a median-priced home. In the first quarter of 2023 the housing affordability index was 67.81, meaning the median income is 32.19% less than the necessary income needed to purchase a median priced home. This is a 6.2% drop in affordability from Q1 2022. The significant rise in borrowing costs from increased rates, combined with flat home prices and reduced supply introduction from construction suggests that housing affordability will continue to be an issue in the months to come.

## **AIR SERVICE MARKET UPDATE**

### *Passenger Airlines*

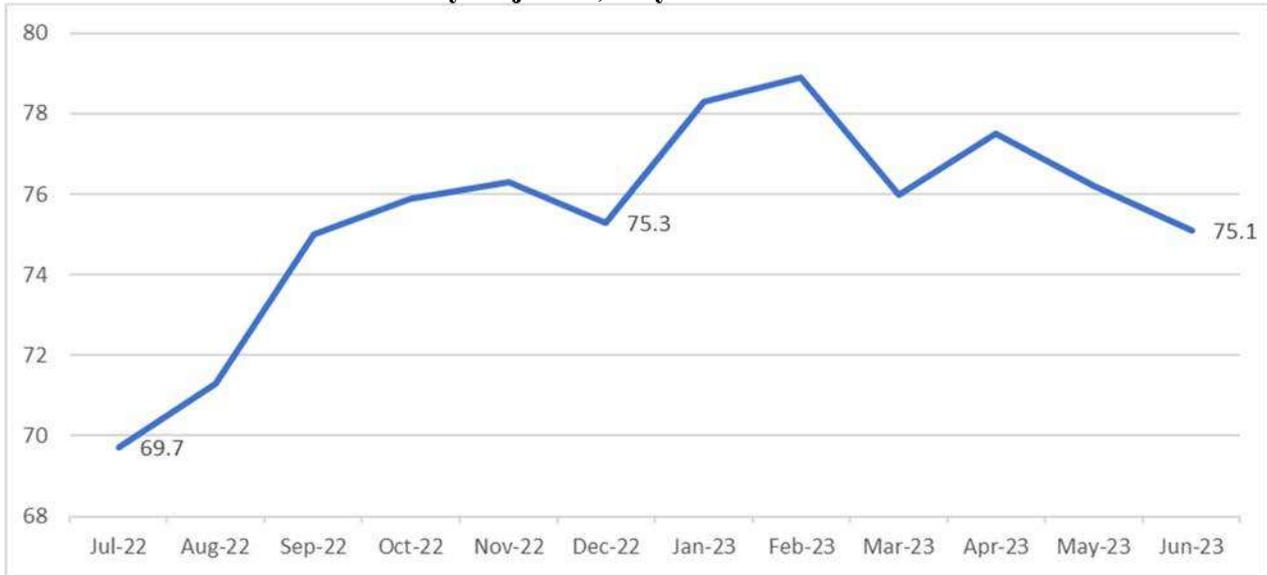
US scheduled passenger airlines reported a 2022 calendar year after-tax net profit of \$1.8 billion, as well as a pre-tax operating profit of \$7.9 billion, posting profits both pre-tax and after tax for the first year since the pandemic. Airlines were able to both benefit and struggle with inflation as higher passenger demand necessitated higher operating costs. Airlines did face similar employment constraints to the greater economy. Low unemployment rates meant fewer staff and higher labor costs. Accordingly, airlines have been reducing scheduled flights to adjust to the labor shortage.

The after-tax profit of \$1.8 billion in calendar year 2022 is a \$4.4 billion increase over the \$2.8 billion loss in 2021, and \$36.6 billion increase over the peak pandemic year of 2020. Additionally, the \$7.9 billion pre-tax profit in 2022 is a \$25.2 billion increase over the \$17.3 billion loss in 2021, signaling the air service market has exited the effects of the pandemic. Total operating revenues in 2022 were \$211.2 billion. Total fares collected were \$155.1 billion, or 73.5% of total revenue, baggage fees accounted for \$6.8 billion or 3.2% of revenue, and reservation change fees of \$1.0 billion accounted for 0.5% of revenue. Operating expenses in 2022 totaled \$203.3 billion, of which fuel accounted for \$49.1 billion, or 24.2% of total expenses, and labor accounted for \$64.0 billion, or 31.5% of expenses.

Passenger Activity

US airlines saw a total of 906 million enplanements in FY 2023, signaling an end to the pandemic and resurgence in demand for airline travel. The 906 million enplanements represent a 104 million passenger or 13% increase over fiscal year 2022.

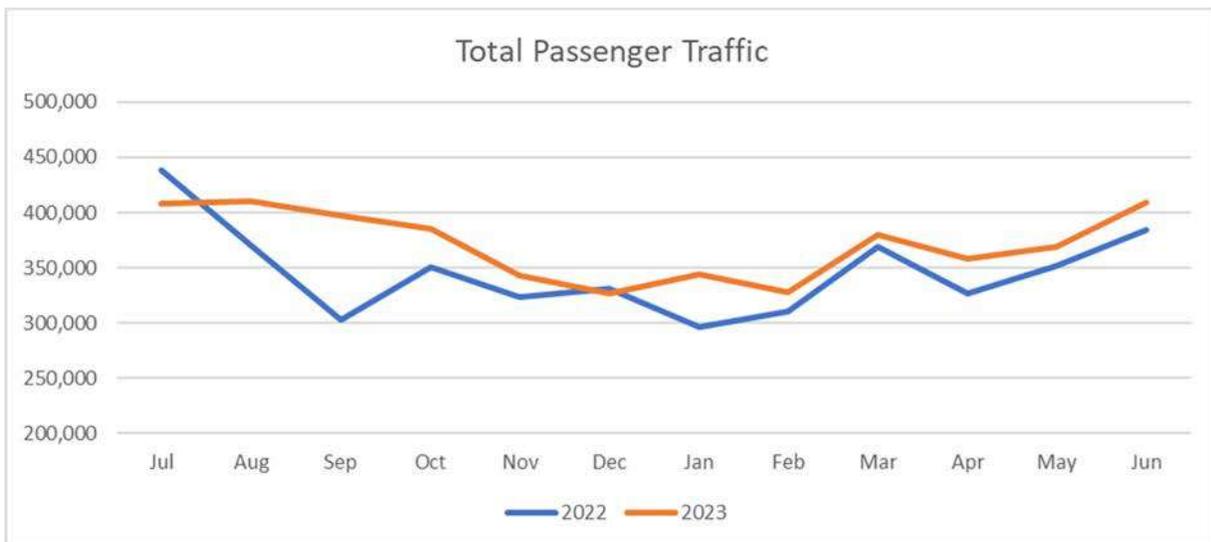
**Monthly Passengers (million) on U.S. Scheduled Airlines (Domestic and International)  
Seasonally Adjusted, July 2022 – June 2023**



Source: Bureau of Transportation Statistics

RNO Passengers

Total traffic for FY 2023 reached 4.460 million passengers, a 7.3% increase over FY 2022. RNO lost two minor operators in the prior fiscal year as aha! Airlines filed for bankruptcy in September 2022, and Frontier terminated operations in February 2023. Total seat capacity, however, increased by 4.9% in FY 2023, with an average load factor of 80.51%



## Cargo Airlines

The Reno MSA has become a major west coast distribution hub due to its strategic location and the business-friendly environment that has developed since the great recession. Companies such as Amazon, Walmart, Switch, Reno Experience District, Petco, eBay, and Zulily have major distribution centers in the immediate vicinity of RNO. This sector of the economy, along with growth in industrial development areas such as the Tahoe-Reno Industrial Center, has played a key role in cargo growth at RNO in recent years.

However, as we have exited the pandemic, we have seen a decrease in overall cargo weight. The decline in FY 2023 was partially due to unusual greater weights in the years following the pandemic as the industry addressed supply chain and resupply anomalies. Total cargo weight for FY 2023 was 127,892,891 pounds of cargo, a 13.1% decrease from FY 2022.



## MAJOR INITIATIVES

### Strategic Initiatives

On June 8, 2023, the Board of Trustees approved the Strategic Plan for fiscal years 2024 through 2028. The Strategic Plan was developed with extensive input from the Board, RTAA staff, and other interested stakeholders. The Strategic Plan was developed with the successful launch of the MoreRNO capital improvement plan at its core. This five-year plan will help guide RNO and RTS staff on a path to change the future of air travel in the region for generations to come.

The purpose and desired outcomes of the RTAA FY 2024-2028 Strategic Plan are:

- **Shared Vision** - A strategic vision for the organization that is shared by staff and Board of Trustees.
- **Strategic Direction** - Core strategies that will help guide the RTAA over the next five fiscal years.
- **Roadmap** - A high-level plan to guide priority setting and serve as a helpful road map for staff and the Board of Trustees.
- **Planning Structure** - Long-term goals and performance measures that support the strategic priorities and provide a planning structure for objectives setting and annual action plans developed by the Executive Team.

- **Agility/Flexibility** - A living, breathing plan that provides direction, but is also flexible and broad enough to incorporate constant change in the aviation industry.

The strategic priorities provide the framework for the direction of RTAA over the next five fiscal years. With a holistic focus across the whole organization, the priorities provide clarity on the intent of how the RTAA will achieve this vision.

1. Safety and Security - Create a safe and secure environment for everyone who utilizes the Reno-Tahoe International Airport and Reno-Stead Airport.
2. People - Bolster our employees who are the current and future strength of our organization.
3. Facilities for the Future - Optimize existing facilities and construct new infrastructure at both airports to address market demand by implementing the MoreRNO Program and Airport Capital Improvement Program.
4. Air Service and Cargo - Retain and increase air service and cargo.
5. Financial Stewardship - Establish a culture of fiscal integrity; responsibly manage our business costs, diversify revenues, engage commercial business opportunities, and pursue grant funding, and the prudent use of debt financing for MoreRNO projects.
6. Customer Experience - Provide a positive environment and experience for all.
7. General Aviation - Support and elevate general aviation at both airports.
8. Sustainability - Operate and manage both airports with a holistic approach reflecting sustainability policies and practices along with environmental stewardship.

#### Airport-Airline Use and Lease Agreement

The Airport-Airline Use and Lease Agreement (AAULA) is the contract between the airport operator and its tenant airlines that establishes the rights, privileges, and obligations for each party and defines how RNO is to be used by the airlines.

Effective July 1, 2023, RTAA entered into a new ten-year AAULA. The agreement remains hybrid in nature, with net Airfield cost center operating, maintenance and capital improvement costs being 100% recouped via landing fees from the airlines, and the airlines only pay for the space they use in the terminal building. The AAULA was negotiated with the MoreRNO capital improvement plan at its core, especially the concourse redevelopment project commonly referred to as Next Gen B&C preapproved for a total cost of \$570 million. The project will reconstruct the current two concourses, adding much needed space for passengers and concessionaires, as well as five additional gates to accommodate the growing passenger airline traffic at RNO.

#### Air Service Development

The success in expanding service by existing carriers reflects the combined efforts of RTAA and a partnership with the Regional Air Service Corporation (RASC), comprised of convention and visitor bureaus, hotels, casinos, ski resorts, and various business groups. In addition, the community partnerships with RSCVA, the Economic Development Authority of Western Nevada (EDAWN), Reno-Sparks Chamber of Commerce, and other key associations have all played an important role in the recent success. Staff is committed to building on this success by continuing the following:

- (a) Support of existing air service through awareness efforts, such as:
  - Airport website
  - Airline celebrations (inaugurals, anniversaries, etc.)
  - In-terminal assets (Lamar print and digital signage opportunities)

- Local publications (i.e., Planners – North Tahoe, South Tahoe, RSCVA)
- Advertorials in industry publications (i.e., *anna.aero* & Air Service One)
- Community events (i.e., Chamber Alliance, etc.)
- Community and partner presentations (i.e., RASC partner opportunities, RSCVA convention and sales webinars, etc.)

(b) Continue to work with the RSCVA, EDawn, RASC and other local community stakeholders to bring new air service to RNO.

With the FAA policy restricting the use of RTAA funds in support of new air service, the RASC and its partners have historically been able to provide the following:

- Promotion through partner databases (locally and out of market)
- Promotion through partner digital marketing efforts
- Promotion through partner traditional marketing efforts
- Air carrier marketing cooperative programs
- Promotion through public relations programs
- Air carrier risk mitigation efforts

RASC offers a unique marketing resource - a consortium that spreads across multiple industries and counties to promote air service and the region.

(c) Host airline representatives to the Reno-Tahoe region as guests to highlight the area by private invitations, Familiarization Tours promoting leisure and business, special event attendance, and more.

(d) Continue on-going efforts to attract new, as well as expand and maintain existing air service through headquarter meetings, industry conferences, and periodic check-in calls.

(e) Continue funding for an additional Customs and Border Protection (CBP) officer to reduce processing times to enter the United States by international passengers. The additional CBP officer began in July 2018.

(f) In accordance with the FAA's Policy and Procedures Concerning the Use of Airport Revenue and Board adopted policy, RTAA revenue may provide the following financial incentives:

1. Waiver or reduction of airport fee and charges, and
2. Funding for acceptable promotional costs, where the purpose is to encourage an air carrier to bring and/or increase air service at the airport.

The FAA allows promotional incentives to air carriers for new service to (a) increase travel using the airport and/or (b) promote competition at the airport.

### Land and Infrastructure Development

Land and infrastructure development is an integral element to all strategic priorities. RTAA must not only proactively respond to market demands with capacity projects, but also maintain existing transportation infrastructure and support the financial bottom line with non-aeronautical land development.

With the launch of MoreRNO, the largest infrastructure program in the RTAA's history, the RTAA is positioned to bring RNO into the future by providing decades of capacity to meet the needs of the growing region. The MoreRNO program will support the infrastructure needs outlined in the RNO Master Plan (2018), the RNO Landside Development Study (2021), the RNO Concourse Redevelopment Planning Study (2022) and the Digital Transformation Plan (2022). MoreRNO provides a proactive response to the projected growth of passenger traffic at RNO to an estimated 7.3 million annual passengers by 2046.

The strategic direction of the MoreRNO program envisions the following:

**Relieve congestion and provide additional capacity in RNO landside facilities.** RNO's growth has resulted in congestion along the terminal curbside pick-up and drop-off areas and capacity constraints in the public parking facilities and rental car facilities.

- **RNO Terminal Roadway Reconstruction Project (The Loop)** reconstructs the failing concrete sections of the terminal loop road and expands pick-up and drop-off areas, provides shelter and comfort for passengers with new curbside canopies, and enhances safety & security with curbside bollards. The Loop Project is under construction and slated for completion in late 2024.
- **RNO Remote Parking Surface Lot Project (Purple Lot)** adds a new economy parking lot with 380 additional parking spaces. The Purple Lot Project was completed in November 2023.
- **Consolidated Rental Car Facility / Ground Transportation Center Project (The GTC)** will provide long term rental car and ground transportation capacity while also freeing up space in close proximity to baggage claim for additional public parking (up to 700 additional spaces). The GTC will be designed, built, financed, maintained, and operated as a public-private partnership with ConRAC Solutions, LLC. The GTC Project is in the design phase, and initial construction on the enabling projects is anticipated to begin in early 2024.

**Replace RNO terminal concourses which are aging and undersized.** The strategy calls for the full replacement of RNO's two existing concourses and 23 total passenger gates which were originally constructed in 1981.

- **RNO Concourse Redevelopment Project (New Gen B & C)** is the centerpiece project of the MoreRNO Program and includes the demolition of existing structures and pavements, the full replacement of the two existing terminal concourses, full replacement of the two connector concourses, improved airfield pavement and taxi-lane capacity, and related infrastructure and utility relocation.
- **Central Utility Plant (CUP)**, replaces the original plant constructed in 1958. The new CUP will support the new concourses and reduce energy dependency by an estimated 70%.

The New Gen B & C Project is in design, and initial construction is expected to begin in 2024. The project will be funded largely by RTAA Airport Revenue Bonds and the balance from awarded Federal grant programs.

**Modernize the RNO Terminal Building to accommodate future technologies and enhance customer experience and wayfinding.** The terminal building consists of the functional areas in the non-sterile area, including the ticketing hall, main lobby, security-screening checkpoint (SSCP) and baggage claim areas. The modernization effort focuses on expanding the Ticketing Hall and adding an Administrative Headquarters and Police Station.

- **Ticketing Hall Expansion Project** adds 9,550 SF to the facility, expands passenger queuing and circulation, adds restrooms, incorporates intuitive wayfinding, modernizes terminal sign standards, and brings to life a public art display in accordance with the RTAA’s first Public Art Policy. The Ticketing Hall Expansion project will provide a more welcoming and enjoyable entrance to RNO, with more natural light and higher ceilings, for departing passengers. The Ticketing Hall Project is under construction and slated for completion in early 2024.
- **Administrative Headquarters and Police Station Project (The HQ)** will relocate the existing Administrative Offices and Police Station from the terminal building to a new facility within walking distance. Relocation will allow valuable terminal space to be utilized by airlines and tenants instead of RTAA functions that can effectively operate further away. Additionally, the new site will provide better access for Police, giving them direct airside and landside access and shifting their operations away from aircraft operations. The HQ Project is in design, and construction is anticipated to begin in late 2024/early 2025.

**Preserve and modify the RNO Airfield.** In addition to ensuring the future viability of RNO through capacity projects, the RTAA invests significantly in preserving existing critical infrastructure through effective maintenance, rehabilitation, and reconstruction programs. Identified airfield infrastructure improvements include constructing a general aviation run-up area, renaming the airfield signage and taxiways, relocating the air cargo apron, constructing deicing aprons, and addressing non-standard taxiway geometry and intersections.

- **GA Run-Up Apron Project** constructs a run-up area at the north end of Taxiway Charlie where propeller aircraft can perform system checks prior to departure, safely. The GA Run-Up Project is under construction and slated for completion in 2023.
- **Taxiway Renaming & Signage Project** addresses non-standard taxiway designators and signage. The Taxiway Renaming Project is in design, and initial construction is estimated to begin in 2024. Based on FAA scheduling constraints, the new taxiway designations will not “go live” until 2025.
- **New Air Cargo Development Project** will provide a new location on the southwest quadrant of RNO for air cargo operations and future capacity. Movement from the existing northwest RNO location will also free up space north of the terminal concourses to provide additional passenger aircraft capacity in the future. A private developer is preparing a plan to finance and construct the related facilities, including the potential for a new deicing facility. Pending successful negotiations with the developer, the project could begin design and environmental review as early as 2026.

In addition to capacity and infrastructure preservation projects, RTAA actively works with third-party developers to convert vacant land to revenue producing non-aeronautical facilities that provide revenue streams independent of passenger volumes. The **Airway Commerce Park Project** by Tolles Development Company converts approximately 50 acres of vacant land south of McCarran Boulevard to Class-A mixed use industrial and commercial development. Tolles Development Company anticipates completion of the final building in 2024. The **Reno-Stead AirLogistics Project**, in partnership with Dermody Properties, will convert approximately 56 acres of vacant land southwest of the RTS airfield to industrial and commercial development. Dermody Properties began construction in late 2023 and anticipates completion in 2024. Negotiations with Dermody are underway for the second phase of industrial and commercial development.

## FINANCIAL INFORMATION

While RTAA is a quasi-governmental entity, the generally accepted accounting principles applicable to an enterprise fund governmental entity apply. RTAA's financial statements are prepared on an accrual basis. Revenues are recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Financial policies are set to conform to Generally Accepted Accounting Principles (GAAP) and the accrual basis of accounting. There were no unusual financial policies or one-time activities during the current period.

RTAA has several funds that accumulate money for specific and discretionary purposes. These are not the governmental purpose type funds usually seen in governmental accounting, but debt related accounts. The RTAA's revenue bond resolution establishes the funds and their payment priority. These funds are common in the airport industry's revenue bond resolutions.

The revenue bond resolution is the RTAA's contract with the purchasers of the revenue bonds. This contract specifies how RTAA will manage its money so that it will have sufficient funds to operate the Airport system, and to pay the interest and principal due.

RTAA prepares, approves, and revises its budget pursuant to the Nevada Local Government Budget and Finance Act, the airline agreement, and the RTAA's revenue bond resolution. The table below outlines the statutory requirements:

<b>Statutory Date</b>	<b>Calendar Date</b>	<b>Action</b>
April 15 <sup>th</sup>	April 15, 2023	Tentative budget filed with the Nevada Department of Taxation
Not more than 14 nor less than seven days before the date set for the hearing	May 8, 2023	Notice of Budget Public Hearing published
Not sooner than the third Monday in May and not later than the last day in May	May 18, 2023	Hold Public Hearing
On or Before June 1st	May 18, 2023	Adopt Budget

Pursuant to the airline agreement, airlines that have signed agreements with RTAA must also review the budget. Adoption of a resolution by the RTAA's Board of Trustees is required for any subsequent changes to the budget and the amendment submitted to the Nevada Department of Taxation.

## INTERNAL CONTROLS

The RTAA's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **REPORTING ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to RTAA for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 36<sup>th</sup> consecutive year that RTAA has achieved this prestigious award. To be awarded a Certificate of Achievement, the ACFR must be easily readable, efficiently organized, and conform to the program standards. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. RTAA believes this current report continues to meet the Certificate of Achievement Program's requirements and will submit this report to the GFOA to determine its eligibility for another certificate.

## **INDEPENDENT AUDIT**

Nevada Revised Statutes 354.624 requires that RTAA have its financial statements audited each year by an Independent Certified Public Accountant. In addition, the receipt of federal funds and Passenger Facility Charges, to assist in funding capital improvement projects and security-related costs, requires the audit meet federal audit standards referred to collectively as the "Single Audit Act". The reports of the RTAA's auditors, Crowe LLP, are included herein.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daren A. Griffin", with a long horizontal flourish extending to the right.

Daren A. Griffin, A.A.E.  
President/CEO

**RENO-TAHOE AIRPORT AUTHORITY  
JUNE 30, 2023**



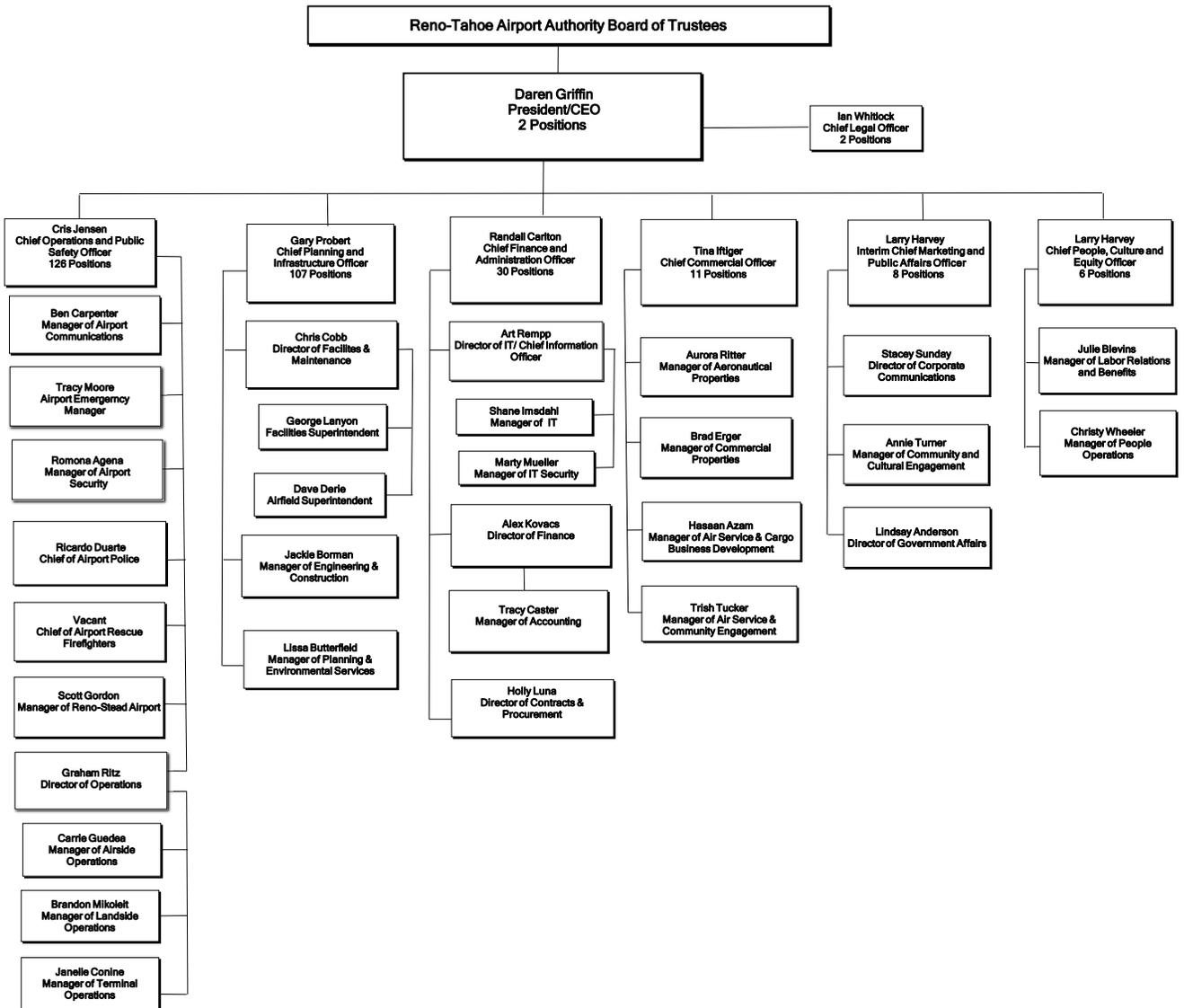
<b><u>Board of Trustees</u></b>	<b><u>Position</u></b>	<b><u>Term Expires</u></b>	<b><u>Represents</u></b>
Adam Kramer	Chair	June 2025	Washoe County
Richard Jay	Vice-Chair	June 2025	City of Reno
Jenifer Rose	Secretary	June 2023	City of Reno
Lisa Gianoli	Treasurer	June 2023	Washoe County
Shaun Carey	Trustee	June 2023	City of Sparks
Jessica Sferrazza	Trustee	June 2023	City of Reno
Jennifer Cunningham	Trustee	June 2025	City of Reno
Art Sperber	Trustee	June 2025	City of Sparks
Carol Chaplin	Trustee	June 2025	Reno-Sparks Convention & Visitors Authority

More information on the Board of Trustees can be viewed on the RTAA website at [www.renoairport.com](http://www.renoairport.com) or by clicking [RTAA Board of Trustees](#).

<b>Staff</b>	<b>Title</b>
Daren Griffin, A.A.E.	President/CEO
Cris Jenson	Chief Operations & Public Safety Officer
Gary Probert	Chief Infrastructure & Planning Officer
Randall Carlton	Chief Finance & Administration Officer
Tina Iftiger	Chief Commercial Officer
Larry Harvey	Chief People, Culture & Equity Officer
Larry Harvey	Interim Chief Marketing & Public Affairs Officer

# RENO-TAHOE AIRPORT AUTHORITY

## JUNE 30, 2023





Government Finance Officers Association

Certificate of  
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for Excellence  
in Financial  
Reporting

Presented to

**Reno-Tahoe Airport Authority  
Nevada**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Reno-Tahoe Airport Authority  
Reno, Nevada

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the business-type activities of the Reno-Tahoe Airport Authority (the "Authority" or "RTAA"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of RTAA's Proportionate Share of the Net Pension Liability, the Schedule of Pension Plan Contributions, and the Schedule of Changes in RTAA's Total OPEB Liability and Related Ratios 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 the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the 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 Authority's basic financial statements. The Introductory Section, Statistical Section, the Schedule of Revenues and Expenses, Comparison of Budget to Actual, the Schedule of Debt Service Requirements on Bonds and Notes, and the Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 Revenues and Expenses, Comparison of Budget to Actual, Schedule of Debt Service Requirements on Bonds and Notes, and SEFA the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information (except for the cumulative thru June 30, 2023 amounts on the SEFA) has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenses, Comparison of Budget to Actual, Schedule of Debt Service Requirements on Bonds and Notes, and SEFA (except for the Cumulative thru June 30, 2023 amounts) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, Statistical Section, and Cumulative thru June 30, 2023 amounts on the SEFA 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 30, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
Crowe LLP

Indianapolis, Indiana  
November 30, 2023

**MANAGEMENT'S  
DISCUSSION  
AND ANALYSIS**

**RENO-TAHOE AIRPORT AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

This Management Discussion and Analysis (MD&A) of Reno-Tahoe Airport Authority (“RTAA” or “the Authority”) provides an introduction and overview of the major activities affecting the operations and the financial performance of RTAA for the fiscal year (FY) ended June 30, 2023. The information contained in this MD&A should be considered in conjunction with the information contained in RTAA’s financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority’s assets and deferred outflows exceeded liabilities and deferred inflows, or Net Position, by \$480.063 million at June 30, 2023.
- The number of enplaned passengers at the Reno-Tahoe International Airport (RNO) increased 7% to 2.229 million and landing fee revenues increased 20% to \$12.691 million from the prior year.
- In August 2022, RTAA entered into a short-term Non-Revolver Credit Agreement with Wells Fargo Bank to fund capital projects. At June 30, 2023, outstanding principal on the debt is \$5.48 million.
- RTAA’s operating revenues increased \$6.776 million (12%) from the prior fiscal year.
- The Authority recognized \$182 thousand in subscription payables and \$293 thousand in subscription right-of-use assets on June 30, 2023, and for the year then ended, related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Agreements*.
- Federal stimulus grant revenue increased 5% over prior year to \$15.157 million for the year ended June 30, 2023. Funding sources included award amounts from the Coronavirus Aid, Relief and Economic Security (CARES) Act, and American Rescue Plan Act (ARPA). ARPA grants include both expense reimbursement and concession rent relief.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

RTAA’s financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) promulgated by GASB. RTAA has a single enterprise fund, and as such separate government-wide financial statements are not prepared. Revenues are recognized when earned, not when received, and expenses are recognized when incurred, not when paid. Capital assets are capitalized and depreciated over their useful lives. See the notes to RTAA’s financial statements for a summary of the significant accounting policies.

This discussion and analysis is intended to serve as an introduction to RTAA’s basic financial statements. The basic financial statements consist of three components: 1) fund financial statements, 2) notes to the financial statements, and 3) required supplementary information other than the MD&A.

**Fund financial statements** – RTAA maintains its accounting records in a single enterprise fund. An enterprise fund is a type of proprietary fund used to report business-type activities.

*The statement of net position* presents information on RTAA’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference shown as net position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*The statement of revenues, expenses and change in net position* presents information on how RTAA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of the related cash flows.

*The statement of cash flows* presents RTAA's cash flow (sources and uses) related to operating activities, non-capital financing activities, capital financing activities, and investing activities during the year.

**Notes to Financial Statements** - The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

**Required Supplementary Information other than MD&A** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to RTAA's pension plan as required by the GASB to supplement information found in the notes to the basic financial statements.

### FINANCIAL ANALYSIS

#### Statement of Net Position

Net position over time may serve as a useful indicator of an organization's financial position. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by \$480.063 million at June 30, 2023.

The following summarizes RTAA's financial position as of June 30, 2023, and 2022:

	2023	2022	\$ Change	% Change
<b>Assets</b>				
Current assets	\$ 93,068,521	\$ 96,078,982	\$ (3,010,461)	-3%
Current assets-restricted	38,038,276	29,978,053	8,060,223	27%
Capital assets, net of depreciation and amortization	409,536,760	388,632,933	20,903,827	5%
Lease receivable, long term	59,152,707	33,195,211	25,957,496	78%
Other assets	1,383,599	1,383,599	-	0%
Total assets	601,179,863	549,268,778	51,911,085	9%
Deferred outflows of resources	18,205,785	14,125,539	4,080,246	29%
<b>Liabilities</b>				
Current liabilities	14,563,850	11,951,622	2,612,228	22%
Payable from restricted assets	630,518	101,202	529,316	523%
Non-current liabilities	60,961,798	29,239,410	31,722,388	108%
Total liabilities	76,156,166	41,292,234	34,863,932	84%
Deferred Inflow of Resources	63,166,553	62,977,306	189,247	0%
<b>Net Position</b>				
Net Investment in Capital Assets	398,934,454	388,632,933	10,301,521	3%
Restricted Net Position	36,521,156	28,495,282	8,025,874	28%
Unrestricted Net Position	44,607,319	41,996,562	2,610,757	6%
Total Net Position	\$ 480,062,929	\$ 459,124,777	\$ 20,938,152	5%

## MANAGEMENT’S DISCUSSION AND ANALYSIS

Total assets of \$601.180 million reflect an increase of \$51.911 million or 9% as compared to 2022. A significant portion of the increase relates to the increase of lease receivables and capital asset activity.

Unrestricted current assets decreased by \$3.010 million or 3%. This is mainly due to a \$4.791 million decrease in short-term lease receivables. This decrease is partially offset by an increase in cash and investments of \$1.614 million.

Restricted current assets increased by \$8.060 million or 27%, due to higher balances in restricted investments of \$7.920 million or 28%.

Capital assets of \$409.537 million increased by \$20.904 million or 5% as compared to the prior year. The increase is primarily due to the \$16.338 million or 2% increase in new capital assets and \$28.735 million or 58% increase in construction in progress. These increases are partially offset by the \$24.410 million or 4% increase in accumulated depreciation and amortization.

Other assets are comprised of regional road impact credits with the Regional Transportation Commission (RTC) of Washoe County valued at \$1.384 million. The regional road impact fee is a one-time assessment to pay for new roads or improvements to existing roads necessary to serve traffic from a new development. The fee is paid at the time a building permit is issued. RTAA owned credits are currently set to expire on June 26, 2033, and can be used as an offset to the road impact fee as needed or sold to others.

Total liabilities of \$76.156 million increased \$34.864 million or 84% for the fiscal year ended June 30, 2023. The significant factors are increases to construction contracts payable by \$2.823 million, outstanding debt of \$5.479 million, and net pension liability by \$26.098 million.

The largest portion (83%) of RTAA’s total net position represents the investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. On June 30, 2023, RTAA had \$398.934 million of net investment in capital assets, an increase of \$10.302 million or 3% from the prior fiscal year. RTAA uses these capital assets to provide services to airlines, passengers, visitors, and service providers at the Airport. Consequently, these assets are not available for future spending.

An additional portion (8%) of RTAA’s net position represents restricted resources of \$36.521 million, a \$8.026 million or 28% increase from FY 2022. The restricted net position is not available for spending due to the following commitments:

	<b>2023</b>	<b>2022</b>
Revenue bond operations and maintenance	\$ 9,488,004	\$ 7,532,989
Renewal and replacement	786,116	770,498
Passenger facility charge projects	26,221,632	20,160,846
Other reserve purposes	25,404	30,949
	<b>\$ 36,521,156</b>	<b>\$ 28,495,282</b>

As of June 30, 2023, the remaining unrestricted net position of \$44.607 million, or 9% of total net position represents liquidity available to meet any of RTAA’s on-going obligations.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

The following presents RTAA’s deferred outflows and inflows as of June 30, 2023, and 2022:

	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
Deferred outflows of resources	\$ 18,205,785	\$ 14,125,539	\$ 4,080,246	29%
Deferred inflows of resources	63,166,553	62,977,306	189,247	0%

A *deferred outflow* of resources is the recognition of “consumed” net assets that is applicable to a future reporting period. This recognition includes: (1) pension contributions of \$3.087 million to the Public Employees Retirement System (PERS) of the State of Nevada after the measurement date of June 30, 2022; (2) the pension value changes in actuarial assumptions of \$6.508 million; differences identified on the Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes by PERS; (3) pension differences between expected and actual pension experience of \$6.560 million; (4) pension difference between projected and actual earnings on investments of \$618 thousand, and (5) contributions related to Other Postemployment Benefits (OPEB) liability of \$126 thousand.

Conversely a *deferred inflow* of resources is the recognition of “acquired” resources of net assets applicable to a future reporting period. This recognition includes: (1) the differences in economic and demographic factors used in the projected actuarial assumptions and actual experiences of \$36 thousand; (2) the difference between the actual and proportionate share of contribution of \$1.122 million; and (3) the value of lease receivables of \$62.008 million.

The deferred outflows and inflows related to RTAA’s pension plan and OPEB are further explained in Note 9 - Pension Plan and Note 13 - Other Postemployment Benefits (OPEB) in the notes to the financial statements. Deferred inflows related to leases are discussed in detail in Note 8 – Leases and Subscriptions.

### Statement of Changes in Net Position

During the current fiscal year, the Authority’s net position increased by approximately \$20.938 million.

The following summarizes the changes in RTAA’s net position for June 30, 2023, and 2022:

	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
Operating revenues	\$ 64,841,222	\$ 58,065,181	\$ 6,776,041	12%
Operating expenses	57,675,123	46,340,021	11,335,102	24%
Operating income before depreciation and amortization	7,166,099	11,725,160	(4,559,061)	-39%
Depreciation and amortization expenses	24,461,762	25,079,112	(617,350)	-2%
Operating income/(loss)	(17,295,663)	(13,353,952)	(3,941,711)	-30%
Non-operating revenues/(expenses)	33,913,223	27,754,958	6,158,265	22%
Income/(loss) before capital contributions	16,617,560	14,401,006	2,216,554	-15%
Capital contributions	4,320,592	25,193,485	(20,872,893)	-83%
Change in net position	\$ 20,938,152	\$ 39,594,491	\$ 1,599,204	4%

## MANAGEMENT’S DISCUSSION AND ANALYSIS

### Significant Changes in Net Position for Fiscal Year 2023 versus 2022

Total operating revenues increased by \$6.776 million or 12% and total operating expenses increased by \$11.335 million or 24%. A review of these two categories is detailed below.

Depreciation and amortization expense of \$24.462 million was \$617 thousand or 2% lower than the prior year due to the full depreciation of certain assets in the prior year.

Non-operating income of \$33.913 million increased by \$3.570 million or 22% over prior year. This is primarily due to the increase of federal stimulus grant revenues (CARES and ARPA), interest income, and gain on investments.

Capital contributions of \$4.321 million, primarily comprised of grants from the Federal Aviation Administration (FAA), decreased by \$20.873 million or 83% in FY 2023 as compared to FY 2022. The grant contributions include reimbursements for runways, taxiways, and apron rehabilitation. The decrease compared to FY 2022 is due to the completion of several large runway projects in FY 2022.

### Operating Revenues

Revenues are defined as “operating” for those revenue categories used to finance RTAA’s operation and maintenance of RNO and Reno-Stead Airport (RTS). Included are landing fees, concession revenues, parking, and other charges. The table below represents operating revenues by source for the fiscal years ended June 30, 2023, and 2022:

Operating revenues	2023	2022	\$ Change	% Change
Landing fees	\$ 12,690,754	\$ 10,584,517	\$ 2,106,237	20%
Concession revenue	15,346,165	15,257,011	89,154	1%
Parking and ground transportation	18,237,964	14,004,587	4,233,377	30%
Rentals	15,072,521	15,073,833	(1,312)	0%
Reimbursements for services	3,384,893	3,000,059	384,834	13%
Other revenue	108,925	145,174	(36,249)	-25%
Total operating revenue	\$ 64,841,222	\$ 58,065,181	\$ 6,776,041	12%

### Significant Changes in Operating Revenues for Fiscal Year 2023 versus 2022

A key metric associated with RTAA’s operating revenues is the number of enplaned passengers at RNO. Following the COVID-19 pandemic, passenger traffic increased to near pre-pandemic levels in FY 2022, ending the year with 2.080 million enplanements. The number of enplaned passengers recorded at RNO during FY 2023 increased by 7%, ending the year with 2.229 million enplanements.

Landing fee revenues of \$12.691 million increased \$2.106 million or 20% from the prior year due to both an increase in landed weight as well as an increase in landing and aircraft fees. Landing fees represent approximately 20% of RTAA’s total operating revenues.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

Concession billings of \$16.897 million were generated from auto rental, gaming, food and beverage, merchandising, advertising, and other concessions. They represent 25% of the total operating revenues and are 11% higher than FY 2022. Concessions billings have been recorded as \$15.346 million in concession revenue and \$1.551 million in ARPA Concession relief grants as non-operating revenue. ARPA Concession relief funds were received at the end of FY 2022 and \$114 thousand is remaining to be utilized by concessionaires and recognized as non-operating income through FY 2025.

Parking and Ground Transportation revenues of \$18.238 million accounted for 28% of total operating revenues. Parking revenues increased by \$4.233 million or 30% above the prior year results. Parking rates for FY 2023 were \$2.00 for the first 30 minutes, \$3.00 for the first hour, and an additional \$3.00 per hour, with maximum amounts of \$36.00 per day for short-term, \$16.00 per day for the long-term garage, and \$12.00 per day for long-term surface lot parking.

Rental revenues of \$17.444 million increased \$2.370 million or 16% in FY 2023. The increase is the result of a significant Consumer Price Index (CPI) adjustment as well as the addition of a signatory airline with minimum rental space requirements.

Reimbursements for services and Other revenue generated \$3.286 million or 5% of total operating revenues. Reimbursements for services increased \$385 thousand or 13% from fiscal year 2022. Revenues in this category include airline charges to use RTAA’s baggage handling system (BHS). The BHS fee reflects 100% cost recovery of the direct operating and maintenance costs of the system less any reimbursement from the Transportation Security Administration (TSA) for direct costs associated with their screening equipment. Other revenues of \$109 thousand include miscellaneous revenues, such as late fees collected by RTAA, and rebates received.

### Operating Expenses

The RTAA’s total operating expenses totaled \$57.675 million in FY 2023, an increase of \$11.335 million or 24% above the prior year results. The increase is primarily due to the increase of employee wages and benefits. Of the total operating expenses, 68% were costs associated with employee wages and benefits of a workforce of 289 employees as of June 30, 2023. The following is a summary of operating expenses (excluding depreciation and amortization) by category for the years ended June 30, 2023, and 2022:

Operating expenses	2023	2022	\$ Change	% Change
Employee wages and benefits	\$ 39,092,497	\$ 30,348,607	\$ 8,743,890	29%
Utilities and communications	3,962,745	3,156,581	806,164	26%
Purchase of services	8,016,801	7,405,170	611,631	8%
Materials and supplies	3,234,016	2,575,145	658,871	26%
Administrative expenses	3,369,064	2,854,518	514,546	18%
<b>Total Operating Expenses</b>	<b>\$ 57,675,123</b>	<b>\$ 46,340,021</b>	<b>\$ 11,335,102</b>	<b>24%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Significant Changes in Operating Expenses for Fiscal Year 2023 versus 2022

Employee salaries, wages, and benefits of \$39.092 million increased \$8.744 million or 29% in fiscal year 2023. Personnel related expenses represent approximately 68% of total operating expenses. The following table outlines the major expense categories within employee salaries, wages, and benefits for the years ending June 30, 2023, and 2022:

	2023	2022	\$ Change	% Change
Salary	\$ 23,483,759	\$ 21,724,022	\$ 1,759,737	8%
Overtime, Standby, Holiday Worked	2,135,618	1,645,304	490,314	30%
Employee Benefits	13,473,120	6,979,281	6,493,839	93%
Total Employee Wages and Benefits	<u>\$ 39,092,497</u>	<u>\$ 30,348,607</u>	<u>\$ 8,743,890</u>	<u>29%</u>

Employee salaries have increased by \$1.760 million or 8% from FY 2022. This increase reflects an addition of 22 full time positions. Overtime also increased by \$490 thousand. Employee benefits increased approximately \$6.494 million or 93% due largely to increases of RTAA's share of the net pension liability based on the actual results of investments. The net pension liability and related inflows and outflows of deferred revenue are based on actuarial assumptions at June 30, 2022. During FY 2022 actual results of earnings on investments was lower than expectations, resulting in an increase of the net pension liability and RTAA's related expense. These expenses are further explained in Note 9 – Pension Plan and Note 13 – Other Post-Employment Benefits (OPEB).

Utilities and communications expenses of \$3.963 million increased \$806 thousand or 26% from the prior year and represents 7% of total operating expenses and is a result of increased utility costs. This category includes electricity, natural gas, water, sewer service, telephone, and other utility services.

Purchase of services expense includes professional and technical services and totaled \$8.017 million, an increase of \$612 thousand or 8% from the prior year. Purchase of services expense represents 14% of total operating expenses. The increase in purchase of services is related to the utilization of consultants for ongoing capital projects.

Expenses for materials and supplies totaled \$3.234 million, an increase of \$659 thousand or 26% from the prior year. Materials and supplies represent 6% of total operating expenses. Inflated costs related to fuel, the purchase of safety equipment and supplies, and software purchases contributed to the increase over FY 2022.

The administrative expense category includes travel, training, air service development, insurance, and other general expenses. In total, the category incurred \$3.369 million in cost, an increase of approximately \$515 thousand or 18% from the prior fiscal year. This increase reflects increased costs associated with training, conference sponsorship, insurance premiums, and community outreach.

### Non-Operating Revenues and Expenses

The category of non-operating revenues and expenses contains sources and uses of RTAA funding not directly associated with supporting the operations of the airports or funding intended or restricted for specific uses. Included in this group are the following: interest income, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), jet fuel taxes, federal stimulus grants, interest expense on RTAA revenue bonds, and debt issuance costs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of non-operating revenues and expenses for the years ended June 30, 2023, and 2022:

<b>Non-Operating</b>	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
Interest income	\$ 2,449,932	\$ 1,246,627	\$ 1,203,305	49%
Gain (loss) on investment valuation	70,635	(2,737,875)	2,808,510	3976%
Passenger facility charge revenue	8,372,017	8,502,997	(130,980)	-2%
Customer facility charge revenue	7,863,374	6,350,891	1,512,483	19%
Jet fuel tax revenue	300,994	294,018	6,976	2%
Gain (loss) on sale of capital assets	10,871	15,080	(4,209)	-39%
Debt issuance costs	(135,000)	-	(135,000)	100%
Federal grant revenue	15,156,938	14,483,077	673,861	4%
Interest expense	(176,538)	(399,857)	223,319	-126%
<b>Total Non-Operating revenues</b>	<b>\$ 33,913,223</b>	<b>\$ 27,754,958</b>	<b>\$ 6,158,265</b>	<b>22%</b>

### Significant Changes in Non-Operating Revenues and Expenses for Fiscal Year 2023 versus 2022

Interest income consists of interest from leases of \$644 thousand and interest earned on cash and investments of \$1.806 million. Interest income from cash and investments increased 176% and RTAA recognized a gain on investments of \$71 thousand this past fiscal year compared to a loss of \$2.738 million in FY 2022. Interest rate changes can impact RTAA's financial position in two ways: 1) revenues will change based on lower or higher interest rates and 2) investment market values will change positively if rates decline and negatively if rates rise. The impact is dependent on the overall maturity structure of the investment portfolio. Overall interest rates increased continuously during the fiscal year resulting in higher yields.

Jet fuel tax revenues are derived from a one cent per gallon of fuel for jet or turbine aircraft sold, distributed, or used. The tax is collected by Washoe County and remitted to RTAA as outlined in Nevada Revised Statute (NRS) 365.170. These revenues are used by RTAA to support air service development objectives and other discretionary expenses. The increase in revenues is due to the higher volume of aircraft operations at RNO.

Federal stimulus grant revenues of \$15.157 million increased by \$674 thousand in FY 2023. This includes eligible cost reimbursement from the CARES and ARPA Acts. This funding is permissible for any eligible use of airport revenues. CARES Act reimbursement in fiscal year 2023 included debt service, capital projects, contracted services, salaries, and wages. RTAA also recognized funding for concession rent relief through ARPA of \$1.606 million.

Interest expense of approximately \$176 thousand decreased by \$223 thousand or 126% below the previous year. In FY 2022, RTAA paid additional interest related to the early retirement of debt, resulting in higher than normal interest expense recognized.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSETS

The following presents RTAA's capital assets for the years ended June 30, 2023, and 2022:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Capital Assets, not depreciated:				
Land	\$ 172,449,079	\$ 172,449,079	\$ -	0%
Construction in progress	78,095,180	49,359,777	28,735,403	58%
Development rights	2,924,038	2,924,038	-	0%
Capital Assets, depreciated and amortized, net:				
Subscription right-of-use assets	166,538	-	166,538	100%
Improvements	98,299,260	105,146,063	(6,846,803)	-7%
Buildings	32,146,859	33,868,706	(1,721,847)	-5%
Equipment	25,455,806	24,885,270	570,536	2%
Total Capital Assets	<u>\$ 409,536,760</u>	<u>\$ 388,632,933</u>	<u>\$ 20,903,827</u>	<u>5%</u>

### Major Capital Asset Events during Fiscal Year 2023

Federal grants funded \$4.321 million of capital projects in FY 2023. Projects included the runway rehabilitation completion at RNO, RTS Parking Apron, and RTS Taxiway A.

Significant construction in progress projects include the ticketing hall expansion, the planning phase for a new rental car facility, a new parking lot, shared use terminal projects, and taxiway reconstruction at RTS.

Completed projects at RNO include a parking lot re-pavement, ticketing hall HVAC, and network infrastructure upgrades.

RTAA continued its on-going pavement maintenance program with major projects on the airfield, parking, and various tenant properties adding to the value of capital assets. For additional information on capital assets, see Notes to the Financial Statements, Note 5 – Capital Assets.

### DEBT ADMINISTRATION

In August 2022, RTAA entered into a Non-Revolving Credit Agreement with Wells Fargo Bank, National Association relating to an aggregate \$50,000,000 principal amount in subordinate lien revenue bonds, Series 2022: Subseries A (AMT), Subseries B (Non-AMT), and Subseries C (taxable) to finance capital projects. The Non-Revolving Credit Agreement allows RTAA to take advances up to the amount of the Available Commitment (\$50,000,000 less any previous advances) at any time through the Commitment Expiration date of August 1, 2025.

RTAA used these drawdowns to finance capital projects including the ticketing hall expansion, network infrastructure replacement, the shared use project, and the economy lot construction.

During FY 2023, RTAA made drawdowns totaling \$15.104 million and principal payments of \$9.625 million, as well as paid interest and fees of \$169 thousand. At June 30, 2023, the balance of principal borrowed is \$5.479 million, with an Available Commitment remaining of \$34.896 million.

For additional information on bonds, see Notes to the Financial Statements, Note 6 - Long-Term Debt.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### PASSENGER FACILITY CHARGES (PFCs)

In October 1993, RTAA received approval from FAA to impose a PFC of \$3.00 per enplaned passenger. Collection began January 1, 1994. In May 2001, that amount increased to \$4.50 per enplaned passenger with collection beginning August 1, 2001. For the fiscal year ended June 30, 2023, RTAA collected PFCs, including interest earnings thereon, totaling \$8.314 million, a \$131 thousand or 2% decrease over the prior year. PFCs are collected by airlines on their passengers' tickets and remitted monthly to RTAA. These funds are spent on a list of projects reviewed by the airlines in a process prescribed by the FAA. This funding must be segregated from all other Airport revenues. For further details, see the Summary Schedule of Passenger Facility Charges Collected and Expended in the Compliance Section of this report.

### CUSTOMER FACILITY CHARGES (CFCs)

CFCs are paid by customers utilizing rental cars based at RNO. Implemented in August 2012, the CFCs are collected and remitted by the rental car companies to RTAA. For the fiscal year ended June 30, 2023, RTAA collected CFCs totaling \$7.863 million, a \$1.512 million or 19% increase over the prior year. This increase is due to the increased passenger activity at RNO and increased CFC fees. CFC funds are designated to fund property management, repairs, and improvements to RTAA-owned rental car facilities. In addition, they will provide funding for a future Consolidated Rental Car (CONRAC) facility as identified in RTAA's current master plan. Effective July 1, 2022, CFC per rental car transaction day increased to \$6.50 from \$5.50.

### AIRLINE SIGNATORY RATES AND CHARGES

RTAA and the airlines successfully negotiated an airline use and lease agreement effective July 1, 2015, for a term of five years. In FY 2020, the agreement was extended for three years and includes seven "signatory airlines" including five passenger and two cargo airlines. An eighth signatory airline, aha! Airlines, operated through September 2022, at which time they declared bankruptcy and ceased operations. The airline agreement establishes the airline rate setting formula and the airport model is known as a hybrid rate setting formula. In this formula, the two airports owned and operated by RTAA are divided into six cost centers: Airfield, Terminal Building, Baggage Handlings System (BHS), Landside (Parking and Ground Transportation), Other, and Reno-Stead Airport. The Airfield and Terminal Building airline related cost centers are used in the calculation of the landing fee and terminal rental rate.

Net airfield costs and associated landing fees are established on a cost center residual methodology in which the signatory airlines bear 100% of the financial risk for the Airfield. The expenditures associated with the Airfield cost center, which are primarily comprised of operating expenses, debt service, and recovery of capital projects/equipment with unit costs of less than \$300,000, are divided by aircraft landed weight resulting in a landing fee rate.

In contrast, the terminal building rental rates reflect a commercial compensatory rate setting formula that places the financial risk of funding terminal building costs with RTAA. The expenditures, which are primarily comprised of operating expenses, debt service, and recovery of capital project/equipment expenditures with unit costs of less than \$300,000, in the Terminal Building cost center are divided by a "rentable" space divisor (total terminal space available that is revenue producing and available for lease). The result of this approach is that the signatory airlines are only responsible for terminal building costs allocated to airline leased premises and any costs allocated to vacant, concession, or other rentable space is the financial responsibility of RTAA.

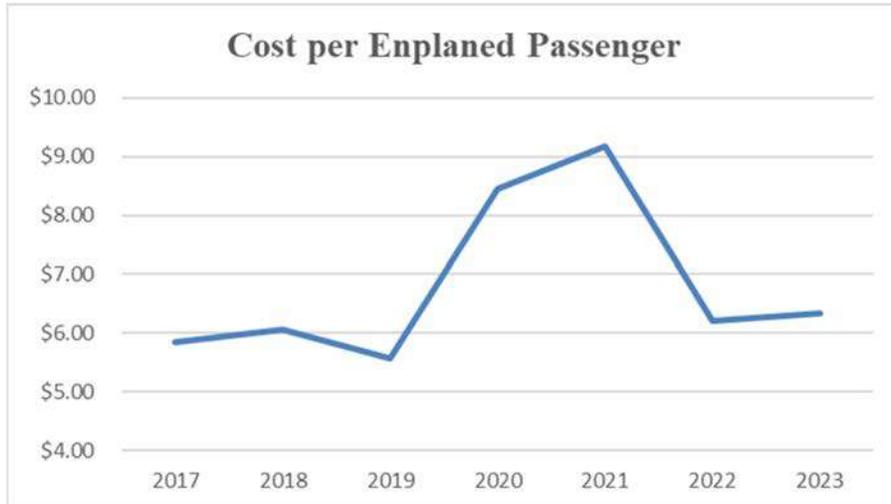
## MANAGEMENT’S DISCUSSION AND ANALYSIS

In addition, the current hybrid agreement provides that RTAA’s net available revenues after debt service are split equally (50%-50%) between the signatory airlines and RTAA through a revenue sharing formula. Revenue sharing is derived by taking the sum of RTAA’s total revenues less total expenses posted to all costs centers less debt service and other identified requirements. A credit estimate offsets airline terminal building rents collected during the year with a final airline rates and charges reconciliation and settlement prepared based on audited year-end results.

The final rates and charges for the signatory airlines are shown below for the fiscal year ended June 30, 2023, and 2022:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Landing Fee Rate (per 1,000 pounds)	\$ 3.79	\$ 3.04	\$ 0.75	25%
Terminal Rental Rate (Average per sq ft)	34.47	45.74	(11.27)	-25%

Comparing the operating results of airports is difficult. The landing fee and terminal rental rates of airports are often not comparable because of the different airline operating agreements used to calculate those fees. As a result, an airport’s impact to signatory airline tenants is benchmarked on a ratio of total fees paid by the airlines (landing fees and terminal rents), divided by the number of passengers boarding aircraft. RTAA targets to maintain a reasonable cost structure for the airlines to attract and retain air service to the Reno-Sparks community. The RNO cost per enplaned passenger for the fiscal year ended June 30, 2023, was calculated to be \$6.33 as compared to \$6.21 in the prior year. The chart below presents the history of the cost per enplaned passenger.



## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The US economy has been struggling to control inflation throughout the 2023 fiscal year. Despite the aggressive Federal Reserve policy to maintain its dual mandate of price stability and maximum employment, the job market has remained resilient. Much like the greater US economy, RTAA has proved its resiliency, and is in a strong financial position entering FY 2024. As we conclude the post-pandemic record year that was FY 2023, we are prepared for another substantial year in FY 2024 as we develop an airport that will meet the growing demand of the region for the next 30 years.

Starting on July 1, 2023, RTAA has entered into a new Airline-Airport Use and Lease Agreement (AAULA). The new ten-year AAULA was negotiated with five commercial and two cargo signatory airlines with the concourse redevelopment capital project at the heart of negotiations. The nearly \$1 billion MoreRNO capital improvement program consists of four main projects; the Ticketing Hall Expansion, Loop Road Improvements, the Ground Transportation Center (GTC), and the construction of two new concourses (New Gen B&C).

The greater Reno area’s economic picture continues to remain resilient as it significantly continues to diversify and grow, despite the high inflation. The Reno-Tahoe regional area economy is no longer relying solely on tourism and gaming as a source of revenue. Northern Nevada’s business friendly environment, proximity to customers, availability of skilled workforce and logistics continues to attract a diverse group of businesses to the area, such as Tesla, Panasonic, Microsoft, Apple, Amazon, Patagonia, Walmart, and Petco to set up major business operations in Northern Nevada.

Nevada’s June 2023 unemployment rate dropped to 5.7% compared to the 29.5% reached at the height of the pandemic in April 2020 according to the Nevada Department of Employment, Training and Rehabilitation (DETR). Of the three Metropolitan Statistical Areas (MSA) in Nevada, Reno’s unemployment rate was the lowest at 4.5%, while the Las Vegas area was at 6.0% and Carson at 4.8% in June 2023.

The fiscal year 2024 Board approved budget is balanced, includes increased funding for mission critical airport operations, higher revenues, and the usage of federal funding for major capital projects. We continue to closely monitor airline traffic, revenues, and expenses, and are prepared to make necessary adjustments if the current forecasts do not materialize, or we are faced with an economic downturn.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the financial activity and condition of RTAA to all having such an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Reno-Tahoe Airport Authority, Accounting Department, P.O. Box 12490, Reno, NV 89510-2490 or “Ask the Airport” at [asktheairport@renoairport.com](mailto:asktheairport@renoairport.com).

# **BASIC FINANCIAL STATEMENTS**

**RENO-TAHOE AIRPORT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**ASSETS**

**CURRENT ASSETS**

Unrestricted Assets:

Cash and cash equivalents	\$ 21,372,300
Investments	61,420,169
Accounts receivable, net	4,629,910
Lease receivable	3,451,389
Interest receivable	424,714
Inventory	937,663
Other current assets	832,376

Total Unrestricted Assets	<u>93,068,521</u>
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Restricted Assets:

Cash and cash equivalents	73,612
Investments	36,318,378
Grants receivable	1,517,196
Interest receivable	129,090

Total Restricted Assets	<u>38,038,276</u>
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Total Current Assets	<u>131,106,797</u>
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**NON-CURRENT ASSETS**

Capital Assets:

Non-depreciable	253,468,297
Depreciable	847,090,034
Less accumulated depreciation and amortization	<u>(691,021,571)</u>

Total Capital Assets	<u>409,536,760</u>
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Other Assets:

Road credits	1,383,599
Lease receivable	<u>59,152,707</u>

Total Other Assets	<u>60,536,306</u>
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Total Non-Current Assets	<u>470,073,066</u>
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Total Assets	<u>601,179,863</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Pension contributions after measurement date	3,086,672
Pension difference between actual and proportionate share of contributions	1,306,826
Pension changes in actuarial assumptions	6,508,107
Pension difference between expected and actual pension experience	6,560,113
Pension difference between projected and actual earnings on plan investments	618,129
OPEB contributions after measurement date	<u>125,938</u>
Total Deferred Outflows of Resources	<u>18,205,785</u>
Total Assets and Deferred Outflows of Resources	<u>619,385,648</u>

Continued

**RENO-TAHOE AIRPORT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**LIABILITIES**

**CURRENT LIABILITIES**

Payable from Unrestricted Assets:	
Accounts payable	\$ 5,483,437
Interest payable	41,707
Subscription liability	117,088
Construction contracts payable	4,492,773
Unearned revenue	2,000,982
Accrued payroll and compensated absences	2,427,863
Total current unrestricted assets	<u>14,563,850</u>
Payable from Restricted Assets:	
Construction contracts payable	630,518
Total restricted current liabilities	<u>630,518</u>
Total Current Liabilities	<u>15,194,368</u>

**NON-CURRENT LIABILITIES**

Revenue bonds and subordinate notes, net	5,479,015
Compensated absences, net of current portion	1,260,583
Deposits	681,469
Reclamation liability	574,493
Subscription liability	64,970
Total OPEB liability	2,237,559
Net pension liability	50,663,709
Total Non-Current Liabilities	<u>60,961,798</u>
Total Liabilities	<u>76,156,166</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension difference between actual and expected pension experience	36,193
Pension difference between actual and proportionate share of contribution	1,122,439
Leases	62,007,921
Total Deferred Inflows of Resources	<u>63,166,553</u>

**NET POSITION**

Net investment in capital assets	398,934,454
Restricted for:	
Operations and maintenance reserve	9,488,004
Renewal and replacement reserve	786,116
Passenger facility charge projects	26,221,632
Other reserve purposes	25,404
Total Restricted	<u>36,521,156</u>
Unrestricted	<u>44,607,319</u>
Total Net Position	<u>480,062,929</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 619,385,648</u>

See accompanying notes to financial statements.

**RENO-TAHOE AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION FOR THE YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES	
Landing fees	\$ 12,690,754
Concession revenue	15,346,165
Parking and ground transportation	18,237,964
Rentals	15,072,521
Reimbursements for services	3,384,893
Other revenue	108,925
Total operating revenues	<u>64,841,222</u>
OPERATING EXPENSES	
Employee wages and benefits	39,092,497
Utilities and communications	3,962,745
Purchase of services	8,016,801
Materials and supplies	3,234,016
Administrative expenses	3,369,064
Total operating expenses	<u>57,675,123</u>
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	7,166,099
Depreciation and amortization expense	<u>24,461,762</u>
OPERATING INCOME (LOSS)	<u>(17,295,663)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	2,449,932
Gain (Loss) on value of investments	70,635
Passenger facility charge revenue	8,372,017
Customer facility charge revenue	7,863,374
Jet fuel tax revenue	300,994
Gain on sale of capital assets	10,871
Debt issuance costs	(135,000)
Federal grant revenue	15,156,938
Interest expense	(176,538)
Total non-operating revenues (expenses)	<u>33,913,223</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	16,617,560
CAPITAL CONTRIBUTIONS (FEDERAL)	<u>4,320,592</u>
CHANGE IN NET POSITION	20,938,152
NET POSITION, BEGINNING OF YEAR	<u>459,124,777</u>
NET POSITION, END OF YEAR	<u>\$ 480,062,929</u>

See accompanying notes to financial statements.

**RENO-TAHOE AIRPORT AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 66,032,435
Cash paid to employees and for benefits	(36,590,409)
Cash paid to suppliers	<u>(20,730,200)</u>
Net cash provided by operating activities	<u>8,711,826</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal grants received	15,156,938
Jet fuel tax revenue	<u>300,994</u>
Net cash provided by noncapital financing activities	15,457,932
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions (federal)	4,286,241
Passenger facility charge revenue	8,372,017
Customer facility charge revenue	7,863,374
Acquisition and construction of capital assets	(42,542,203)
Proceeds from sale of capital assets	10,871
Proceeds from bond issuance	15,103,544
Principal paid on bonds	(9,624,529)
Cash paid for note issue costs	(135,000)
Interest paid on bonds	<u>(134,831)</u>
Net cash provided by (used in) capital and related financing activities	<u>(16,800,516)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Receipts of interest	2,136,388
Purchase of investments	(19,527,908)
Sale of investments	<u>18,512,660</u>
Net cash provided by (used in) investing activities	<u>1,121,140</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,490,382
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,955,530</u>
CURRENT AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 21,445,912</u></u>

**RENO-TAHOE AIRPORT AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Operating (loss) income	\$ (17,295,663)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:	
Depreciation and amortization	24,461,762
(Increase) Decrease in Assets:	
Accounts receivable, net	175,304
Lease receivable	(21,166,770)
Inventory	(31,909)
Other current assets	(59,728)
Increase (Decrease) in Liabilities:	
Accounts payable	(466,449)
Rents received in advance	(130,592)
Accrued payroll	823,992
Deposits and unearned revenues	(113,747)
Total OPEB liability and related deferred outflows of resources	299,666
Net pension liability and related deferred outflows and inflows of resources	1,378,426
Lease deferred inflows of resources	20,827,885
Reclamation liability	9,649
Net cash provided by operating activities	\$ 8,711,826

Noncash activities:

Capital assets included in construction contracts payable	\$ 5,123,291
Capital Contributions	
Total Capital Contributions	\$ 4,320,592
Grants Receivable (June 30, 2023)	(1,482,845)
Grants Receivable (June 30, 2022)	1,517,196
	\$ 4,354,943

See accompanying notes to financial statements.

# **NOTES TO THE FINANCIAL STATEMENTS**

**RENO-TAHOE AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**1. Organization and Reporting Entity**

A. Organization

The Reno-Tahoe Airport Authority (“RTAA” or “Authority”) (formerly the Airport Authority of Washoe County) was created on July 1, 1977, by an act of the Nevada Legislature for the purpose of operating Reno-Tahoe International Airport (RNO) and Reno-Stead Airport (RTS).

B. Reporting Entity

RTAA is an independent reporting entity and not a component unit of another government. This conclusion is based on the following criteria:

i. Composition of the Board.

The governing boards of the following jurisdictions appointed nine members to the Board of Trustees as follows: (1) four members by the City of Reno, (2) two members by the City of Sparks, (3) two members by Washoe County, and (4) one member by the Reno-Sparks Convention & Visitors Authority (RSCVA). The Board directs the President/CEO, who is responsible for management and staffing of the RTAA departments. RTAA is responsible for the day-to-day operations at the two airports.

ii. Accounting for Fiscal Matters.

RTAA is responsible for reviewing, approving, and revising its budget. The Authority is solely responsible for financing the entity’s deficits and has sole control of its surplus funds, restricted only by the RTAA’s Bond Resolutions and underlying Lease and Use Agreements.

RTAA collects revenues, controls disbursements, and has title to all assets. RTAA establishes fees and charges and negotiates contracts with commercial enterprises.

**2. Summary of Significant Accounting Policies**

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. RTAA uses the economic resources measurement focus, whereby revenues and expenses are recognized in the period earned or incurred, regardless of when the related cash flows take place. All transactions are accounted for in a single enterprise fund.

Enterprise funds account for the following activities:

- i. Financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or

**RENO-TAHOE AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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- ii. The governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues from landing fees, rents, parking operations, and other miscellaneous sources are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues, including Passenger Facility Charges (PFC), Customer Facility Charges (CFC), and federal stimulus funds received from the Federal Aviation Administration (FAA).

Expenses from employee wages and benefits, purchases of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

**B. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**C. Budgets**

RTAA adheres to the Local Government Budget and Finance Act established by Nevada state statute. The filing deadlines and procedures during fiscal year 2023 were as follows:

- i. On or before April 15, the RTAA files a preliminary operating budget with the State Department of Taxation.
- ii. A public hearing on the proposed budget with the Board of Trustees on the Thursday following the third Monday in the month of May.
- iii. On or before June 1, the final budget is adopted by a majority vote of the Board of Trustees.
- iv. The budget is adopted on the accrual basis. Actual operating and non-operating expenses (excluding depreciation) may not exceed budgeted appropriations. Budget augmentations that change the total revenues or expenses must be approved by a resolution of the Board of Trustees and filed with the Nevada Department of Taxation. Unexpended appropriations lapse at year-end.

**D. Cash, Cash Equivalents, and Investments**

RTAA considers all liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. Investments are measured at fair value.

**E. Inventory**

Inventory is valued by the weighted average method. Weighted average measures the total cost of items in inventory divided by the total number of units available for issuance. Inventory items are recorded as assets when purchased and expensed as consumed.

**RENO-TAHOE AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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F. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. These separate financial statement elements represent the consumption or addition to net position that applies to a future reporting period(s) and as such will not be recognized as flows of resources (expenses/revenues) until then.

The statement of net position contains items relating to deferred outflows and deferred inflows associated with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 87, *Leases*. A description of the deferred outflow and inflow items is as follows:

- Pension - contributions after measurement date for pensions and Other Postemployment Benefits (OPEB). These contributions are made after the measurement date through the fiscal year end resulting in a cash outlay not yet recognized under GASB 68. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- Pension - difference between actual and proportionate share of contributions. This represents the unamortized difference between actual and proportional contributions to the defined benefit pension plan and increases in the RTAA's allocation share as provided in the schedule of employer allocations for the year ending June 30, 2022.
- Pension - changes in actuarial assumptions. These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension, OPEB liability, or asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources.
- Pension - difference between expected and actual pension experience. These amounts represent the difference in expected and actual pension or OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources shown as net if there are unamortized balances for categories.
- Pension - difference between actual and projected earnings on plan investments. These amounts represent the difference in projected and actual earnings on pension plan assets. The differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.

**RENO-TAHOE AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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- Leases – value of the lease receivable and prepayments. These amounts represent the present value of future lease payments in addition to any payments received at or before the commencement of the lease term that relates to future periods. The deferred inflow will be amortized over the life of the lease.

See Note 8 – Leases and Subscriptions, Note 9 - Pension Plan, and Note 13 - Other Postemployment Benefits (OPEB) for additional information on the deferred outflows and inflows of resources.

G. Compensated Absences

RTAA accounts for compensated absences by accruing a liability for employees' compensation of future absences. Employees accrue vacation in varying amounts based on classification and length of service. Additionally, certain employees are allowed compensated time off in lieu of overtime compensation and/or working on holidays. Vacation pay and compensatory time vests as earned and sick pay vests after five years of service at the rate of 50% available for payout at termination for certain represented employees. After 880 hours, sick pay also vests for certain represented employees. The liability for the compensated absences is included in both the current and non-current portion of accrued payroll. As of June 30, 2023, liabilities related to compensated absences were \$2,571,377.

H. Landing Fees, Terminal Building Rents, and Baggage Handling System (BHS) Charges

Landing fees, terminal rents, and BHS charges are set based and collected on estimates of airline activity, revenues, and expenses. The actual landing fees, terminal rental rates, and BHS charges due from the signatory airlines are calculated based on actual year-end results in accordance with the Airport-Airline Use and Lease Agreement (AAULA). Any over-collections and under-collections are netted and recorded on the Statements of Net Position as a receivable or payable.

I. Net Position

The following categories comprise the RTAA's net position:

- i. 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.
- ii. Restricted – Net Position that has external constraints placed on it by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through contribution provision of enabling legislation.
- iii. Unrestricted – Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

At times, RTAA will fund outlays for a particular purpose from both restricted and unrestricted resources. It is the RTAA's policy to deplete restricted net position, if permitted, before unrestricted net position is applied.

**RENO-TAHOE AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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J. Passenger Facility Charge (PFC) Revenue

Currently, RTAA has approval from the FAA to impose and use a PFC of \$4.50 per enplaned passenger. PFC collections fund FAA approved projects to improve or renew passenger safety, conveyance, or related facilities. The airlines collect and remit PFC revenues monthly to RTAA. These revenues are recognized by RTAA as non-operating revenues.

K. Customer Facility Charge (CFC) Revenue

Effective July 1, 2022, RTAA implemented a \$6.50 CFC per transaction day on each individual vehicle rental collected by each participating rental car lessee. CFC revenues fund the following projects: (1) renewal and replacement improvements to the Quick Turnaround (QTA) Facility and the Service Facility Area, (2) the on-going overhead and maintenance of the QTA, and (3) the building of a future consolidated rental car facility. In addition, \$0.11 per rental day of CFC receipts reimburse RTAA to cover reasonable costs associated with accounting, administering, and managing the CFC program. The rental car companies operating at RNO collect and remit CFC revenues monthly to RTAA. These revenues are classified as non-operating revenues.

L. Capital Contributions

The FAA's Airport Improvement Program (AIP) funds a significant portion of eligible costs for airport capital improvements along with matching funds provided by RTAA or through the PFC program. In addition, the Transportation Security Administration (TSA) funds certain approved capital projects associated with passenger and luggage screening.

Capital funding provided under government grants and agreements are considered earned as the related allowable expenses are incurred. Grants and related agreements for the acquisition of land, acquisition and construction of property, and certain types of equipment are reported in the Statements of Revenues, Expenses and Changes in Net Position, after non-operating revenues and expenses, as capital contributions.

M. Regional Road Impact Fee Credits

The regional road impact fee is a one-time assessment to pay for new roads or improvements to existing roads necessary to serve traffic from a new development. Payment of this fee is typically required upon issuance of a building permit. RTAA owns credits for the fees and can use them as needed or sell them to others until the credits expire June 26, 2033. The value of these credits was determined by Washoe County, who provided the credits to RTAA.

**RENO-TAHOE AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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O. Recent Accounting Pronouncements Adopted/Implemented:

During the year, RTAA adopted the following new GASB Statements:

- GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement did not have a material effect on the financial statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), providing definitions and accounting treatment guidance for service concession arrangements (SCAs) and availability payment arrangements (APAs). This Statement did not have a material effect on the financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement had a material effect on the financial statements of RTAA, please refer to Note 5 – Capital Assets and Note 8 – Leases and Subscriptions.

In addition, GASB has issued the following statements that have not yet been implemented by RTAA:

- GASB Statement No. 99, *Omnibus 2022*.
- GASB Statement No. 100, *Accounting Changes and Errors – An Amendment of GASB Statement No. 62*.
- GASB Statement No. 101, *Compensated Absences*.

RTAA will continue to evaluate GASB Statements and determine if these statements will have a financial impact and require implementation in future reporting periods.

**RENO-TAHOE AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**3. Cash, Cash Equivalents, and Investments**

RTAA accounts for its investments at fair value. Cash, Cash Equivalents, and Investments consist of the following as of June 30, 2023:

<b>Cash and Cash Equivalents:</b>	\$ 21,445,912
 <b>Investments:</b>	
State of Nevada Local Government Pool	9,235,665
US Government Agency Securities	67,958,708
Corporate Securities	20,544,174
Total Investments	97,738,547
Total Cash, Cash Equivalents, Investments	119,184,459
Less: Unrestricted Cash, Cash Equivalents, and Investments	(82,792,469)
<b>Total Restricted Cash, Cash Equivalents, and Investments</b>	<b>\$ 36,391,990</b>

The balance of cash and cash equivalents as of June 30, 2023, was \$21,445,912. Restricted cash, cash equivalents, and investments represent funds deposited with third-party custodians, which are restricted as to use pursuant to the revenue bond resolutions as discussed in Note 6 – Long-Term Debt. The resolutions also impose limitations as to the disposition of related interest income.

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows: Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets; Level 2 inputs are other observable inputs; Level 3 inputs are unobservable.

The estimated fair values of the RTAA’s U.S. Treasury obligations, commercial paper, notes, bonds, and other obligations issued by U.S. Corporations are based on quoted market prices provided by recognized broker dealers (Level 1 inputs). The estimated fair value of U.S. Agency securities is based on a matrix pricing model that maximizes the use of observable inputs for similar securities as provided by recognized broker dealers (Level 2 inputs).

**RENO-TAHOE AIRPORT AUTHORITY  
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Below is the categorization of the RTAA's total cash, cash equivalents, and investments as of June 30, 2023, by fair market value using the categories of relative reliability:

	Total Cash, Cash Equivalents, and Investments	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	June 30, 2023	(Level 1)	(Level 2)	(Level 3)
<b>Investments by Fair Value Level:</b>				
US Agencies	\$ 31,254,315	\$ -	\$ 31,254,315	\$ -
US Treasury Notes	36,704,393	36,704,393	-	-
Corporate Securities	20,544,174	-	20,544,174	-
Total Investments by Fair Value Level	\$ 88,502,882	\$ 36,704,393	\$ 51,798,489	\$ -
<b>Investments at Net Asset Value (NAV):</b>				
State of Nevada Local Government Pool	9,235,665			
Total Investments at Net Asset Value (NAV)	9,235,665			
<b>Cash:</b>				
Collateralized Bank Deposits	21,445,912			
<b>Total Cash, Cash Equivalents, and Investments</b>	<u>\$ 119,184,459</u>			

Investment Policies

In accordance with Nevada Revised Statute (NRS) 355 *Public Investments*, the RTAA's Bond Resolution and Investment Policy, RTAA manages its exposure to interest rate risk by regular evaluation of its cash position to determine the amount of short and long-term funds available for investment within the context of the entire portfolio and its cash flow and liquidity needs. By purchasing a combination of shorter term and longer-term investments and timing their maturities, RTAA meets its cash flow and liquidity needs. RTAA uses specific identification for calculating unrealized gains or losses for investment valuation.

Included in the RTAA's investment portfolio as of June 30, 2023, are the following statutorily approved investments:

- Demand Deposits, Time and Savings Deposits including Negotiable Order of Withdrawal (NOW) accounts. They are issued by insured commercial banks, credit unions or saving and loan associations, either within the limits of insurance provided by an instrumentality of the United States and/or collateralized as required under the Nevada pooled collateral program (NRS 356).

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- US Government Agency Securities (Mortgage-Backed Securities). These securities are issued by a U.S. government-sponsored agency with backing by the federal government, but not guaranteed since the agencies are private entities. Such agencies have been set up in order to allow certain groups of people to access low-cost financing, e.g. home buyers, farmers, and students. The RTAA's investments include Federal National Mortgage Association, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Banks.
- US Treasury Notes. These notes are issued by the United States government in order to pay for government projects. They are backed by the U.S. government making them low risk. Interest payments on the notes are made every six months until maturity which is usually not less than one year or more than seven years.
- State of Nevada Local Government Investment Pool (LGIP). Investment of the LGIP is a function performed by the Office of the State Treasurer pursuant to NRS. In addition to investing the assets of the LGIP as prescribed by law, with regular oversight provided by the State Board of Finance, an investment policy also controls the parameters used to invest pool assets. Investment in the LGIP is carried at fair value, which is the same as the value of pool shares. By pooling funds, participating local governments benefit from economies of scale, full-time portfolio management, diversification, and liquidity. The external investment pool is not registered with the Securities and Exchange Commission (SEC) as an investment company.

The LGIP investment policy allows for investments in bankers' acceptances, commercial paper, corporate notes, money market funds, negotiable certificates of deposit, repurchase agreements, tax-exempt municipal bonds, time certificates of deposit, U.S. Treasury securities, U.S. agency securities, and asset-backed securities, with the objective of preserving the principal investment and providing a competitive return.

The fair value of the investment in this type has been determined using a Net Asset Value (NAV) calculation. The NAV is calculated daily by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund. RTAA may withdraw funds from the pool upon written notice and LGIP shall comply at the first reasonable opportunity. However, the LGIP may charge RTAA any penalty or loss of interest resulting from the withdrawal of funds, if necessary, to meet the request. RTAA has no unfunded commitments as of June 30, 2023.

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In addition, NRS 355.171 provides the following additional authorized investments for counties and school districts with county populations greater than 100,000 (Washoe County) and city governments with city populations greater than 150,000:

- A. Notes, bonds, and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that:
  - i. Are purchased from a registered broker-dealer;
  - ii. At the time of purchase, have a remaining term to maturity of no more than five years;
  - iii. Are rated by a nationally recognized rating service as “A” or its equivalent, or better;
  - iv. Such investments must not, in aggregate value, exceed 20% of the total portfolio as determined on the date of purchase; and
  - v. Not more than 25% of such investments may be in notes, bonds and other unconditional obligations issued by any one corporation.
  
- B. Collateralized mortgage obligations that are rated by a nationally recognized rating service as “AAA” or its equivalent.
  
- C. Asset-backed securities that are rated by a nationally recognized rating service as “AAA” or its equivalent.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Any deposits in excess of Federal Deposit Insurance Corporation (FDIC) Insurance, if applicable, are held in the financial institution’s name. RTAA has no investment securities exposed to custodial credit risk in the event of the failure of the counter party to a transaction.

Interest Rate Risk

As of June 30, 2023, the RTAA’s cash, cash equivalents and investments have the following maturity distributions:

	0 to 1 Month	1 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	Total
Cash	\$ 21,445,912	\$ -	\$ -	\$ -	\$ -	\$ 21,445,912
LGIP	-	9,235,665	-	-	-	9,235,665
Securities:						
US Treasury	-	14,020,314	6,661,360	7,057,289	8,965,430	36,704,393
US Gov Agency	2,997,300	15,734,567	-	6,579,693	5,942,755	31,254,315
Corporate	-	1,491,825	11,136,637	2,536,752	5,378,960	20,544,174
<b>Total</b>	<b>\$ 24,443,212</b>	<b>\$ 40,482,371</b>	<b>\$ 17,797,997</b>	<b>\$ 16,173,734</b>	<b>\$ 20,287,145</b>	<b>\$ 119,184,459</b>

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Credit Risk

State statutes, the RTAA’s revenue bond resolutions and the RTAA’s investment policy authorize investments in direct obligations of, or obligations guaranteed by the United States of America. RTAA may also invest in commercial paper (rated A-1 or better by Standard & Poor’s or P-1 by Moody’s Investor Services) or interests in short-term investment trust funds restricted to the investment obligations described above.

The RTAA’s investment policy also permits investment in the State of Nevada LGIP and in deposit accounts with financial institutions collateralized under the State of Nevada Pooled Collateral Program. This state sponsored program provides 102% of collateral for any deposit in a participating financial institution, above FDIC insurance protection. The collateral is composed of US Treasury Obligations and US Agency Securities. The LGIP is unrated external investment pools subject to NRS 355.171 Public Investment statutory requirements on authorized and prohibited investments.

At June 30, 2023, Standard & Poor’s had rated US Government Agency Securities (mortgage-backed securities) as AA+ and the Fidelity Government Fund 57 (money market funds) as AAA.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the RTAA’s investment in a single issue. RTAA places no limit on the amount RTAA may invest in any one issuer. As of June 30, 2023, the following investments equaled or exceeded 5% of the RTAA’s total cash, cash equivalents and investments:

<u>Investment Types</u>	<u>2023</u>
Local Government Investment Pool	8%
Wells Fargo Collateralized Deposit	18%
US Agencies	26%
US Treasuries	31%
Corporate Securities	17%
Total	100%

**4. Accounts and Grants Receivable**

The following amounts represent receivables due to RTAA at June 30, 2023:

<u>Accounts and Grants Receivable</u>	<u>2023</u>
Current, Unrestricted:	
Accounts Receivable	\$ 4,650,434
Less: Allowance for uncollectable	(20,524)
Net Accounts Receivable	4,629,910
Grants Receivable, Restricted	1,517,196
Total Current Accounts and Grants Receivable	\$ 6,147,106

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The grants receivable in the accompanying Statements of Net Position represent reimbursements due for project costs under the FAA and TSA compliance audit by the RTAA's independent auditor. However, RTAA believes that the receivable amounts recorded result from qualified expenses and, accordingly, an allowance for doubtful accounts is not required.

**5. Capital Assets**

Capital assets are stated at historical cost and include property, equipment, and capitalized expenses that substantially increase the useful lives of existing assets. The RTAA's policy is to capitalize assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year.

Capital asset balances and changes for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Additions and Transfers	Deletions and Transfers	Balance June 30, 2023
Capital Assets, not depreciated:				
Land	\$ 172,449,079	\$ -	\$ -	\$ 172,449,079
Construction in progress	49,359,777	43,408,180	(14,672,777)	78,095,180
Development rights	2,924,038	-	-	2,924,038
Total Capital Assets, not depreciated	<u>224,732,894</u>	<u>43,408,180</u>	<u>(14,672,777)</u>	<u>253,468,297</u>
Capital Assets, depreciated:				
Subscription right-of-use assets	292,623	-	-	292,623
Improvements	446,360,044	8,189,922	-	454,549,966
Buildings	289,610,051	3,417,320	-	293,027,371
Equipment	94,541,782	4,730,321	(52,029)	99,220,074
Total Capital Assets, depreciated:	<u>830,804,500</u>	<u>16,337,563</u>	<u>(52,029)</u>	<u>847,090,034</u>
Less accumulated depreciation for:				
Subscription right-of-use assets	-	(126,085)	-	(126,085)
Improvements	(341,213,981)	(15,036,725)	-	(356,250,706)
Buildings	(255,741,345)	(5,139,167)	-	(260,880,512)
Equipment	(69,656,512)	(4,159,785)	52,029	(73,764,268)
Total accumulated depreciation:	<u>(666,611,838)</u>	<u>(24,461,762)</u>	<u>52,029</u>	<u>(691,021,571)</u>
Total Capital Assets, net	<u>164,192,662</u>	<u>(8,124,199)</u>	<u>-</u>	<u>156,068,463</u>
Net Capital Assets	<u>\$ 388,925,556</u>	<u>\$ 35,283,981</u>	<u>\$ (14,672,777)</u>	<u>\$ 409,536,760</u>

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The straight-line method at various rates allocates the costs of property and equipment over the useful lives of assets for depreciation. The estimated lives by general classification are as follows:

	<u>Years</u>
Improvements	5-30
Buildings	3-30
Equipment	3-15

Development rights, which preclude residential development near RNO, are recorded at cost. Development rights, which prevent the construction of residential homes on property adjacent to RNO, are a condition of land ownership that goes on into perpetuity.

RTAA enters into subscription-based information technology arrangements (SBITAs) to utilize vendor-provided information technology software, which are recorded as subscription right-of-use assets amortized over the shorter of the term of the contract or useful life of the asset. Under GASB 96, certain contracts with terms exceeding one year have been included in the depreciable assets and accumulated depreciation on the balance sheet. See Note 8 – Leases and Subscriptions for additional information.

**6. Long-Term Debt**

As of June 30, 2023, RTAA has \$5.48 million in debt under a short term non-revolving credit agreement. The changes in long-term debt for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022	New Debt	Principal Repayment	Balance June 30, 2023
Debt				
Series 2022	\$ -	\$ 15,103,544	\$ (9,624,529)	\$ 5,479,015
Total	-	15,103,544	(9,624,529)	5,479,015
Less: Current Portion	-	-	-	-
Long-term debt:	\$ -	\$ 15,103,544	\$ (9,624,529)	\$ 5,479,015

Bond Resolution

The revenue bond resolution established certain cash and investments sub-accounts (referred to as “Funds”). These Funds provide accountability for bond proceeds and pledged revenues to assure adherence to restrictions on expenses. Gross Revenues are defined as all income and revenues received or accrued under generally accepted accounting principles derived directly or indirectly by RTAA from the operation and use of and otherwise pertaining to the Airport System, or for any service rendered by RTAA in the operation thereof. Gross revenues are deposited at least weekly in the Revenue Fund. Operation and maintenance expenses are paid from these revenues. The remaining funds are applied monthly, as outlined in the Bond Resolution, in the following amounts and order of priority:

- Bond Fund Interest and Principal Accounts – deposited in amounts sufficient to meet the next required debt service payment on the revenue bonds.

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- Operating and Maintenance Reserve Fund – from amounts remaining after the above allocations and the payment of debt service on any subordinate securities. This fund receives an allocation in the amount necessary to reinstate over a one-year period a minimum reserve of 17% or two months of the RTAA’s currently budgeted operation and maintenance expenses. RTAA’s airline agreement allows for the amount necessary to satisfy the two month reserve to fund operation and maintenance be included in the airline rates and charges calculation. The reserve fund requirement is calculated annually based on the adopted budget.
- Renewal and Replacement Fund – \$10,000 per month until a specified maximum amount (currently \$780,000 but not less than \$600,000) determined by RTAA is accumulated as an emergency capital account.
- Remaining funds are transferred to the RTAA’s Special Fund in an amount aggregating 35% of annual gaming concession revenues.
- Any remaining funds are transferred to the General Purpose Fund, to be used for additional construction, maintenance, or other Airport obligations.

Pursuant to the Bond Resolution, the Revenue Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Special Fund, and the General Purpose Fund may be held by RTAA. The Bond Fund and all accounts therein are held by a commercial bank who serves as the Paying Agent and Trustee.

While the current debt issues do not require a Bond Service Reserve Fund under the existing bond resolutions, RTAA may include separate debt service reserve funds, created for individual series of parity securities issued, if required by the supplemental instrument authorizing the issuance of such series of parity securities.

The revenue bond resolutions require RTAA to meet a rate maintenance covenant, whereby its annual revenues, after deducting operation and maintenance expenses and 35% of gaming concession revenues, must equal at least 125% of the revenue bond debt service requirement to be paid from such revenues. Agreements with airlines provide for this coverage and the rate maintenance covenant continues to be met for the year ended June 30, 2023.

Wells Fargo – Series 2022 Bonds

On August 1, 2022, RTAA entered into a Non-Revolving Credit Agreement with Wells Fargo Bank, National Association relating to an aggregate \$50,000,000 principal amount in subordinate lien revenue bonds, Series 2022: Subseries A (AMT), Subseries B (Non-AMT), and Subseries C (taxable) to finance capital projects. The Non-Revolving Credit Agreement allows RTAA to take advances no less than \$500,000 up to the amount of the Available Commitment (\$50,000,000 less any previous advances) at any time up to the Commitment Expiration date of August 1, 2025, at which time all outstanding principal and interest is due.

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Each AMT Non-Revolver Loan and each Non-AMT Non-Revolver Loan bear interest at a rate per annum equal to the sum of (A) the Tax-Exempt Applicable Spread and (B) the product of (1) Daily Simple SOFR and (2) the Applicable Factor and (ii) each Taxable Non-Revolver Loan bear interest at a rate per annum equal to the sum of (A) the Taxable Applicable Spread and (B) Daily Simple SOFR, and rates are updated daily. A non-refundable commitment fee is assessed based on the daily Available Commitment and a rate equal to 20 basis points per annum.

The Agreement is secured by net revenues, and payable from the lawfully available funds of the Authority. The Agreement is subject to certain covenants, including that net revenues will be equal to at least 110% of the aggregate annual debt service on the outstanding obligations. RTAA was in compliance with all covenants on June 30, 2023. The Agreement contains a provision that in an event of default, the lender may exercise any remedy available at law or in equity and the payments may be subject to immediate payment or acceleration.

During the year ended June 30, 2023, interest expense and commitment fees were \$84,985 and \$83,690, respectively. The Available Commitment at June 30, 2023, is \$34,896,455.

**7. Non-Current Liabilities**

Other long-term liability activity for the year ended June 30, 2023, is summarized below:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u> <u>and Transfers</u>	<u>Deletions</u> <u>and Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Compensated absences	\$ 2,330,697	\$ 2,140,625	\$ (1,899,945)	\$ 2,571,377
Deposits	899,278	33,389	(251,198)	681,469
Reclamation liability	<u>564,844</u>	<u>13,512</u>	<u>(3,863)</u>	<u>574,493</u>
	\$ 3,794,819	\$ 2,187,526	\$ (2,155,006)	\$ 3,827,339
Less current portion of compensated absences				<u>(1,310,794)</u>
Total				<u><u>\$ 2,516,545</u></u>

**8. Leases and Subscriptions**

The Authority leases nonfinancial assets to and from other entities as a lessor and lessee, respectively. In accordance with GASB 87, RTAA as a lessor has recognized lease receivables and deferred inflows of resources, with exceptions for short-term leases and certain regulated leases. In accordance with GASB 96, RTAA as a lessee has recognized subscription right-of-use assets and corresponding subscription lease liabilities.

Leases

Substantially all the property owned by RTAA is subject to non-cancelable leases and concession agreements. The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the

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underlying asset. For the lessor the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

For the purposes of the GASB No. 87, leases have been categorized as follows:

- *GASB No. 87 Leases – Included*
- *GASB No. 87 Leases – Excluded – Regulated*

*GASB No. 87 Leases – Included*

In accordance with GASB No. 87, the Authority recognizes a lease receivable and a deferred inflow of resources for leases that are categorized as GASB No. 87 - Included. The lease activity is summarized as follows for fiscal year 2023:

	<u>Implied Interest</u>	<u>Annual Lease Revenue</u>	<u>Lease Receivable</u>	<u>Deferred Inflows</u>
Concessions	\$ 121,040	\$ 8,550,148	\$ 9,173,716	\$ 9,121,816
Rentals	<u>522,664</u>	<u>1,667,784</u>	<u>53,430,380</u>	<u>52,886,105</u>
Total	<u>\$ 643,704</u>	<u>\$ 10,217,932</u>	<u>\$ 62,604,096</u>	<u>\$ 62,007,921</u>

*Concessions* – the Authority has entered into multiple lease agreements for the use of concession space. The terms of these agreements include a variable revenue component that is not included in the measurement of the lease receivable related to the Authority receiving a concession fee based on concession sales. Revenue recognized under the variable component of these lease agreements was \$16,859,075 for the year ending June 30, 2023. The agreements related to concession spaces have various expiration dates between 2023 and 2038.

*Rentals* – the Authority has entered into multiple property lease agreements to include land, buildings, and office space. These leases range in expiration dates through April 30, 2078. The rent escalates by an inflationary factor each year.

The receivable on these leases was discounted to the net present value based on the Authority’s alternative minimum tax (AMT) borrowing rate and the length of the lease. For years prior to July 1, 2022, the discount rates range from 0.83% to 2.02%. New and/or modified leases for the year ended June 30, 2023, were discounted based on the rate determined as of July 1, 2022, and range from 3.47% to 4.58%.

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Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total Payments
2024	\$ 3,451,389	\$ 997,373	\$ 4,448,762
2025	3,567,959	1,062,127	4,630,086
2026	3,410,609	921,695	4,332,304
2027	2,108,401	887,745	2,996,146
2028	1,094,132	867,174	1,961,306
2029-2033	5,606,940	4,052,340	9,659,280
2034-2038	5,763,051	3,574,478	9,337,529
2039-2043	6,030,303	3,071,227	9,101,530
2044-2048	6,572,084	2,529,446	9,101,530
2049-2053	7,023,095	1,935,158	8,958,253
2054-2058	4,176,708	1,449,145	5,625,853
2059-2063	3,440,302	1,149,658	4,589,960
2064-2068	3,529,334	836,636	4,365,970
2069-2073	3,232,741	517,259	3,750,000
2074-2078	3,597,048	27,952	3,625,000
Total	<u>\$ 62,604,096</u>	<u>\$ 23,879,413</u>	<u>\$ 86,483,509</u>

*GASB No. 87 Leases – Excluded - Regulated*

In accordance with GASB Statement No. 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation (DOT) and the FAA, regulated aviation leases between airports and air carriers and other aeronautical users.

The Authority leases certain assets to various third parties, including ticket counters, passenger hold rooms, terminal operations space, terminal office space, baggage service office space, unenclosed storage areas, hangars, grounds and land, and are regulated leases under the FAA Rates and Charges Policy and Grant Assurance 22. Leased land and hangars are considered exclusive use, while several of the terminal locations are considered preferential or joint use. Terminal areas considered preferential or exclusive use under regulated leases are as follows:

- Passenger hold rooms – 14 of 23 available passenger hold rooms are designated as preferential use
- Baggage service office space – 100% of available space is designated preferential use
- Ticket counters – 35 of 53 available ticket counters are designated as preferential use
- Ticket office space – 100% of available space is designated preferential use
- Terminal operations space – 100% of available space is designated preferential use
- Unenclosed storage areas – 100% of available space is designated preferential use

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For the year ended June 30, 2023, RTAA received \$3,271,971 in payments from leases under regulated lease agreements, of which \$2,029,008 was for fixed payments.

Future noncancelable fixed minimum payments under regulated lease agreements are as follows:

Year Ending June 30,	Amount
2024	\$ 1,775,739
2025	1,752,437
2026	1,735,932
2027	1,512,096
2028	1,335,801
2029-2033	4,568,673
2034-2038	3,305,001
2039-2043	3,280,847
2044-2048	3,271,210
2049-2053	3,238,784
2054-2058	3,238,784
2059-2063	3,071,975
2064-2068	1,237,082
2069-2073	623,621
Total	\$ 33,947,982

Subscriptions

The Authority has entered into subscription-based information technology arrangements (SBITAs) as lessee for the use of software to include accounting systems, cyber security monitoring, airport management, and incident reporting. These non-cancellable agreements have terms longer than one year and up to five years and have been recognized as a subscription right-of-use asset and liability at the present value of future payments with a discount rate based on the Authority's AMT borrowing rate at July 1, 2022, of 3.47%.

The total of RTAA's subscription assets are recorded in capital assets of \$292,623, less accumulated amortization of \$126,085. These subscriptions are summarized as follows:

Beginning Subscription Payable at July 1, 2022	Payable Reduction	Ending Subscription Payable at June 30, 2023	Interest Expense	Amortization Expense
\$ 292,623	\$ 110,565	\$ 182,058	\$ 7,863	\$ 126,085

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Total future minimum payments to be paid under the subscription agreements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 117,088	\$ 3,890	\$ 120,978
2025	49,071	1,437	50,508
2026	15,899	301	16,200
Total	<u>\$ 182,058</u>	<u>\$ 5,628</u>	<u>\$ 187,686</u>

**9. Pension Plan**

A. Purpose and History

RTAA contributes to the Public Employees Retirement System of Nevada (PERS), a cost-sharing, multiple-employer, defined benefit plan governed by the Public Employees Retirement Board. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. NRS Chapter 286 establishes the benefit provisions provided to the participants of PERS. These plan provisions may only be amended through legislation.

PERS was established by the Nevada Legislature in 1947, effective July 1, 1948, to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued pension plan financial reports. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by going to [www.nvpers.org](http://www.nvpers.org), writing to the Public Employees Retirement System of the State of Nevada, 693 Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

B. Benefits

Benefits for plan members are funded under one of two methods: the employer paid contribution plan, or the employer/employee paid contribution plan. All RTAA employees are under the employer paid contribution plan where RTAA is required to contribute all amounts due under the plan. The contribution requirements are established by NRS Chapter 286. The funding mechanism and benefits may only be amended through legislation.

The RTAA’s contribution rates based on employee members covered payroll and amounts contributed (equal to the required contributions) are as follows:

<u>Contribution Rate</u>		
<u>Regular</u>	<u>Police/Fire</u>	<u>Total Contribution</u>
29.75%	44.00%	\$6,759,233

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Benefits, as required by NRS, 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. 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 at 2.5% 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 2.25% multiplier.

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 the authority of NRS 286.575-.579.

C. 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 who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or at 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 age 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. 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.

D. Member Contributions

The authority for establishing and amending the obligation, to make contributions and member contribution rates, is set by NRS. 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. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only.

**RENO-TAHOE AIRPORT AUTHORITY**  
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Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

E. Termination

Upon termination or partial termination of the System, all accrued benefits that are funded become 100% vested and non-forfeitable.

F. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Based on a Schedule of Employer Allocations, Schedule of Pension Amounts by Employer and Related Notes provided by PERS, RTAA reported the net pension liability, total deferred outflow of resources, deferred inflows of resources, and pension expense as of June 30, 2022.

The RTAA's proportional share reflects the actuarial valuation date as of June 30, 2022, per the PERS Actuarial Reports. Due to the difference between the valuation date of the PERS Actuarial Reports and payments made in advance of the RTAA's reporting date, pension contributions are recognized as a deferred outflow of resources.

As of June 30, 2023, RTAA is reporting a liability of \$50,663,709 for its proportionate share of the net pension liability. This represents an increase of \$26,098,537 as compared to \$24,565,172 reported as of June 30, 2022. The RTAA's proportion of the net pension liability reflects the RTAA's contributions to the pension plan relative to the contributions of all participating entities.

At June 30, 2023, the RTAA's proportion share of the net pension liability, based on the RTAA's contributions to the pension plan relative to the contribution of all participating entities, is 0.2806% of the total. This compares to the prior year's proportion share of 0.2694% of the total. For the year ended June 30, 2023, RTAA recognized pension expense increase of \$1,378,426.

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Deferred Outflows and Inflows of Resources:

At June 30, 2023, RTAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,560,113	\$ 36,193
Changes of assumptions	6,508,107	-
Net difference between projected and actual earnings on investments	618,129	-
Difference between employer contributions and employers proportionate share of system contributions	1,306,826	1,122,439
Contributions subsequent to measurement date	3,086,672	-
 Total	 18,079,847	 1,158,632

The deferred outflows of resources of \$3,086,672 relates to RTAA pension contributions made after the measurement date of June 30, 2022, but before the end of the RTAA's reporting period of June 30, 2023, will be recognized as a reduction of the net pension liability in the subsequent fiscal year ending June 30, 2024.

Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year, which was 5.70 years. Investment gains and losses are amortized over a fixed five-year period. Deferred outflows/ (inflows) related to pensions excluding pension contributions made subsequent to the measurement date and the change in proportion and differences between actual contributions and proportionate share contributions will be recognized as follows:

Year Ended	Net Deferred
<u>June 30,</u>	<u>Outflow/(Inflow)</u>
	<u>of Resources</u>
2023	\$ 2,122,207
2024	2,014,103
2025	1,798,260
2026	6,957,926
2027	942,047
Thereafter	-
 Total	 \$ 13,834,543

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Assumptions

The net pension liability reported as of June 30, 2022, was determined using the following assumptions in the PERS Actuarial Reports, applied to all periods included in the measurement:

Inflation rate	2.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10% depending on service Police/Fire: 4.60% to 14.50% depending on service Rates include inflation and productivity increases
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Other Assumptions	Same as those used in the June 30, 2022, funding actuarial valuation.

The following actuarial assumptions determined the mortality rates:

Pre-Retirement:	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2020.
Healthy:	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020.  For ages less than 50, mortality rates are based on the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables.
Disabled:	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP- 2020.

Changes since measurement date: There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

**RENO-TAHOE AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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Assumed Asset Allocation

The PERS Board establishes the target asset allocations for the investment portfolio and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following target asset allocation policy was adopted as of June 30, 2022.

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S Bonds	28%	0.75%
Private Markets	12%	6.65%

\*The PERS' long-term inflation assumption was 2.50%

G. Discount rate

The discount rate used in the PERS Actuarial Reports to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed the employee and employer contributions will be made at the rate specified in statute. Based on those assumptions, the pension plan's fiduciary net position at June 30, 2022 was projected to be available to make all projected future benefit payments for current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the RTAA's net pension liability using the discount rate of 7.25%, as well as what the RTAA net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
RTAA's proportionate share of the net pension liability	77,785,367	50,663,709	28,284,272

**10. Capital Contributions**

Certain expenses for airport capital improvements are significantly funded through the FAA's AIP program, with certain matching funds provided by RTAA either through internal funds or PFCs. Capital improvements may also be funded by an agreement between RTAA and TSA.

Grants and related agreements for the acquisition and construction of land, property and certain types of equipment are reported in the Statements of Revenues, Expenses and Changes in Net Position, after non-operating revenue and expenses, as capital contributions.

The Authority recognized \$4,320,592 from federal sources for the year ended June 30, 2023.

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**NOTES TO FINANCIAL STATEMENTS**  
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**11. Commitments and Contingencies**

RTAA has outstanding commitments for various construction projects. The following is a summary of the more significant of these commitments at June 30, 2023:

Airfield	\$ 1,284,091
Terminal	1,556,348
Landside	11,197,591
Reno-Stead Airport	2,776,569
Other	<u>694,623</u>
Total outstanding commitments	<u>\$ 17,509,222</u>

Financial resources for these projects will come from FAA grants, PFC revenue, CFC revenue, the General Purpose Fund, and Special Fund. In 2000, RTAA entered into a Consent Decree in the case captioned “Nevada Division of Environmental Protection vs. United States of America et al.” The Consent Decree, which relates to certain land located at the Reno-Stead Airport, requires those parties identified to perform environmental investigation, monitoring, and remediation for any contamination found. Other parties to this Consent Decree are the City of Reno, U.S. Department of Defense by and through the U.S. Army Corps of Engineers and various Lear entities. These parties utilize an allocation for costs to address the contamination as follows: U.S. Army Corps of Engineers 51%, City of Reno 12%, Lear entities 18.5% and RTAA 18.5%.

Previously, U.S. Army Corps of Engineers paid \$2.62 million to prefund these costs and the Lear entities paid \$1.57 million as a settlement to end participation. The bank balance of this fund is \$537,340 for the year ended June 30, 2023.

During the 2012 fiscal year, an updated study was completed, which identified additional remediation costs of \$5.48 million that would be required over the next 23 years. Based on the 18.5% share allocated to RTAA, additional expense and a related liability of \$474,912 was recorded and \$475,000 was added to the fund for the RTAA share. The reclamation liability at June 30, 2023, is \$574,493.

RTAA may be a defendant in certain litigation arising out of the normal operation and ownership of the Airports. RTAA management and legal counsel estimate that the potential claims against RTAA will not materially affect the financial statements.

**12. Risk Management**

RTAA is exposed to various risks of loss related to theft of, damage to and destruction of assets, police and public official liability, injuries to employees and customers, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. RTAA also provides employees with health, dental, vision, and prescription benefits. These benefits (except vision and dental which are self-funded) are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

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**13. Other Postemployment Benefits (OPEB)**

The RTAA provides other postemployment benefits for eligible retirees through one plan: State of Nevada’s Public Employees Benefits Program (PEBP) if retired prior to September 1, 2008. This plan provides medical benefits to eligible RTAA retirees and beneficiaries.

Plan Description and Eligibility: For employees who retired prior to September 1, 2008, NRS 287.023 allows retired employees of governmental entities within the State of Nevada to join the state’s PEBP, an agent multiple- employer defined benefit OPEB plan administered by a nine-member governing board. PEBP provides medical, prescription, vision, life, and accident insurance, and dental for retirees. Retirees can choose between a self-funded Preferred Provider Organization (PPO) and a Health Maintenance Organization (HMO) plan. RTAA makes contributions as outlined below under the section titled “Funding Policy” and retirees are responsible for payment of unsubsidized premiums. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan, and no financial reports are issued.

Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. The statutes were revised with an effective date of November 30, 2008, to create new participation limitations so that only active members of PEBP can elect coverage after retirement. As a result, no employees retiring from RTAA on or after September 1, 2008, are eligible to participate in this plan as a retiree at the RTAA’s expense.

Funding Policy: RTAA is required to provide a subsidy to the plan of each retiree that has joined the PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depends on the date of retirement, prior years of PERS service former employees earned while working for RTAA, and number of qualifying employers. The subsidies are determined by years of service and range from a minimum of \$3 to a maximum of \$1,526 per month for the year ended June 30, 2023. Subsidies for retiree premiums are paid directly to the State PEBP when due.

The RTAA’s obligation for subsidies is limited to payment of the statutorily required contribution. The current year contribution to PEBP was \$125,938 for 34 retirees, which equaled the required contribution. As of June 30, 2023, the plan was funded on a “pay as you go” basis and no contribution was made to fund the actuarial determined liability.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs. Applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	(\$0; no OPEB trust has been established)
Discount Rate	3.54% as of June 30, 2022
Participants Valued	Only current PEBP Retirees
Salary Increase	Not applicable; no active employees in plan
General Inflation Rate	2.5% per year

**RENO-TAHOE AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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Mortality	The basic mortality rates used in this valuation are based on the published report of the Nevada Public Employees Retirement System, dated September 2021. <u>Non-disabled life rates for Regular employees:</u> Males and Females: Pub-2010 General Healthy Retiree																
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.																
Participation Rate	All retirees currently covered by PEBP are assumed to retain their existing election until death.																
Healthcare Trend	RTAA's subsidy toward the cost of PEBP retiree coverage is assumed to increase at the following rates: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Effective July 1</th> <th style="text-align: center;">Premium Increase</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2022</td> <td style="text-align: center;">Actual</td> </tr> <tr> <td style="text-align: center;">2023</td> <td style="text-align: center;">5.8%</td> </tr> <tr> <td style="text-align: center;">2024</td> <td style="text-align: center;">5.6%</td> </tr> <tr> <td style="text-align: center;">2025</td> <td style="text-align: center;">5.4%</td> </tr> <tr> <td style="text-align: center;">2026 - 2027</td> <td style="text-align: center;">5.2%</td> </tr> <tr> <td style="text-align: center;">2028 - 2029</td> <td style="text-align: center;">5.1%</td> </tr> <tr> <td style="text-align: center;">2030 - 2038</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table>	Effective July 1	Premium Increase	2022	Actual	2023	5.8%	2024	5.6%	2025	5.4%	2026 - 2027	5.2%	2028 - 2029	5.1%	2030 - 2038	5.0%
Effective July 1	Premium Increase																
2022	Actual																
2023	5.8%																
2024	5.6%																
2025	5.4%																
2026 - 2027	5.2%																
2028 - 2029	5.1%																
2030 - 2038	5.0%																

Changes in the Total OPEB Liability: The total OPEB liability at June 30, 2023, was calculated as follows:

OPEB Liability at June 30, 2022	\$	1,939,121
Changes for the year:		
Interest cost		40,512
Assumption changes		385,092
Benefit payments		(127,166)
OPEB Liability at June 30, 2023	\$	2,237,559

**RENO-TAHOE AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate: The discount rate used for the fiscal year ending June 30, 2022, is 3.54%. Healthcare cost trend rate prior to eligibility for Medicare was assumed to start at 5.8% (increase effective January 1, 2023) and fluctuate down to the ultimate rate of 3.9% by year 2076; medical cost inflation for those covered by Medicare. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Change in Discount Rate	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Increase in Liability	2,498,605	2,237,559	2,017,539
Change in Healthcare Cost Trend Rate	1% Decrease	Current Trend	1% Increase
Increase in Liability	2,027,918	2,237,559	2,480,534

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	125,938	-
Total	125,938	-

The deferred outflow of resources of \$125,938 relates to RTAA’s OPEB contributions made after the measurement date of June 30, 2022, but before the end of the RTAA’s reporting period of June 30, 2023.

**14. Post-Employment Health Plan (PEHP) – Defined Contribution Plan**

Plan Description and Eligibility: RTAA established the Post Employment Health Plan, pursuant to Section 501(C) (9) of the Internal Revenue Code permitting such plans. The plan is administrated by Nationwide Retirement Solutions. The purpose of the plan is to provide for reimbursement of qualified post-employment expenses for medical care, including expenses for medical insurance, incurred by employees covered by RTAA and who have separated from service.

Funding Policy: The plan provides employees, subject to Management Guidelines, Civil Service Plan, or the collective bargaining agreement with the RTAA Police Officers Association, an individual account for post-employment health benefits. The funding of the employees subject to Management Guidelines and Civil Service Plan is as follows:

- A. Each July 1, RTAA shall contribute the amount of accrued sick leave as of the last pay period in June into the employee’s individual PEHP plan account at 100% of the employee’s base rate of pay.

**RENO-TAHOE AIRPORT AUTHORITY  
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All contributions will be made on a pre-tax basis as follows:

Sick Leave Balance	Amount of Sick Leave Contributed to Employee's PEHP Account
100-199 hours	5 hours
200-299 hours	10 hours
300-399 hours	25 hours
400-499 hours	35 hours
500-599 hours	50 hours
600-699 hours	65 hours
700-799 hours	80 hours
800-899 hours	95 hours
900-999 hours	110 hours
1000 or more hours	150 hours

Each July 1 for those employees with accrued vacation leave balances greater than two hundred (200) hours as of the last pay period in June, RTAA shall contribute 20 hours from each employee's accrued vacation account into the employee's individual PEHP plan account at 100% of the employee's base rate of pay on June 30. All contributions will be made on a pre-tax basis.

- B. Each July 1 for those employees that have not used the Floating Holiday as of the last pay period in June, RTAA will convert the Floating Holiday hours at the employee's base rate of pay on June 30 and contribute those funds to the employee's individual PEHP plan account. All contributions will be made on a pre-tax basis.

For the year ended June 30, 2023, \$170,804 was contributed to the PEHP plan.

The plan for employees covered by the collective bargaining agreement with the RTAA Police Officers Association is funded under the following provisions:

- A. Upon the plan's inception, RTAA contributed a one-time lump sum payment in the amount of \$900 into the plan for each officer.
- B. Each pay period, \$31 of each member's salary will be put into their plan account.
- C. Once a member has accumulated one hundred twenty (120) hours of compensatory time, RTAA shall contribute 100% of that member's compensatory time in excess of one hundred twenty (120) hours into their plan account at 100% of their base pay.
- D. On the first pay period each December, RTAA shall contribute forty (40) hours of each member's accrued vacation time into their plan account at 100% of their base pay, provided such contribution does not reduce the member's vacation accrual balance to less than 200 hours.

For the year ended June 30, 2023, \$24,371 was contributed to the RTAA Police Officers Association plan.

**RENO-TAHOE AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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The plan for employees covered by the collective bargaining agreement with the RTAA Reno Airport Fire Fighters Association is funded under the following provisions:

- A. Effective July 1, 2022 – June 30, 2025, the employer will contribute \$92.31 each pay period (26 pay periods per year) into each employee’s individual plan account.
- B. An amount equal to \$60.00 of each employee’s salary per pay period (26 pay periods per year) shall be contributed into his/her plan account.
- C. If an employee has greater than 116 hours of compensatory time as of the last pay period of any fiscal year (prior to any roll-over of hours), the employer shall contribute 20 hours of that employee’s compensatory time into their plan account at 100% of their base pay.
- D. If an employee has greater than 200 hours of vacation accrual as of the last pay period of any fiscal year, the employer shall contribute 20 hours of that employee’s vacation accrual into their plan account at 100% of their base pay.
- E. If an employee has not used his/her floating holiday as of the last pay period of any fiscal year, the employer shall contribute that employee’s floating holiday (12 hours) into their plan account at 100% of their base pay.
- F. If an employee with the indicated years of service has greater than 600 hours of sick accrual as of the last pay period of any fiscal year, the employer shall contribute 20 hours of that employee’s sick accrual into their plan account at the indicated percentage of their base pay:

Years of Service	% of Base Pay
5 but less than 10	12.5%
10 but less than 20	25%
20 or more	50%

For the year ended June 30, 2023, \$76,351 was contributed to the Reno Airport Fire Fighters Association plan.

**15. Subsequent Events**

Management of the Authority has evaluated events and transactions occurring after June 30, 2023, through the date the financial statements were available for issuance for recognition and/or disclosure in the financial statements.

Effective July 1, 2023, a ten year Airport-Airline Use and Lease Agreement was approved by the board.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**RENO-TAHOE AIRPORT AUTHORITY**  
**SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service Cost	-	-	-	-	-	-
Interest Cost	\$ 40,512	\$ 42,867	\$ 55,995	\$ 61,637	\$ 59,099	\$ 53,980
Changes of Benefit Terms (a)	-	-	-	-	(22,397)	-
Differences between expected and actual experience	-	-	38,657	-	(42,484)	-
Assumption Changes	385,092	12,293	363,229	71,227	18,135	(129,137)
Benefit Payments	<u>(127,166)</u>	<u>(111,412)</u>	<u>(115,638)</u>	<u>(128,486)</u>	<u>(120,364)</u>	<u>(124,223)</u>
<b>Net change in total OPEB liability</b>	298,438	(56,252)	342,243	4,378	(108,011)	(199,380)
Total OPEB Liability - beginning	<u>1,939,121</u>	<u>1,995,373</u>	<u>1,653,130</u>	<u>1,648,752</u>	<u>1,756,763</u>	<u>1,956,143</u>
Total OPEB Liability - ending	<u>\$ 2,237,559</u>	<u>\$ 1,939,121</u>	<u>\$ 1,995,373</u>	<u>\$ 1,653,130</u>	<u>\$ 1,648,752</u>	<u>\$ 1,756,763</u>
RTAA's Covered Payroll (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(a) Subsequent to fiscal year end 2019 the RTAA Group Health Plan no longer had retirees.

(b) The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

(c) There are no assets accumulated in a trust to pay related benefits

This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the RTAA is presenting information for those years for which information is available.

**RENO-TAHOE AIRPORT AUTHORITY**  
**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**

	<u>2023<sup>(b)</sup></u>	<u>2022<sup>(b)</sup></u>	<u>2021<sup>(b)</sup></u>	<u>2020<sup>(b)</sup></u>	<u>2019<sup>(b)</sup></u>	<u>2018<sup>(b)</sup></u>	<u>2017<sup>(b)</sup></u>	<u>2016<sup>(b)</sup></u>	<u>2015<sup>(b)</sup></u>
RTAA's proportion of the net pension liability	0.2806%	0.2694%	0.2770%	0.2795%	0.2774%	0.2867%	0.2810%	0.2846%	0.2800%
RTAA's proportionate share of the net pension liability	\$50,663,709	\$24,565,172	\$38,581,748	\$38,109,676	\$37,835,366	\$38,129,158	\$37,811,756	\$32,609,501	\$29,388,235
RTAA's covered payroll	\$20,681,498	\$17,749,645	\$18,298,781	\$17,709,373	\$17,204,432	\$17,041,362	\$15,831,440	\$15,511,214	\$15,137,166
RTAA's proportion of the net pension liability as a percentage of its covered payroll	244.97%	138.40%	210.84%	215.19%	219.92%	223.74%	238.84%	210.23%	194.15%
Plan fiduciary net position as a percentage of the total pension liability	75.1%	86.50%	77.04%	76.46%	75.2%	74.4%	72.2%	75.1%	76.3%

(a) This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the Authority is presenting information for those years for which information is available.

(b) Actuarial Studies used to calculate total and RTAA net pension liability are completed as of June 30th in the previous fiscal year. Covered payroll also reflects the previous year to match the liability.

**RENO-TAHOE AIRPORT AUTHORITY  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	6,759,233	6,193,630	5,675,385	5,771,419	5,383,749	5,149,826	5,146,592	4,742,955	4,392,386
Contributions in relation to the statutorily required contribution	<u>6,759,233</u>	<u>6,193,630</u>	<u>5,675,385</u>	<u>5,771,419</u>	<u>5,383,749</u>	<u>5,149,826</u>	<u>5,146,592</u>	<u>4,742,955</u>	<u>4,392,386</u>
Annual contribution deficiency (excess)	<u>-</u>								
Percent funded	100%	100%	100%	100%	100%	100%	100%	100%	100%
Authority's covered payroll	20,775,007	20,681,498	17,749,645	18,298,781	17,709,373	17,204,432	17,041,362	15,831,440	15,511,214
Contributions as a percentage of covered payroll	32.54%	29.95%	31.97%	31.54%	30.40%	29.93%	30.20%	29.96%	28.32%

This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the RTAA is presenting information for those years for which information is available.

Note: Amounts reported above for statutorily required contributions include employer and employee contributions made to the Plan. RTAA contributes the employees' share on their behalf.

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**RENO-TAHOE AIRPORT AUTHORITY**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**COMPARISON OF BUDGET TO ACTUAL**  
**JUNE 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variance To Final Budget
Operating revenues:				
Landing fees	\$ 13,283,318	\$ 13,283,318	\$ 12,690,754	\$ (592,564)
Concession revenue	17,161,806	17,161,806	15,346,165	(1,815,641)
Parking and ground transportation	17,150,500	17,150,500	18,237,964	1,087,464
Rentals	17,519,227	17,519,227	15,072,521	(2,446,706)
Reimbursements for services	2,972,759	2,972,759	3,384,893	412,134
Other revenue	108,700	108,700	108,925	225
Total Operating Revenues	<u>68,196,310</u>	<u>68,196,310</u>	<u>64,841,222</u>	<u>(3,355,088)</u>
Operating expenses:				
Employee wages and benefits	38,057,907	37,567,907	39,092,497	(1,524,590)
Utilities and communications	3,133,050	4,051,370	3,962,745	88,625
Purchase of services	9,765,000	9,900,329	8,016,801	1,883,528
Materials and supplies	2,984,990	3,111,499	3,234,016	(122,517)
Administrative expenses	3,991,021	3,812,020	3,369,064	442,956
Total Operating Expenses before Depreciation and Amortization	<u>57,931,968</u>	<u>58,443,125</u>	<u>57,675,123</u>	<u>768,002</u>
Depreciation and amortization	30,000,000	30,000,000	24,461,762	5,538,238
Total Operating Expenses	<u>87,931,968</u>	<u>88,443,125</u>	<u>82,136,885</u>	<u>6,306,240</u>
Operating Income (Loss)	<u>(19,735,658)</u>	<u>(20,246,815)</u>	<u>(17,295,663)</u>	<u>2,951,152</u>
Non-operating revenues (expenses):				
Interest income and gain on investments	1,028,800	1,028,800	2,520,567	1,491,767
Passenger facility charge revenue	8,729,300	8,729,300	8,372,017	(357,283)
Customer facility charge revenue	10,588,500	10,588,500	7,863,374	(2,725,126)
Jet fuel tax revenue	256,700	256,700	300,994	44,294
Gain on sale of capital assets	-	-	10,871	10,871
Debt issuance costs	-	-	(135,000)	(135,000)
Federal grant revenue	13,650,300	13,650,300	15,156,938	1,506,638
Interest expense	-	-	(176,538)	(176,538)
Total Non-Operating Revenues (Expenses)	<u>34,253,600</u>	<u>34,253,600</u>	<u>33,913,223</u>	<u>(340,377)</u>
Income (Loss) Before Capital Contributions	<u>\$ 14,517,942</u>	<u>\$ 14,006,785</u>	<u>\$ 16,617,560</u>	<u>\$ 2,610,775</u>

# **STATISTICAL SECTION**

## STATISTICAL SECTION EXPLANATIONS

This part of the RTAA's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

#### Revenue Capacity

These schedules contain information to assist the reader in understanding and assessing the factors affecting the Authority's ability to generate revenues.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

#### Operation Information

These schedules contain service data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**RENO-TAHOE AIRPORT AUTHORITY**  
**NET POSITION AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2014 - 2023**  
**(unaudited)**

	2014	2015	2016	2017	2018
Operating revenues					
Landing fees	\$7,440,496	\$7,916,995	\$8,071,097	\$8,285,922	\$9,397,172
Concession revenue	10,301,098	10,344,733	10,861,366	11,798,086	12,802,725
Parking and ground transportation	8,983,926	9,515,946	10,519,785	11,316,885	12,009,701
Rentals	13,282,322	13,456,901	13,599,106	13,688,849	13,838,446
Reimbursements for services	2,632,002	2,647,105	2,419,689	2,531,223	2,416,793
Other revenue	34,596	106,844	42,873	168,024	190,432
Total operating revenues	<u>42,674,440</u>	<u>43,988,524</u>	<u>45,513,916</u>	<u>47,788,989</u>	<u>50,655,269</u>
Nonoperating revenues					
Interest income	195,296	289,755	716,702	577,434	835,868
Gain (Loss) on value of investments	93,985	(3,274)	(21,981)	(271,937)	(374,498)
Passenger facility charge revenue	6,601,269	6,332,093	6,740,165	7,480,732	7,587,771
Customer facility charge revenue	1,263,517	1,252,480	1,385,061	1,481,004	1,692,038
Jet fuel tax income	264,586	246,059	268,287	298,124	310,500
Gain on sale of capital assets	5,631	29,533	105,471	13,298	169,208
Misc. Revenue	-	-	-	-	-
Total nonoperating revenues	<u>8,424,284</u>	<u>8,146,646</u>	<u>9,193,705</u>	<u>9,578,655</u>	<u>10,220,887</u>
Total revenues	<u>51,098,724</u>	<u>52,135,170</u>	<u>54,707,621</u>	<u>57,367,644</u>	<u>60,876,156</u>
Operating expense					
Employee wages and benefits	24,301,598	24,638,525	25,007,616	26,672,375	31,878,959
Utilities and communications	2,774,328	2,757,835	2,540,504	2,337,577	2,709,495
Purchase of services	4,770,478	4,763,544	4,803,679	4,595,802	4,866,467
Materials and supplies	1,749,084	1,582,278	1,821,369	1,753,352	2,050,694
Administrative expenses	2,563,199	2,113,887	2,443,771	2,579,040	2,224,655
	<u>36,158,687</u>	<u>35,856,069</u>	<u>36,616,939</u>	<u>37,938,146</u>	<u>43,730,270</u>
Depreciation and amortization	<u>35,816,772</u>	<u>34,958,476</u>	<u>34,613,731</u>	<u>34,462,715</u>	<u>31,094,092</u>
Total operating expenses	<u>71,975,459</u>	<u>70,814,545</u>	<u>71,230,670</u>	<u>72,400,861</u>	<u>74,824,362</u>
Nonoperating expenses					
Non-operating expense	-	-	140,952	7,814	-
Interest expense	1,545,697	1,376,012	1,284,053	616,855	487,308
Total nonoperating expenses	<u>1,545,697</u>	<u>1,376,012</u>	<u>1,425,005</u>	<u>624,669</u>	<u>487,308</u>
Total expenses	<u>73,521,156</u>	<u>72,190,557</u>	<u>72,655,675</u>	<u>73,025,530</u>	<u>75,311,670</u>
Capital contributions	12,210,737	4,867,414	10,010,497	2,517,123	9,200,524
Change in Net Position	<u>(\$10,211,695)</u>	<u>(\$15,187,973)</u>	<u>(\$7,937,557)</u>	<u>(\$13,140,763)</u>	<u>(\$5,234,990)</u>
Net Position at Year-End					
Net Investment in capital assets	\$395,050,506	\$382,231,061	\$367,749,013	\$345,904,676	\$334,863,315
Restricted	22,897,188	22,459,489	20,371,555	23,692,496	26,448,099
Unrestricted	37,432,202	2,670,101	11,302,526	16,685,159	18,238,659
Total Net Position	<u>\$455,379,896</u>	<u>\$407,360,651</u>	<u>\$399,423,094</u>	<u>\$386,282,331</u>	<u>\$379,550,073</u>

Continued

**RENO-TAHOE AIRPORT AUTHORITY**  
**NET POSITION AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2014 - 2023**  
**(unaudited)**

	2019	2020	2021	2022	2023
Operating revenues					
Landing fees	\$9,719,482	\$10,077,732	\$8,948,847	\$10,584,517	\$12,690,754
Concession revenue	13,086,886	11,301,837	9,628,195	15,257,011	15,346,165
Parking and ground transportation	12,817,675	10,012,455	7,361,177	14,004,587	18,237,964
Rentals	14,078,153	16,534,688	15,715,644	15,073,833	15,072,521
Reimbursements for services	2,671,073	2,397,717	1,823,280	3,000,059	3,384,893
Other revenue	176,468	345,296	185,773	145,174	108,925
Total operating revenues	<u>52,549,737</u>	<u>50,669,725</u>	<u>43,662,916</u>	<u>58,065,181</u>	<u>64,841,222</u>
Nonoperating revenues					
Interest income	1,301,531	1,588,183	886,650	1,246,627	2,449,932
Gain (Loss) on value of investments	867,298	736,237	(935,537)	(2,737,875)	70,635
Passenger facility charge revenue	8,443,673	7,607,924	4,514,399	8,502,997	8,372,017
Customer facility charge revenue	4,613,478	4,891,406	4,954,128	6,350,891	7,863,374
Jet fuel tax income	306,035	263,135	203,765	294,018	300,994
Gain on sale of capital assets	25,070	28,196	41,838	15,080	10,871
Misc Revenue	-	617,197	7,059,146	14,483,077	15,156,938
Total nonoperating revenues	<u>15,557,085</u>	<u>15,732,278</u>	<u>16,724,389</u>	<u>28,154,815</u>	<u>34,224,761</u>
Total revenues	<u>68,106,822</u>	<u>66,402,003</u>	<u>60,387,305</u>	<u>86,219,996</u>	<u>99,065,983</u>
Operating expense					
Employee wages and benefits	29,334,325	32,120,112	30,923,994	30,348,607	39,092,497
Utilities and communications	2,772,620	2,881,068	2,454,099	3,156,581	3,962,745
Purchase of services	5,521,530	5,418,705	4,887,352	7,405,170	8,016,801
Materials and supplies	2,045,295	2,340,685	2,259,926	2,575,145	3,234,016
Administrative expenses	2,646,733	2,431,355	2,086,926	2,854,518	3,369,064
	<u>42,320,503</u>	<u>45,191,925</u>	<u>42,612,297</u>	<u>46,340,021</u>	<u>57,675,123</u>
Depreciation and amortization	27,801,203	27,608,618	26,827,690	25,079,112	24,461,762
Total operating expenses	<u>70,121,706</u>	<u>72,800,543</u>	<u>69,439,987</u>	<u>71,419,133</u>	<u>82,136,885</u>
Nonoperating expenses					
Non-operating expense	-	-	-	-	135,000
Interest expense	438,892	389,125	337,975	399,857	176,538
Total nonoperating expenses	<u>438,892</u>	<u>389,125</u>	<u>337,975</u>	<u>399,857</u>	<u>311,538</u>
Total expenses	<u>70,560,598</u>	<u>73,189,668</u>	<u>69,777,962</u>	<u>71,818,990</u>	<u>82,448,423</u>
Capital contributions	14,057,725	16,868,554	25,193,485	27,686,032	4,320,592
Change in Net Position	<u>\$11,603,949</u>	<u>\$10,080,889</u>	<u>\$15,802,828</u>	<u>\$42,087,038</u>	<u>\$20,938,152</u>
Net Position at Year-End					
Net Investment in capital assets	\$336,079,326	\$348,801,466	\$361,855,033	\$388,632,933	\$398,934,454
Restricted	32,997,130	28,598,653	25,980,476	28,495,282	36,521,156
Unrestricted	22,077,566	23,834,792	29,202,230	41,996,562	44,607,319
Total Net Position	<u>\$391,154,022</u>	<u>\$401,234,911</u>	<u>\$417,037,739</u>	<u>\$459,124,777</u>	<u>\$480,062,929</u>

**RENO-TAHOE AIRPORT AUTHORITY  
SUMMARY OF OPERATING RESULTS  
FOR THE YEARS ENDED JUNE 30, 2014 - 2023  
(unaudited)**

	2014	2015	2016	2017	2018
Operating Revenues	\$42,674,440	\$43,988,524	\$45,513,916	\$47,788,989	\$50,655,269
Operating Expenses	(36,158,687)	(35,856,069)	(36,616,939)	(37,938,146)	(43,730,270)
Operating Income before Depreciation and Amortization	6,515,753	8,132,455	8,896,977	9,850,843	6,924,999
Depreciation and Amortization	(35,816,772)	(34,958,476)	(34,613,731)	(34,462,715)	(31,094,092)
Operating Income (Loss)	(29,301,019)	(26,826,021)	(25,716,754)	(24,611,872)	(24,169,093)
Nonoperating Revenues and (Expenses):					
Interest Income	195,296	289,755	716,702	577,434	835,868
Gain (Loss) on value of Investments	93,985	(3,274)	(21,981)	(271,937)	(374,498)
PFC Revenue	6,601,269	6,332,093	6,740,165	7,480,732	7,587,771
CFC Revenue	1,263,517	1,252,480	1,385,061	1,481,004	1,692,038
Jet Fuel Tax Revenue	264,586	246,059	268,287	298,124	310,500
Interest Expense	(1,545,697)	(1,376,012)	(1,284,053)	(616,855)	(487,308)
Gain (Loss) on Sale of Capital Asset:	5,631	29,533	105,471	13,298	169,208
Non-operating expenses	-	-	(140,952)	(7,814)	-
	6,878,587	6,770,634	7,768,700	8,953,986	9,733,579
Income (Loss) Before Capital Contributions	(\$22,422,432)	(\$20,055,387)	(\$17,948,054)	(\$15,657,886)	(\$14,435,514)

Continued

Note: Years prior to 2015 have not been adjusted for GASB 68 to 75

**RENO-TAHOE AIRPORT AUTHORITY**  
**SUMMARY OF OPERATING RESULTS**  
**FOR THE YEARS ENDED JUNE 30, 2014 - 2023**  
**(unaudited)**

	2019	2020	2021	2022	2023
Operating Revenues	\$52,549,737	\$50,669,725	\$43,662,916	\$58,065,181	\$64,841,222
Operating Expenses	(42,320,503)	(45,191,925)	(42,612,297)	(46,340,021)	(57,675,123)
Operating Income before Depreciation and Amortization	10,229,234	5,477,800	1,050,619	11,725,160	7,166,099
Depreciation and Amortization	(27,801,203)	(27,608,618)	(26,827,690)	(25,079,112)	(24,461,762)
Operating Income (Loss)	(17,571,969)	(22,130,818)	(25,777,071)	(13,353,952)	(17,295,663)
Nonoperating Revenues and (Expenses):					
Interest Income	1,301,531	1,588,183	886,650	1,246,627	2,449,932
Gain (Loss) on value of Investments	867,298	736,237	(935,537)	(2,737,875)	70,635
PFC Revenue	8,443,673	7,607,924	4,514,399	8,502,997	8,372,017
CFC Revenue	4,613,478	4,891,406	4,954,128	6,350,891	7,863,374
Jet Fuel Tax Revenue	306,035	263,135	203,765	294,018	300,994
Interest Expense	(438,892)	(389,125)	(337,975)	(399,857)	(176,538)
Gain (Loss) on Sale of Capital Assets	25,070	28,196	41,838	15,080	10,871
Non-operating expenses	-	617,197	7,059,146	14,483,077	15,021,938
	15,118,193	15,343,153	16,386,414	27,754,958	33,913,223
Income (Loss) Before Capital Contributions	(\$2,453,776)	(\$6,787,665)	(\$9,390,657)	\$14,401,006	\$16,617,560

Note: Years prior to 2015 have not been adjusted for GASB 68 to 75

**RENO-TAHOE AIRPORT AUTHORITY  
PRINCIPAL REVENUE PAYERS  
FOR THE YEARS ENDED JUNE 30, 2014-2023  
(unaudited)**

	2014	2015	2016	2017	2018
<u>Airlines - Landing Fees Only</u>					
Alaska/Horizon	\$ 341,556	\$ 580,120	\$ 623,357	\$ 642,969	\$ 638,296
American Airlines	592,839	715,170	1,308,569	1,125,206	1,253,063
Delta	406,794	455,739	426,813	433,298	507,079
Fed Ex	782,244	888,324	968,838	932,842	716,310
Jet Blue	-	11,198	13,515	238,725	281,464
Southwest	2,751,016	2,642,052	2,576,418	2,699,800	3,188,270
United	657,735	720,757	724,254	701,646	919,786
UPS	451,188	518,289	660,717	654,977	707,324
US Airways	542,374	608,778	-	-	-
Total:	<u>\$ 6,525,746</u>	<u>\$ 7,140,427</u>	<u>\$ 7,302,481</u>	<u>\$ 7,429,463</u>	<u>\$ 8,211,592</u>
<u>Rental Cars - Concession Leases Only</u>					
Avis/Budget	\$ 1,493,707	\$ 1,482,869	\$ 1,620,958	\$ 1,777,825	\$ 1,993,895
Alamo/ National	1,026,907	1,269,575	1,411,955	1,554,676	1,720,779
Dollar/Thrifty	840,070	805,775	757,453	750,745	920,885
Enterprise	879,344	806,729	978,067	1,183,386	1,360,048
Payless	20,833	320,499	314,189	317,940	286,503
Hertz	1,421,777	1,375,025	1,506,355	1,606,381	1,781,205
Total:	<u>\$ 5,682,638</u>	<u>\$ 6,060,472</u>	<u>\$ 6,588,977</u>	<u>\$ 7,190,953</u>	<u>\$ 8,063,315</u>
<u>Other Concession Leases</u>					
IGT	\$ 1,322,752	\$ 1,266,307	\$ 1,071,402	\$ 974,166	\$ 1,102,412
Paradies Gift Shops	901,000	901,000	944,071	1,016,968	1,014,199
SSP America, Inc.	929,240	887,963	992,984	1,221,761	1,484,628
Vino Volo	-	-	-	-	-
MAG Lounge	-	-	-	-	501,415
Clear Channel	-	640,403	564,210	663,436	699,857
Lamar Advertising	-	-	-	-	-
Forever Heather	65,531	43,819	34,855	29,462	35,958
Total:	<u>\$ 3,218,523</u>	<u>\$ 3,739,492</u>	<u>\$ 3,607,522</u>	<u>\$ 3,905,792</u>	<u>\$ 4,838,469</u>
Parking and Ground Transportation	<u>\$ 8,983,926</u>	<u>\$ 9,515,946</u>	<u>\$ 10,519,785</u>	<u>\$ 11,316,885</u>	<u>\$ 12,009,701</u>
Total:	<u>\$ 24,410,833</u>	<u>\$ 26,456,337</u>	<u>\$ 28,018,765</u>	<u>\$ 29,843,093</u>	<u>\$ 33,123,077</u>

Continued

Note: Each year the RTAA reports the largest tenant revenue payors.

**RENO-TAHOE AIRPORT AUTHORITY**  
**PRINCIPAL REVENUE PAYERS**  
**FOR THE YEARS ENDED JUNE 30, 2014-2023**  
**(unaudited)**

	2019	2020	2021	2022	2023
<u>Airlines - Landing Fees Only</u>					
Alaska/Horizon	\$ 745,193	\$ 711,620	\$ 553,909	\$ 691,885	\$ 618,289
American Airlines	1,313,727	1,331,551	1,079,312	1,275,569	1,207,659
Delta	566,983	534,997	779,290	775,125	769,445
Fed Ex	878,731	882,829	918,027	931,954	1,046,353
Jet Blue	281,296	226,627	107,869	259,437	229,056
Southwest	3,305,577	2,854,752	2,023,722	2,847,213	3,810,742
United	1,111,373	1,026,505	779,167	1,022,320	1,282,803
UPS	903,450	1,023,053	1,012,983	958,933	1,022,230
US Airways	-	-	-	-	-
Total:	<u>\$ 9,106,330</u>	<u>\$ 8,591,934</u>	<u>\$ 7,254,279</u>	<u>\$ 8,762,436</u>	<u>\$ 9,986,577</u>
<u>Rental Cars - Concession Leases Only</u>					
Avis/Budget	\$ 2,061,629	\$ 1,951,327	\$ 1,594,094	\$ 3,220,871	\$ 2,838,199
Alamo/ National	1,840,898	1,826,983	1,394,229	1,968,634	1,945,589
Dollar/Thrifty	1,038,332	1,055,493	725,000	1,038,391	1,302,860
Enterprise	1,448,153	1,430,990	1,427,003	1,951,129	1,777,642
Payless	340,580	301,284	250,000	250,000	250,000
Hertz	1,859,856	1,817,455	1,364,100	1,726,818	2,101,143
Total:	<u>\$ 8,589,448</u>	<u>\$ 8,383,532</u>	<u>\$ 6,754,426</u>	<u>\$ 10,155,843</u>	<u>\$ 10,215,433</u>
<u>Other Concession Leases</u>					
IGT	\$ 1,149,390	\$ 851,669	\$ 666,127	\$ 1,256,202	\$ 1,442,617
Paradies Gift Shops	1,138,086	1,091,785	553,978	859,653	1,142,291
SSP America, Inc.	1,527,992	1,161,992	558,358	1,065,958	1,431,897
Vino Volo	105,361	152,716	204,730	291,232	279,097
MAG Lounge	1,134,388	1,048,880	154,754	207,256	212,640
Clear Channel	768,828	828,974	647,686	458,599	-
Lamar Advertising	-	-	-	251,931	752,039
Forever Heather	-	-	-	-	-
Total:	<u>\$ 5,824,045</u>	<u>\$ 5,136,016</u>	<u>\$ 2,785,633</u>	<u>\$ 4,390,831</u>	<u>\$ 5,260,581</u>
Parking and Ground Transportation	<u>\$ 12,817,675</u>	<u>\$ 10,012,455</u>	<u>\$ 7,361,177</u>	<u>\$ 14,004,586</u>	<u>\$ 18,237,964</u>
Total:	<u>\$ 36,337,498</u>	<u>\$ 32,123,937</u>	<u>\$ 24,155,515</u>	<u>\$ 37,313,696</u>	<u>\$ 43,700,555</u>

**RENO-TAHOE AIRPORT AUTHORITY  
 PRINCIPAL OPERATING REVENUE SOURCES  
 FOR THE YEARS ENDED JUNE 30, 2014-2023  
 (unaudited)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Landing fees	\$ 7,440,496	\$ 7,916,995	\$ 8,071,097	\$ 8,285,922	\$ 9,397,172
Concession revenue	10,301,098	10,344,733	10,861,366	11,798,086	12,802,725
Parking and ground transportation	8,983,926	9,515,946	10,519,785	11,316,885	12,009,701
Rentals	13,282,322	13,456,901	13,599,106	13,688,849	13,838,446
Reimbursement for Services	2,632,003	2,647,105	2,419,689	2,531,223	2,416,793
<b>Toal Operating Revenue</b>	<b>42,639,845</b>	<b>43,881,680</b>	<b>45,471,043</b>	<b>47,620,965</b>	<b>50,464,837</b>
Interest Income	289,281	286,481	694,721	305,497	461,370
<b>Total</b>	<b>\$ 42,929,126</b>	<b>\$ 44,168,161</b>	<b>\$ 46,165,764</b>	<b>\$ 47,926,462</b>	<b>\$ 50,926,207</b>

Continued

Note: Top revenue sources per the Statements of Revenues, Expenses and changes in net Position for the current year including interest income and excluding other revenue.

**RENO-TAHOE AIRPORT AUTHORITY  
PRINCIPAL OPERATING REVENUE SOURCES  
FOR THE YEARS ENDED JUNE 30, 2014-2023  
(unaudited)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Landing fees	\$ 9,719,482	\$ 10,077,732	\$ 8,948,847	\$ 10,584,517	\$ 12,690,754
Concession revenue	13,086,886	11,301,837	9,628,195	15,257,011	15,346,165
Parking and ground transportation	12,817,675	10,012,455	7,361,177	14,004,587	18,237,964
Rentals	14,078,153	16,534,688	15,715,644	15,073,833	15,072,521
Reimbursement for Services	2,671,073	2,397,717	1,823,280	3,000,059	3,384,893
<b>Toal Operating Revenue</b>	<b>52,373,269</b>	<b>50,324,429</b>	<b>43,477,143</b>	<b>57,920,007</b>	<b>64,732,297</b>
Interest Income	2,168,829	2,324,420	\$ (48,887)	\$ (1,491,248)	\$ 1,881,517
<b>Total</b>	<b>\$ 54,542,098</b>	<b>\$ 52,648,849</b>	<b>\$ 43,428,256</b>	<b>\$ 56,428,759</b>	<b>\$ 66,613,814</b>

Note: Top revenue sources per the Statements of Revenues, Expenses and changes in net Position for the current year including interest income and excluding other revenue.

**RENO-TAHOE AIRPORT AUTHORITY  
REVENUE RATES AND COST PER ENPLANEMENTS  
FOR THE YEARS ENDED JUNE 30, 2014-2023  
(unaudited)**

Year	Landing Fee (a)		RON (Ramp Over Night) (a)		Signatory Terminal Rental Rate Average	Signatory Cost per Enplanement
	Signatory	Non-Signatory	Signatory	Non-Signatory		
2023	3.79	3.50	86.00	86.00	65.55	6.33
2022	3.04	3.23	73.00	73.00	40.66	6.21
2021	3.23	3.23	85.00	85.00	45.74	9.17
2020	3.23	3.23	78.00	78.00	55.31	8.46
2019	2.84	3.14	77.00	77.00	38.49	5.57
2018	2.95	2.99	77.00	77.00	35.14	5.63
2017	2.62	2.79	73.00	73.00	40.48	5.85
2016	2.78	2.94	70.00	70.00	46.72	6.56
2015	2.97	3.06	60.00	60.00	49.43	7.21
2014	2.80	2.78	55.00 (b)	55.00 (b)	53.24	7.31

(a) Assessed per thousand pounds of FAA maximum certificated landed weight

(b) For fiscal year 2014, the Ramp Over Night fee changed to a flat fee amount per occurrence.

Non-Signatory and Ramp Over Night Fees are charged at the budgeted amount.

Notes: The RTAA and certain airlines negotiated an Airline Use and Lease Agreement effective July 1, 2010 through June 30, 2015; the RTAA and the airlines then executed a five-year airline agreement effective through June 30, 2020, followed by an extension through June 30, 2023.

**RENO-TAHOE AIRPORT AUTHORITY**  
**SCHEDULE OF DEBT AND OBLIGATION COVERAGES**  
**FOR THE YEARS ENDED JUNE 30, 2014-2023**  
**(unaudited)**

YEAR	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross Pledged Revenues <sup>(1)</sup>	\$ 75,537,028	\$ 63,233,922	\$ 44,522,461	\$ 52,909,801	\$ 54,064,139	\$ 53,645,091	\$ 50,148,794	\$ 47,661,886	\$ 45,766,095	\$ 44,371,827
Transfers- CFC Expenses	221,491	713,649	447,935	417,741	642,557	-	-	-	-	-
G/L on Sale of Assets	(10,871)	(15,080)	(41,838)	(28,196)	(25,070)	(169,208)	(13,298)	(105,471)	(29,533)	(5,631)
Airline Revenue Sharing	7,347,445	5,202,856	2,797,784	2,452,933	4,214,022	4,352,412	3,176,955	2,347,074	1,494,648	1,213,722
35% Gaming Revenue	(377,953)	(439,671)	(221,413)	(286,561)	(390,756)	(374,379)	(341,751)	(374,991)	(443,208)	(462,963)
Direct Operating Expense <sup>(2)</sup>	(57,675,123)	(46,340,021)	(42,205,572)	(44,037,667)	(42,552,009)	(40,306,317)	(38,112,913)	(37,603,816)	(35,856,069)	(36,158,687)
Net Pledged Revenue (Available for Debt and Obligation Payments)	\$ 25,042,017	\$ 22,355,655	\$ 5,299,357	\$ 11,428,051	\$ 15,952,883	\$ 17,147,599	\$ 14,857,787	\$ 11,924,682	\$ 10,931,933	\$ 8,958,268
Debt Service (Senior Lien Debt Service)	168,676	2,250,450	2,247,975	2,249,125	2,248,900	2,247,300	2,249,463	2,310,285	2,521,300	2,516,500
Debt Service Coverage Ratio - Senior Lien Debt Service	148.46	9.93	2.36	5.08	7.09	7.63	6.61	5.16	4.34	3.56
Net Pledged Revenue (Available for Subordinate Notes)	\$ 24,873,341	\$ 20,105,205	\$ 3,051,382	\$ 9,178,926	\$ 13,703,983	\$ 14,900,299	\$ 12,608,324	\$ 9,614,397	\$ 8,410,633	\$ 6,441,768
Pledged PFC Revenue	-	-	-	-	-	-	1,812,790	1,813,919	1,808,804	2,079,176
Pledged Revenue (Available for Subordinate Notes)	24,873,341	20,105,205	3,051,382	9,178,926	13,703,983	14,900,299	14,421,114	11,428,316	10,219,437	8,520,944
Debt Service (Subordinate Lien Debt Service)	-	-	-	-	-	-	3,139,393	3,140,055	3,134,943	4,150,028
Debt Service - Coverage Ratio - Subordinate Lien Debt Service	-	-	-	-	-	-	4.59	3.64	3.26	2.05

1) Gross Revenue includes operating revenue, investment income, CFC revenues, jet fuel tax, insurance reimbursements and gain (loss) on sale of capital assets

2) Direct operating expense excludes depreciation and reclamation expense.

**RENO-TAHOE AIRPORT AUTHORITY**  
**RATE MAINTENANCE COVENANT PERFORMANCE**  
**FOR THE YEARS ENDED JUNE 30, 2014 - 2023**  
**(unaudited)**

	2014	2015	2016	2017	2018
Operating Revenues	\$44,208,178	\$45,512,494	\$47,294,719	\$49,616,816	\$52,809,309
Trust Fund Investment					
Interest Income	163,649	253,601	367,167	531,978	835,781
Gross Pledged Revenues	44,371,827	45,766,095	47,661,886	50,148,794	53,645,090
Transfers- Customer Facility					
Charges for Operating Expenses	-	-	-	-	-
Operating Expenses	(36,158,687)	(35,856,069)	(37,603,816)	(38,112,913)	(40,306,317)
G/L on Sale of Capital Assets	(5,631)	(29,533)	(105,471)	(13,298)	(169,208)
Airline Revenue Share Prior Year	1,587,800	1,213,722	1,494,648	2,347,074	3,176,955
35% of Gaming Revenues	(462,963)	(443,208)	(374,991)	(341,751)	(374,379)
Net Pledged Revenues - Senior					
Lien Bonds	\$9,332,346	\$10,651,007	\$11,072,256	\$14,027,906	\$15,972,141
125% of Senior Lien Revenue					
Bond Debt Service	\$3,145,625	\$3,151,625	\$2,887,856	\$2,811,829	\$2,809,125
Senior Lien Debt Service	\$2,516,500	\$2,521,300	\$2,310,285	\$2,249,463	\$2,247,300
Net Pledged Revenues - Subordinate					
Lien Notes	\$6,815,846	\$8,129,707	\$8,761,971	\$11,778,443	\$13,724,841
Pledged Passenger Facility Charges	2,079,176	1,808,804	1,813,919	1,812,790	-
Pledged Revenues - Subordinate					
Lien Notes	\$8,895,022	\$9,938,511	\$10,575,890	\$13,591,233	\$13,724,841
110% of Subordinate Lien					
Debt Service	\$4,559,531	\$3,448,437	\$3,454,061	\$3,453,332	\$ -
Subordinate Lien Debt Service	\$4,145,028	\$3,134,943	\$3,140,055	\$3,139,393	\$ -
Rate Maintenance Minimum					
Revenues	\$7,705,156	\$6,600,062	\$6,341,917	\$6,265,161	\$2,809,125

Continued

**RENO-TAHOE AIRPORT AUTHORITY**  
**RATE MAINTENANCE COVENANT PERFORMANCE**  
**FOR THE YEARS ENDED JUNE 30, 2014 - 2023**  
**(unaudited)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Operating Revenues	\$52,880,841	\$50,669,726	\$43,662,916	\$58,065,181	\$64,841,222
Trust Fund Investment					
Interest Income	1,183,298	2,240,075	1,018,347	1,246,627	2,449,932
Gross Pledged Revenues	54,064,139	52,909,801	44,681,263	59,311,808	67,291,154
Transfers- Customer Facility					
Charges for Operating Expenses	642,557	417,741	447,935	713,649	221,491
Operating Expenses	(42,552,009)	(44,037,667)	(42,205,572)	(46,340,021)	(57,675,123)
G/L on Sale of Capital Assets	(25,070)	(28,196)	(41,838)	(15,080)	(10,871)
Airline Revenue Share Prior Year	4,352,412	4,214,022	2,452,933	2,797,784	5,202,856
35% of Gaming Revenues	(390,756)	(286,561)	(221,413)	(439,671)	(377,953)
Net Pledged Revenues - Senior Lien Bonds	<u>\$16,091,273</u>	<u>\$13,189,140</u>	<u>\$5,113,308</u>	<u>\$16,028,469</u>	<u>\$14,651,554</u>
125% of Senior Lien Revenue Bond Debt Service	<u>\$2,811,125</u>	<u>\$2,811,406</u>	<u>\$2,809,969</u>	<u>\$2,813,063</u>	<u>\$210,845</u>
Senior Lien Debt Service	<u>\$2,248,900</u>	<u>\$2,249,125</u>	<u>\$2,247,975</u>	<u>\$2,250,450</u>	<u>\$168,676</u>
Net Pledged Revenues - Subordinate Lien Notes	\$13,842,373	\$10,940,015	\$2,865,333	\$13,778,019	\$14,482,878
Pledged Passenger Facility Charges	-	-	-	-	-
Pledged Revenues - Subordinate Lien Notes	<u>\$13,842,373</u>	<u>\$10,940,015</u>	<u>\$2,865,333</u>	<u>\$13,778,019</u>	<u>\$14,482,878</u>
110% of Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Subordinate Lien Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Rate Maintenance Minimum Revenues	<u>\$2,811,125</u>	<u>\$2,811,406</u>	<u>\$2,809,969</u>	<u>\$2,813,063</u>	<u>\$210,845</u>

**RENO-TAHOE AIRPORT AUTHORITY**  
**RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE**  
**FOR THE YEARS ENDED JUNE 30, 2014 - 2023**  
**(unaudited)**

	2014	2015	2016	2017	2018
Outstanding Debt					
Revenue bonds	\$ 23,715,000	\$ 22,360,000	\$ 20,690,000	\$ 19,435,000	\$ 17,720,000
Unamortized premium	894,851	820,280	-	-	-
Notes payable	15,615,000	8,937,000	6,037,000	3,057,000	-
Total outstanding debt	<u>\$ 40,224,851</u>	<u>\$ 32,117,280</u>	<u>\$ 26,727,000</u>	<u>\$ 22,492,000</u>	<u>\$ 17,720,000</u>
Enplaned Passengers	1,658,187	1,656,293	1,778,611	1,909,187	2,064,968
Outstanding debt per enplaned passenger	<u>\$ 24</u>	<u>\$ 19</u>	<u>\$ 15</u>	<u>\$ 12</u>	<u>\$ 9</u>
Debt Service					
Principal	\$ 5,125,000	\$ 4,320,000	\$ 4,235,000	\$ 4,772,000	\$ 1,760,000
Interest	1,541,528	1,336,243	588,367	616,855	487,308
Total debt service	<u>\$ 6,666,528</u>	<u>\$ 5,656,243</u>	<u>\$ 4,823,367</u>	<u>\$ 5,388,855</u>	<u>\$ 2,247,308</u>
Total Expenses	73,521,156	72,190,557	72,514,723	73,017,716	75,311,669
Ratio of debt service to total expenses	<u>9.07%</u>	<u>7.84%</u>	<u>6.65%</u>	<u>7.38%</u>	<u>2.98%</u>

Continued

Note 1: No debt-to-personal-income ratio is shown because personal income information is not available for the RTAA trade area. See schedule of Operational Statistical Summary for enplanements.

Note 2: Debt Service for 2022 reflects minimum debt service requirements for the year. RTAA used federal stimulus funds under the CARES act and paid off the full principal amount.

**RENO-TAHOE AIRPORT AUTHORITY**  
**RATIOS OF OUTSTANDING DEBT AND DEBT SERVICE**  
**FOR THE YEARS ENDED JUNE 30, 2014 - 2023**  
**(unaudited)**

	2019	2020	2021	2022	2023
Outstanding Debt					
Revenue bonds	\$ 15,960,000	\$ 14,150,000	\$ 12,290,000	\$ -	\$ 5,479,015
Unamortized premium	-	-	-	-	-
Notes payable	-	-	-	-	-
Total outstanding debt	<u>\$ 15,960,000</u>	<u>\$ 14,150,000</u>	<u>\$ 12,290,000</u>	<u>\$ -</u>	<u>\$ 5,479,015</u>
Enplaned Passengers	2,149,759	1,690,171	1,231,616	2,079,807	2,229,254
Outstanding debt per enplaned passenger	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 2</u>
Debt Service					
Principal	\$ 1,810,000	\$ 1,860,000	\$ 1,910,000	\$ 1,965,000	\$ 9,624,529
Interest	438,900	389,125	337,975	285,450	168,676
Total debt service	<u>\$ 2,248,900</u>	<u>\$ 2,249,125</u>	<u>\$ 2,247,975</u>	<u>\$ 2,250,450</u>	<u>\$ 9,793,205</u>
Total Expenses	70,560,599	73,189,668	69,777,962	71,818,990	82,448,423
Ratio of debt service to total expenses	<u>3.19%</u>	<u>3.07%</u>	<u>3.22%</u>	<u>3.13%</u>	<u>11.88%</u>

Note 1: No debt-to-personal-income ratio is shown because personal income information is not available for the RTAA trade area. See schedule of Operational Statistical Summary for enplanements.

Note 2: Debt Service for 2022 reflects minimum debt service requirements for the year. RTAA used federal stimulus funds under the CARES act and paid off the full principal amount.

**RENO-TAHOE AIRPORT AUTHORITY  
POPULATION IN AIR TRADE AREA  
FOR THE CALENDAR YEARS 2013-2022  
(unaudited)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Nevada</b>										
<u>County</u>										
Churchill	24,063	23,989	24,200	24,198	24,230	24,440	24,909	25,516	25,723	25,843
Douglas	47,118	47,536	47,710	48,020	48,309	48,467	48,905	49,488	49,870	49,628
Humboldt	17,363	17,279	17,019	16,842	16,826	16,786	16,831	17,285	17,648	17,272
Lyon	51,557	51,789	52,585	53,179	54,122	55,808	57,510	59,235	60,903	61,585
Pershing	6,877	6,698	6,634	6,560	6,508	6,666	6,725	6,650	6,741	6,462
Storey	3,942	3,912	3,987	4,051	4,006	4,029	4,123	4,104	4,143	4,170
Washoe	433,731	440,078	446,903	453,616	460,587	465,735	471,519	486,492	493,392	496,745
Carson City	54,080	54,522	54,521	54,742	54,745	55,414	55,916	58,639	58,993	58,130
Subtotal	638,731	645,803	653,559	661,208	669,333	677,345	686,438	707,409	717,413	719,835
<b>California</b>										
<u>County</u>										
Alpine	1,159	1,116	1,110	1,071	1,120	1,101	1,129	1,204	1,235	1,190
El Dorado	181,737	183,087	184,452	185,625	188,987	190,678	192,843	191,185	193,221	192,646
Lassen	32,163	31,749	31,345	30,870	31,163	30,802	30,573	32,730	33,159	29,904
Mono	14,074	13,997	13,909	13,981	14,168	14,250	14,444	13,195	13,247	12,978
Nevada	98,200	98,893	98,877	99,107	99,814	99,696	99,755	102,241	103,487	102,293
Placer	367,309	371,694	375,391	380,531	386,166	393,149	398,329	404,739	412,300	417,772
Plumas	18,859	18,606	18,409	18,627	18,742	18,804	18,807	19,790	19,915	19,351
Sierra	3,047	3,003	2,967	2,947	2,999	2,987	3,005	3,236	3,283	3,217
Subtotal	716,548	722,145	726,460	732,759	743,159	751,467	758,885	768,320	779,847	779,351
Total	1,355,279	1,367,948	1,380,019	1,393,967	1,412,492	1,428,812	1,445,323	1,475,729	1,497,260	1,499,186
Percentage increase	0.59%	0.93%	0.88%	1.01%	1.33%	1.16%	1.16%	2.10%	1.46%	0.13%
<b>Unemployment rate</b>										
Washoe County	9.4%	7.6%	6.3%	5.0%	3.5%	2.3%	3.2%	4.9%	3.1%	3.5%

Source: US Census Bureau - Quickfacts

Nevada Department of Employment, Training, and Rehabilitation

**RENO-TAHOE AIRPORT AUTHORITY  
PRINCIPAL EMPLOYERS WITHIN AIR TRADE AREA  
FOR THE CALENDAR YEARS ENDED 2022 AND 2012  
(unaudited)**

<u>Employer</u>	<u>Calendar year 2022</u>		<u>Calendar year 2012</u>	
	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>
Renown Regional Medical Center	1	1,000-4,999	4	2,500-2,999
Peppermill Hotel Casino-Reno	2	1,000-4,999	5	2,000-2,499
Nugget Casino Resort	3	1,000-4,999	16	1,000-1,499
Grand Sierra Resort & Casino	4	1,000-4,999	13	1,000-1,499
Saint Mary's Regional Medical Center	5	1,000-4,999	10	1,500-1,999
Eldorado Resort Casino	6	1,000-4,999	11	1,000-1,499
Silver Legacy Resort Casino	7	1,000-4,999	8	1,500-1,999
University of Nevada-Reno	8	1,000-4,999	2	4,000-4,499
International Game Technology	9	1,000-4,999	7	2,000-2,499
AMERCO	10	1,000-4,999	-	-

Nevada Revised Statute Chapter 612 stipulates that actual employment for individual employers may not be published.  
Source: Nevada Workforce & the Department of Employment, Training, and Rehabilitation, 2021 second half.

**RENO-TAHOE AIRPORT AUTHORITY  
EMPLOYEES  
FOR THE YEARS ENDED JUNE 30, 2014-2023  
(unaudited)**

Full-time Equivalent Budgeted Employees  
as of Fiscal Year-End

Year	Board of Trustees*	Airfield Operations	Terminal Building Maintenance	Police/ Security	Parking	Aircraft Rescue and Firefighting	Administration	Total
2023	9.0	56.0	62.0	44.0	23.0	22.0	82.0	289.0
2022	9.0	56.0	64.5	44.5	15.0	22.0	64.5	266.5
2021	9.0	56.0	67.5	44.5	16.0	20.0	76.5	280.5
2020	9.0	55.0	67.5	44.5	16.0	20.0	77.5	280.5
2019	9.0	55.0	67.5	44.0	16.0	20.0	75.0	277.5
2018	9.0	54.0	68.0	44.0	16.0	20.0	75.5	277.5
2017	9.0	52.0	68.0	43.0	15.0	20.0	74.5	272.5
2016	9.0	52.0	68.0	42.0	15.0	20.0	73.5	270.5
2015	9.0	52.0	68.0	42.0	15.0	20.0	73.5	270.5
2014	9.0	52.0	68.0	42.0	15.0	20.0	71.5	268.5

\* Board of Trustees Department comprises a nine-member Board of Trustees appointed by the City of Reno, City of Sparks, Washoe County and the Reno-Sparks Convention & Visitors Authority, and are not included in the total personnel complement.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080. The amounts above show the budgeted personnel complement for each fiscal year.

**RENO-TAHOE AIRPORT AUTHORITY  
RENO-TAHOE INTERNATIONAL AIRPORT  
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE  
FOR THE YEARS ENDED JUNE 30, 2014-2023**

Scheduled Airline	2014			2015			2016		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	124,581	8%	9%	178,579	11%	43%	204,286	11%	14%
Allegiant Air	21,578	1%	184%	20,061	1%	-7%	19,047	1%	-5%
American	208,919	13%	4%	221,434	13%	6%	385,363	22%	74%
Delta	126,904	8%	-5%	119,649	7%	-6%	128,189	7%	7%
Frontier	-	0%	N/A	-	0%	N/A	165	0%	N/A
JetBlue Airways	-	0%	N/A	3,346	0%	N/A	41,143	2%	1130%
Southwest	815,160	49%	-14%	734,786	44%	-10%	763,006	43%	4%
United	214,531	13%	2%	214,864	13%	0%	216,996	12%	1%
US Airways (America West)	144,760	9%	1%	154,331	9%	7%	-	0%	-100%
Volaris	-	0%	N/A	6,959	0%	N/A	17,070	1%	145%
Other	1,754	0%	63%	2,284	0%	30%	3,346	0%	46%
	<u>1,658,187</u>	<u>100%</u>	<u>-6%</u>	<u>1,656,293</u>	<u>100%</u>	<u>0%</u>	<u>1,778,611</u>	<u>100%</u>	<u>7%</u>

Rounding errors may occur.

Continued

**RENO-TAHOE AIRPORT AUTHORITY  
RENO-TAHOE INTERNATIONAL AIRPORT  
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE  
FOR THE YEARS ENDED JUNE 30, 2014-2023**

Scheduled Airline	2017			2018			2019		
	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change	Enplanements	Share	Percent Change
Alaska / Horizon Air	226,117	12%	11%	212,427	10%	-6%	208,312	10%	-2%
Allegiant Air	31,504	2%	65%	30,663	1%	-3%	41,681	2%	36%
American	370,451	19%	-4%	383,996	19%	4%	384,766	18%	0%
Delta	136,418	7%	6%	152,435	7%	12%	165,441	8%	9%
Frontier	-	0%	-100%	18,271	1%	N/A	26,709	1%	46%
JetBlue Airways	77,686	4%	89%	80,494	4%	4%	78,164	4%	-3%
Southwest	816,323	43%	7%	901,470	44%	10%	909,515	42%	1%
United	226,272	12%	4%	265,271	13%	17%	311,716	15%	18%
US Airways (America West)	-	0%	N/A	-	0%	N/A	-	0%	N/A
Volaris	20,966	1%	23%	17,234	1%	-18%	19,819	1%	15%
Other	3,450	0%	3%	2,707	0%	-22%	3,636	0%	34%
	<u>1,909,187</u>	<u>100%</u>	<u>7%</u>	<u>2,064,968</u>	<u>100%</u>	<u>8%</u>	<u>2,149,759</u>	<u>100%</u>	<u>4%</u>

Continued

**RENO-TAHOE AIRPORT AUTHORITY  
RENO-TAHOE INTERNATIONAL AIRPORT  
ENPLANEMENTS AND MARKET SHARE BY SCHEDULED AIRLINE  
FOR THE YEARS ENDED JUNE 30, 2014-2023**

Scheduled Airline	2020			2021			2022			2023		
	Enplanements	Share	Percent Change									
Alaska / Horizon Air	172,563	10%	-17%	120,292	10%	-30%	198,399	10%	65%	159,114	7%	-20%
Allegiant Air	35,224	2%	-15%	29,316	2%	-17%	33,008	2%	13%	15,217	1%	-54%
American	347,656	21%	-10%	246,791	20%	-29%	362,636	17%	47%	347,443	16%	-4%
Delta	128,574	8%	-22%	131,351	11%	2%	214,794	10%	64%	202,408	9%	-6%
Frontier	19,390	1%	-27%	24,976	2%	29%	33,071	2%	32%	14,980	1%	-55%
JetBlue Airways	52,825	3%	-32%	16,084	1%	-70%	55,472	3%	245%	51,088	2%	-8%
Southwest	658,668	39%	-28%	460,904	37%	-30%	833,339	40%	81%	962,448	43%	15%
United	253,093	15%	-19%	175,966	14%	-30%	294,366	14%	67%	331,495	15%	13%
US Airways (America West)	-	0%	N/A									
Volaris	19,937	1%	1%	18,207	1%	-9%	26,785	1%	47%	32,508	1%	21%
Other	2,241	0%	-38%	7,729	1%	245%	27,948	1%	262%	112,553	5%	303%
	<u>1,690,171</u>	<u>100%</u>	<u>-21%</u>	<u>1,231,616</u>	<u>100%</u>	<u>-27%</u>	<u>2,079,818</u>	<u>100%</u>	<u>69%</u>	<u>2,229,254</u>	<u>100%</u>	<u>7%</u>

**RENO-TAHOE AIRPORT AUTHORITY  
OPERATIONAL STATISTICAL SUMMARY  
FOR THE YEARS ENDED JUNE 30, 2014 - 2023  
(unaudited)**

Year	Enplanements	Airport Growth	Landed Weights	Airport Growth	Air Carrier Operations	Airport Growth
2023	2,229,254	7.2%	3,100,328	0.7%	43,791	-2.5%
2022	2,079,807	68.9%	3,077,335	28.0%	44,896	24.8%
2021	1,231,616	-27.1%	2,403,819	-13.8%	35,962	-14.0%
2020	1,690,171	-21.4%	2,789,987	-8.2%	41,797	-12.9%
2019	2,149,759	4.1%	3,039,273	6.3%	47,970	-0.7%
2018	2,064,968	8.2%	2,859,499	1.8%	48,303	11.4%
2017	1,909,187	7.3%	2,808,680	8.0%	43,347	9.5%
2016	1,778,611	7.4%	2,599,963	8.8%	39,579	9.6%
2015	1,656,293	-0.1%	2,390,031	0.1%	36,122	4.1%
2014	1,658,187	-5.6%	2,388,387	-5.3%	34,687	-5.7%

**RENO-TAHOE AIRPORT AUTHORITY**  
**RENO-TAHOE INTERNATIONAL AIRPORT**  
**LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE**  
**FOR THE YEARS ENDED JUNE 30, 2014-2023**  
**(unaudited)**

Scheduled Airline	2014			2015			2016		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	122,862	5%	62%	189,675	8%	68%	212,173	8%	12%
Allegiant Air	24,413	1%	n.a	23,003	1%	201%	21,866	1%	-5%
American	213,251	9%	9%	233,599	10%	13%	441,718	17%	89%
Delta	146,329	6%	-29%	148,955	6%	-8%	144,923	6%	-3%
Frontier	-	0%	n.a	-	0%	n.a	145	0%	n.a
JetBlue Airways	-	0%	n.a	3,555	0%	n.a	46,072	2%	1196%
Southwest	989,574	41%	-27%	864,660	36%	-27%	873,884	34%	1%
Spirit Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
Sun Country	438	0%	n.a	2,046	0%	n.a	585	0%	-71%
United	236,595	10%	-10%	235,831	10%	-1%	245,891	9%	4%
US Airways (America West)	195,099	8%	5%	199,824	8%	8%	-	0%	-100%
Volaris	-	0%	n.a	8,141	0%	n.a	19,612	1%	141%
Federal Express	281,383	12%	24%	290,218	12%	28%	329,884	13%	14%
United Parcel Service	162,298	7%	17%	168,878	7%	-1%	225,495	9%	34%
Other	16,146	1%	91%	21,646	1%	-16%	37,715	1%	74%
	<b>2,388,388</b>	<b>100%</b>	<b>-11%</b>	<b>2,390,031</b>	<b>100%</b>	<b>-5%</b>	<b>2,599,963</b>	<b>100%</b>	<b>9%</b>

Continued

Rounding errors may occur.

**RENO-TAHOE AIRPORT AUTHORITY**  
**RENO-TAHOE INTERNATIONAL AIRPORT**  
**LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE**  
**FOR THE YEARS ENDED JUNE 30, 2014-2023**  
**(unaudited)**

Scheduled Airline	2017			2018			2019		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	234,218	8%	10%	213,477	7%	-9%	237,323	8%	11%
Allegiant Air	36,073	1%	65%	32,959	1%	-9%	43,831	1%	33%
American	409,575	15%	-7%	419,085	15%	2%	418,385	14%	0%
Delta	157,875	6%	9%	168,798	6%	7%	180,568	6%	7%
Frontier	-	0%	-100%	19,339	1%	n.a	25,565	1%	32%
JetBlue Airways	87,084	3%	89%	94,135	3%	8%	89,585	3%	-5%
Southwest	983,684	35%	13%	1,066,311	37%	8%	1,052,732	35%	-1%
Spirit Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a
Sun Country	1,102	0%	88%	1,102	0%	0%	844	0%	-23%
United	255,760	9%	4%	307,621	11%	20%	353,941	12%	15%
US Airways (America West)	-	0%	n.a	-	0%	n.a	-	0%	n.a
Volaris	23,234	1%	18%	17,752	1%	-24%	20,807	1%	17%
Federal Express	339,683	12%	3%	239,569	8%	-29%	279,851	9%	17%
United Parcel Service	238,302	8%	6%	236,563	8%	-1%	287,723	9%	22%
Other	42,091	1%	12%	42,788	1%	2%	48,121	2%	12%
	<u>2,808,680</u>	<u>100%</u>	<u>8%</u>	<u>2,859,499</u>	<u>100%</u>	<u>2%</u>	<u>3,039,273</u>	<u>100%</u>	<u>6%</u>

Continued

**RENO-TAHOE AIRPORT AUTHORITY**  
**RENO-TAHOE INTERNATIONAL AIRPORT**  
**LANDED WEIGHTS AND MARKET SHARE BY SCHEDULED AIRLINE**  
**FOR THE YEARS ENDED JUNE 30, 2014-2023**  
**(unaudited)**

Scheduled Airline	2020			2021			2022			2023		
	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change	Landed Weights (000) lbs	Share	Percent Change
Alaska / Horizon Air	220,316	8%	-7%	171,489	7%	-22%	226,813	7%	32%	176,654	6%	-22%
Allegiant Air	40,800	1%	-7%	45,311	2%	11%	41,859	1%	-8%	16,404	1%	-61%
American	412,245	15%	-1%	334,152	14%	-19%	413,665	13%	24%	345,045	11%	-17%
Delta	165,634	6%	-8%	241,266	10%	46%	252,886	8%	5%	219,842	7%	-13%
Frontier	20,019	1%	-22%	30,273	1%	51%	34,922	1%	15%	16,244	1%	-53%
JetBlue Airways	70,163	3%	-22%	33,396	1%	-52%	80,321	3%	141%	65,445	2%	-19%
Southwest	883,824	32%	-16%	626,539	26%	-29%	936,363	30%	49%	1,088,784	35%	16%
Spirit Airlines	-	0%	n.a	-	0%	n.a	-	0%	n.a	92,493	3%	n.a
Sun Country	732	0%	-13%	585	0%	-20%	5,559	0%	850%	29,406	1%	429%
United	317,803	11%	-10%	241,228	10%	-24%	336,502	11%	39%	366,515	12%	9%
US Airways (America West)	-	0%	n.a									
Volaris	21,948	1%	5%	22,392	1%	2%	30,993	1%	38%	37,540	1%	21%
Federal Express	273,322	10%	-2%	284,219	12%	4%	305,799	10%	8%	298,958	10%	-2%
United Parcel Service	316,735	11%	10%	313,617	13%	-1%	314,538	10%	0%	292,066	9%	-7%
Other	45,846	2%	-5%	59,152	2%	29%	97,117	3%	64%	54,932	2%	-43%
	<b>2,789,387</b>	<b>100%</b>	<b>-8%</b>	<b>2,403,619</b>	<b>100%</b>	<b>-14%</b>	<b>3,077,337</b>	<b>100%</b>	<b>28%</b>	<b>3,100,328</b>	<b>100%</b>	<b>1%</b>

**RENO-TAHOE AIRPORT AUTHORITY  
CAPITAL ASSET INFORMATION  
AS OF JUNE 30, 2023  
(unaudited)**

**Reno-Tahoe International Airport**

Location: 2001 East Plumb Lane  
4 miles southeast of Downtown Reno  
Airport Code: RNO  
Elevation: 4,415 ft  
Area: 1,450 acres

Runways and Facilities:

Runway 17R/35L	11,002 x 150 ft
Runway 17L/35R	9,000 x 150 ft
Runway 8/26	6,102 x 150 ft

FAA staffs and operates one 24-hour Air Traffic Control Tower

**Reno Stead Airport**

Location: 11 miles northwest of Downtown Reno  
Elevation: 5,050 ft  
Area: 5,000 acres

Runways and Facilities:

Runway 08/26	7,608 x 150 ft
Runway 14/32	9,000 x 150 ft

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Created in 1977 by State Legislature  
Nine-member Board

**RENO-TAHOE AIRPORT AUTHORITY  
CAPITAL ASSET INFORMATION  
AS OF JUNE 30, 2014-2023  
(unaudited)**

	2023 (d)	2022	2021	2020	2019	2018 (c)	2017 (b)	2016 (a)	2015	2014
Terminal Space - square feet										
Airlines	176,742	176,742	176,742	176,742	176,742	169,230	175,985	175,221	175,221	175,221
Ground Transportation	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883
Concession Space	37,604	37,604	37,604	37,604	37,604	37,604	37,167	37,167	37,167	37,167
Public Areas	196,189	196,189	196,189	196,189	196,189	196,189	196,959	197,723	197,723	197,723
RTAA	44,885	44,885	44,885	44,885	44,885	52,397	45,309	45,309	45,309	45,309
Unfinished Areas	9,550	-	-	-	-	-	-	-	-	-
	<u>467,853</u>	<u>458,303</u>								
Passenger Boarding Gates	<u>23</u>									
Parking - Number of Spaces										
Short -Term (b)	296	296	296	295	295	296	300	300	450	450
Long-Term	1,630	1,630	1,630	1,630	1,630	1,630	1,650	1,650	1,650	1,650
Surface Lot	1,462	1,462	1,462	1,469	1,462	1,462	1,532	1,532	1,532	1,532
	<u>3,388</u>	<u>3,388</u>	<u>3,388</u>	<u>3,394</u>	<u>3,387</u>	<u>3,388</u>	<u>3,482</u>	<u>3,482</u>	<u>3,632</u>	<u>3,632</u>
Cargo - square feet										
Building	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
Landside	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Airside	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250	591,250
	<u>808,750</u>									

(a) In 2016, the decrease in short-term parking spaces reflect the expansion of the rental car return area in the parking garage to accommodate increasing rental car activity.

(b) In 2017, the increase in airline square footage reflects the installation of kiosks in the public queuing area.

(c) In 2018, the decrease in parking spaces reflects a reconfiguration of the parking areas to maximize efficiency.

(d) In 2023, the ticketing hall expansion construction project was in progress as an unfinished area of the terminal building.

Source: Terminal Square Footage - Financial Scenario Model FY 2022 Settlement -Terminal Rent Tab

# **COMPLIANCE SECTION**

# **FEDERAL AWARDS**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Reno-Tahoe Airport Authority  
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Reno-Tahoe Airport Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 30, 2023.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe LLP

Indianapolis, Indiana  
November 30, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees  
Reno-Tahoe Airport Authority  
Reno, Nevada

**Report on Compliance for Major Federal Program**

***Opinion on Major Federal Program***

We have audited the Reno-Tahoe Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contract or grant agreements applicable to the Authority's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
November 30, 2023

**RENO-TAHOE AIRPORT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS FOR THE YEAR ENDED JUNE 30, 2023**

DESCRIPTION OF PROJECT	PERCENT OF PARTICIPATION	ASSISTANCE LISTING NUMBER	FEDERAL PROJECT NUMBER	GRANT AMOUNT	REIMBURSEMENTS RECEIVED		REIMBURSEABLE EXPENSES	
					July 1, 2022 to June 30, 2023	Cumulative Thru June 30, 2023	July 1, 2022 to June 30, 2023	Cumulative Thru June 30, 2023
					<b>United States Department of Transportation Federal Aviation Administration Airport Improvement Program</b>			
<b>Construction</b>								
Reno Runway 16R-34L Reconstruction Phase 2	100.00%	20.106	3-32-0017-106	31,705,245	199,887	30,694,150	588,018	31,103,469
Reno CARES Act Grant	100.00%	20.106	3-32-0017-107	30,957,866	14,062,975	23,565,343	13,186,648	23,973,016
Taxiway B & C Design	100.00%	20.106	3-32-0017-109	455,032	44,069	444,338	8,534	444,338
Reno ARPA Act	100.00%	20.106	3-32-0017-112	16,653,997	253,205	4,762,190	284,912	4,803,897
Reno ARPA Consessions	100.00%	20.106	3-32-0017-114	1,852,390	1,852,390	1,852,390	1,616,298	1,748,420
Airfield Signage Replacement	93.75%	20.106	3-32-0017-116	285,938	-	-	15,938	15,938
Reconstruct Apron & Taxiway A	93.75%	20.106	3-32-0018-046	890,625	819,626	819,626	879,205	879,205
Reconstruct Apron & Taxiway A	100.00%	20.106	3-32-0018-047	2,560,000	2,060,468	2,060,468	2,506,469	2,506,469
Reconstruct Apron 1,150 SY	93.75%	20.106	3-32-0018-048	295,000	185,449	185,449	268,590	268,590
Reconstruct Apron & Taxiway A	93.75%	20.106	3-32-0018-049	4,607,500	-	-	53,838	53,838
Reconstruct Apron & Taxiway A	93.75%	20.106	3-32-0018-050	292,000	-	-	-	-
				90,555,593	19,478,069	64,383,954	19,408,450	65,797,180
<b>United States Department of Transportation Pipeline and Hazardous Materials Safety Admin</b>								
Hazardous Materials Emergency Preparedness	N/A	20.703	N/A	69,080	-	-	69,080	69,080
<b>United States Department of Homeland Security Transportation Security Administration Aviation and Transportation Security Act</b>								
<b>Security</b>								
National Explosives Detection Canine Team Program	Fixed	97.072	70T02020T9NNCP474	681,750	151,500	530,250	151,500	530,250
Law Enforcement Officer Reimbursement Agreement Program	Fixed	97.090	70T02021T6114N125	867,516	189,010	189,010	283,720	283,720
				1,549,266	340,510	719,260	435,220	813,970
				\$ 92,173,939	\$ 19,818,579	\$ 65,103,214	\$ 19,912,750	\$ 66,680,230

See accompanying notes to Supplementary Schedule of Expenditures of Federal Awards

**RENO-TAHOE AIRPORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**1. Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**2. Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate:**

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**4. Special Tests and Provisions:**

Special tests and provisions for the Airport Improvement Program (AIP) include review of the Authority's policy for using airport revenue to determine whether all airport revenue is accounted for and used for the capital or operating costs of the airport.

**5. Subrecipients:**

The Authority did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2023.

RENO-TAHOE AIRPORT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2023

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**Section 1 – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes     X  None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X  No

***Federal Awards***

Internal Control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_\_\_ Yes     X  None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes     X  No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program (including COVID-19 funding)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  X  Yes    \_\_\_\_\_ No

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

# **PASSENGER FACILITY CHARGES**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY  
CHARGE (PFC) PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE AND THE SCHEDULE OF PASSENGER  
FACILITY CHARGES COLLECTED AND EXPENDED

Board of Trustees  
Reno-Tahoe Airport Authority  
Reno, Nevada

**Report on Compliance of Passenger Facility Charges**

***Opinion on Passenger Facility Charge Program***

We have audited the Reno-Tahoe Airport Authority's (the "Authority") compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration ("Guide"), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2023.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2023.

***Basis for Opinion on Passenger Facility Charge Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the Guide referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contract or grant agreements applicable to the Authority's passenger facility charge program.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 30, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying supplemental schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of passenger facility charges collected and expended is fairly stated in all material respects, in relation to the basic financial statements as a whole.

  
Crowe LLP

Indianapolis, Indiana  
November 30, 2023

**RENO-TAHOE AIRPORT AUTHORITY  
SUPPLEMENTARY SCHEDULE OF PASSENGER FACILITY CHARGES  
COLLECTED AND EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2023**

Balance July 1, 2022	\$ 21,043,376
Collection of Passenger Facility Charges, July 1, 2022 through June 30, 2023	8,023,661
Interest earnings	290,230
Proceeds expended for Passenger Facility Charge Projects July 1, 2022 through June 30, 2023	<u>\$ (2,707,750)</u>
Balance June 30, 2023	<u><u>\$ 26,649,517</u></u>

RENO-TAHOE AIRPORT AUTHORITY  
SCHEDULE OF PASSENGER FACILITY CHARGES FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2023

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**Summary of Auditor's Results**

We have issued an unmodified opinion, dated November 30, 2023 on the financial statements of the Reno-Tahoe Airport Authority as of and for the year ended June 30, 2023.

Our audit disclosed no material weaknesses or significant deficiencies that are considered to be material weaknesses in relation to internal control over financial reporting or internal control over the passenger facility charge program.

Our audit disclosed no instances of non-compliance which are material to the Reno-Tahoe Airport Authority's financial statements.

We have issued an unmodified opinion, dated November 30, 2023 on the Reno-Tahoe Airport Authority's compliance for the passenger facility charge program.

Our audit disclosed no findings required to be reported under the provisions of the Passenger Facility Charge Audit Guide for Public Agencies.

**Findings Relating to the Financial Statements**

Our audit disclosed no findings which are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.

**Findings and Questioned Costs for the Passenger Facility Charge Program**

Our audit disclosed no findings or questioned costs for passenger facility charge program as defined by the Passenger Facility Charge Audit Guide for Public Agencies.

**SCHEDULE OF PRIOR AUDIT PASSENGER FACILITY CHARGES  
FINDINGS AND THEIR RESOLUTION**

The prior year's audit disclosed no findings required to be reported in accordance with the provisions of the Passenger Facility Charge Audit Guide for Public Agencies.



**Reno-Tahoe  
Airport  
Authority**

**Reno-Tahoe Airport Authority**

**P.O.Box 12490  
Reno, NV 89510-2490**

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**APPENDIX B**  
**REPORT OF THE AIRPORT CONSULTANT**

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# Appendix B: Report of the Airport Consultant

Reno-Tahoe Airport Authority, Airport  
Revenue Bonds, Series 2024

**August 8, 2024**

PREPARED FOR

Reno-Tahoe Airport Authority

PREPARED BY  
Landrum & Brown, Incorporated







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landrum-brown.com

August 8, 2024

Mr. Daren Griffin  
President/Chief Executive Officer  
Reno-Tahoe Airport Authority  
Reno-Tahoe International Airport  
2001 E. Plumb Lane  
Reno, Nevada 89502

Re: Report of the Airport Consultant, Reno-Tahoe Airport Authority, Airport Revenue Bonds, Series 2024A (AMT) and Reno-Tahoe Airport Authority, Airport Revenue Bonds, Series 2024B (Non-AMT)

Dear Mr. Griffin:

Landrum & Brown, Incorporated (L&B) is pleased to submit this Report of the Airport Consultant (Report) in connection with the proposed issuance by Reno-Tahoe Airport Authority (Authority) of its Airport Revenue Bonds, Series 2024A (AMT) (Series 2024A Bonds) and its Airport Revenue Bonds, Series 2024B (Non-AMT) (Series 2024B Bonds), herein referred to, collectively, as the Series 2024 Bonds. This independent Report has been prepared for the Authority to support its planned issuance of the Series 2024 Bonds and is intended to be included in the Official Statement for the Series 2024 Bonds as Appendix B, Report of the Airport Consultant. All capitalized terms in this Report are used as defined in the Official Statement relating to the Series 2024 Bonds or in the Master Trust Indenture (Master Indenture), except as otherwise defined herein.

The Airport is owned and operated by the Authority which was established by the Nevada State Legislature in 1977. The Authority owns and operates both the Airport, as well as Reno-Stead Airport (RTS) as an Airport System. The Authority is governed by a nine-member Board of Trustees who are appointed by the City of Reno, City of Sparks, Washoe County, and the Reno-Sparks Convention and Visitors Authority (RSCVA). The Airport comprises approximately 1,540 acres and is located about five miles southeast of the City of Reno's downtown area. The Airport is the second busiest airport in the State of Nevada (State).

The day-to-day operation of the Airport is managed by the President/CEO, who implement the policies established by the Board of Trustees. The Executive Team is comprised of the Chief Marketing & Public Affairs Officer, Chief Finance & Administration Officer, Chief People, Culture & Equity Officer, Chief Air Service Development Officer, Chief Operations & Public Safety Officer, Chief Infrastructure & Planning Officer, and Chief Legal Officer, all of whom report directly to the President/CEO.

## Report of the Airport Consultant

In our preparation of this independent Report, we worked with the Authority in identifying key factors that affect future financial results of the Airport and in formulating assumptions in regard to these factors. We also evaluated the ability of the Airport System to generate Net Revenues sufficient to meet the funding requirements and obligations established by the Master Indenture during the projection period of Fiscal Year (FY) 2025 through FY 2032 (Projection Period).<sup>1</sup> The following provides an overview of the primary findings and conclusions contained in the Report; however, the Report should be read in its entirety for a full description of the assumptions and methodology used therein.

### Series 2024 Bonds

The Series 2024 Bonds will be issued pursuant to the Master Indenture and the First Supplemental Trust Indenture (Supplemental Indenture). In addition, the Authority has entered into a short-term non-revolving credit facility with Wells Fargo, pursuant to which the Authority could access up to \$50 million (2022 Subordinate Bonds). As of the date of this Report, the Authority expects that the Series 2024 Bonds will repay all of the remaining outstanding balance of the 2022 Subordinate Bonds.

The Authority plans to issue the Series 2024 Bonds to (1) fund a portion of the costs of the design and construction of the MoreRNO program (described herein), (2) fund capitalized interest on the Series 2024 Bonds, (3) fund a deposit to the Common Reserve Fund, (4) repay its outstanding balance on the 2022 Subordinate Bonds, and (5) pay the costs of issuance of the Series 2024 Bonds.

### Master Indenture

The Master Indenture, dated as of August 8, 2024 by and between the Authority and U.S. Bank Trust Company, National Association, as Trustee (the Master Indenture), authorizes the issuance of airport revenue bonds to pay the costs of acquiring and constructing Airport System improvements, among other items. The Series 2024 Bonds will be the first series of Bonds issued pursuant to the Master Indenture. The Series 2024 Bonds will also be issued pursuant to the First Supplemental Indenture (the First Supplemental Indenture and, with the Master Indenture, the Indenture) by and between the Authority and the Trustee. The Series 2024 Bonds will be payable solely from the Net Revenues of the Airport System, certain funds and accounts held by the Trustee under the Master Indenture, and other amounts payable under the Master Indenture. As of the date of this Report, the Authority has no Bonds Outstanding.

Pursuant to the Master Indenture, the Authority has pledged Net Revenues to the payment of the Bonds issued thereunder. Net Revenues are all Gross Revenues of the Airport System remaining after payment of Operation and Maintenance Expenses of the Airport System. Gross Revenues include, among other things, all amounts derived from all rates, tolls, fees, rentals, charges and any other payments collected, or received by the Authority in connection with the operation of the Airport System, any amounts designated as Other Pledged Revenues pursuant to the procedures in the Master Indenture, and all investment income earned by the Authority on such Gross Revenues except as otherwise expressly provided in the Master Indenture.

More information on the Master Indenture including the flow of funds, rate covenant, and additional bonds test is contained in Section 4.3.2 of this Report.

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<sup>1</sup> The Authority's FY is the 12-month period ending June 30.

## Airline Agreements

The Authority entered into 10-year Airline Airport Use and Lease Agreements (Airline Agreements) with the Signatory Airlines operating at the Airport effective July 1, 2023. The Airline Agreements are effective through June 30, 2033. The Airline Agreements establish, among other things, procedures for setting and adjusting rentals, rates, fees, and charges to be collected for the use of Airport facilities. The Signatory Airlines at the Airport include the following: Alaska Airlines, American Airlines, Delta Air Lines, FedEx, Southwest Airlines, United Airlines, and United Parcel Service. Together, the Signatory Airlines and their respective regional affiliates accounted for approximately 89% of enplaned passengers at the Airport in FY 2024.

The Airline Agreements govern airline use of certain Airport facilities, including Airfield, Terminal, Baggage Handling System (BHS), baggage claim, ticket counters and gate areas and permit the Signatory Airlines to lease Preferential Use Premises and Joint Use Premises. Preferential Use Premises generally includes holdroom areas and gates, ticket counters, operations areas and office space, storage areas, and baggage service area space leased to a Signatory Airline and to which the Signatory Airline has a higher and continuous priority of use over all other air carriers. Joint Use Premises includes baggage claim areas, baggage tug drive areas, and baggage makeup equipment and areas.

Section 4.3.3 of this Report presents additional information on the Airline Agreements.

## Role of the Airport and Economic Base for Air Traffic

The Airport serves as the principal commercial airline passenger airport for Northern Nevada and the Lake Tahoe region in Nevada and California and is relatively isolated from other comparable airports. The Airport primarily serves origin and destination (O&D) passengers, or those that begin or end their travel at the Airport. O&D passengers accounted for approximately 97.3% of passenger traffic at the Airport in calendar year (CY) 2023. The primary geographic region that serves as the Airport's immediate catchment area for O&D traffic is referred to as its Air Service Area (ASA). The Airport is located in the Reno-Carson City-Gardnerville Ranchos Combined Statistical Area (Reno CSA). CSAs are defined by the U.S. Office of Management and Budget (OMB) as adjacent metropolitan areas and micropolitan areas with economic ties measured by commuting patterns. The Reno CSA includes Carson City, Nevada and the following six counties: Churchill, Nevada; Douglas, Nevada; Lyon, Nevada; Storey, Nevada; Washoe, Nevada; and Alpine, California. For the purposes of this Report, the Airport's ASA is generally defined as the geographic region including the Reno CSA, the northwest Nevada counties of Humboldt, Pershing, and Mineral as well as the California regions surrounding Lake Tahoe yet east of the Sierra Nevada Mountain range. However, data for the geographic area of the ASA is not readily available, and therefore, the Reno CSA is used for the analysis of the socioeconomic base in this Report. The Reno CSA contains a significant majority of the population and economic activity of the region which provides the principal demand for local air travel.

According to the Federal Aviation Administration (FAA) preliminary data, the Airport had approximately 2.2 million enplaned passengers in CY 2023.<sup>2</sup> The Airport accounted for less than 0.25% but more than 0.05% of the annual U.S. commercial enplaned passengers and, as such, is classified as a Small Hub airport. There are 74 total Small Hub airports in the U.S. which combined accounted for 9.0% of all enplaned passengers in the U.S. Overall, the Airport is ranked as the 68<sup>th</sup> busiest commercial service airport in the U.S. for CY 2023 in terms of enplaned passengers based on FAA preliminary data. Historically, and prior to the industry-wide air traffic declines associated with the impacts of the Coronavirus Disease 2019 (COVID-19) pandemic discussed in this Report, the Airport had been classified as a Small Hub airport by the FAA. However, given the Airport's relatively more rapid

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<sup>2</sup> Federal Aviation Administration, Air Carrier Activity Database (preliminary data), June 18, 2024, accessed June 2024.

pace of passenger recovery as compared to other U.S. airports, it moved to the Medium Hub category based on CY 2020 enplaned passengers and remained in this category through CY 2022. The Airport's enplaned passenger traffic has fully recovered from the impacts associated with the pandemic and exceeded CY 2019 levels in CY 2023. With the FAA's CY 2023 data, the Airport has returned to the Small Hub category. Being one of the largest Small Hub U.S. airports, it could be expected that the Airport may move to the Medium Hub category in the future. In general, an airport's hub classification has minimal financial impact; however, Small Hub Airports have certain advantages in the receipt of grant funding from the FAA as compared to Large and Medium Hub airports as described in Chapter 3 of this Report.

Historically, air travel demand at an airport is largely correlated with the demographic and economic characteristics of the surrounding region. The economic strength of the ASA has historically had a major impact on the aviation activity at the Airport since the vast majority of the Airport's passenger demand is O&D activity. Chapter 1 reviews current economic trends and conditions of the Airport's ASA and presents data indicative of the ASA's capability to generate demand for air transportation through the next several years.

For more information on the role of the Airport and its economic base for air transportation, see Chapter 1 of the Report.

### **Air Service and Air Traffic Analysis**

Total enplaned passengers at the Airport grew from FY 2013 through FY 2019 from approximately 1.8 million to approximately 2.1 million, reflecting an overall compound annual growth rate (CAGR) of 3.4% for this period. In FY 2020 and FY 2021, enplaned passengers at the Airport, along with airports throughout the U.S., drastically declined primarily as a result of the impacts associated with the COVID-19 pandemic. However, passenger recovery at the Airport was swift as compared to the overall U.S., and in FY 2023, the Airport reported a new record high during this 10-year period of 2.2 million enplaned passengers, exceeding the Airport's previous peak of 2.1 million enplaned passengers in FY 2019, prior to the COVID-19 pandemic. Growth continued into FY 2024 with 2.3 million enplaned passengers.

Published airline schedules, as of May 2024, are showing an increase of 8.8% in departing seat capacity at the Airport through the first seven months of FY 2025 (i.e., July 2024 through January 2025) with a majority of the growth occurring in July 2024 through October 2024. For projection purposes, it was assumed that not all of the increase in seats would equate to an increase in enplaned passengers as airlines may decide to reduce service beyond the near-term and/or load factors could decline. Beyond the first seven months, it was assumed that growth for the remainder of the year would be minimal.

Beyond FY 2025, a multivariate linear model was selected to project enplaned passengers at the Airport. The selected model uses historical O&D enplaned passengers from FY 2014 through 2023 for the independent variable and the ASA's employment along with other factors. The model projects long-term growth rates of O&D enplaned passengers for FY 2026 through FY 2032 of 1.6% per annum. This is also in alignment with the pre-pandemic historical long-term growth rate for O&D passenger from FY 2009 through FY 2019. For the purposes of our projection, it was assumed that connecting passenger traffic would remain at a constant percentage of the total enplaned passengers consistent with the most recent data available. **Table 1** presents L&B's air traffic projections for the Airport.

**Table 1 Historical and Projected Airport Air Traffic (FY 2019 – FY 2032)**

Fiscal Year	Enplaned Passengers		Landed Weight	
	Passengers (in thousands)	Y-O-Y Growth	Total (in million-pound units)	Y-O-Y Growth
Actual	FY 2019	2,150	3,039	
	FY 2020	1,690	2,789	-8.2%
	FY 2021	1,232	2,404	-13.8%
	FY 2022	2,080	3,077	28.0%
	FY 2023	2,229	3,100	0.7%
	FY 2024	2,345	3,226	4.1%
Projection	FY 2025	2,415	3,378	4.7%
	FY 2026	2,509	3,494	3.4%
	FY 2027	2,553	3,552	1.6%
	FY 2028	2,596	3,609	1.6%
	FY 2029	2,640	3,665	1.6%
	FY 2030	2,683	3,722	1.6%
	FY 2031	2,725	3,777	1.5%
	FY 2032	2,767	3,833	1.5%
Range		Average Annual Growth Rate		
FY 2019-24		1.8%	1.2%	
FY 2024-32		2.1%	2.2%	

Sources: Reno-Tahoe Airport Authority (Actual).  
Landrum & Brown, Inc. (Projection).

The projections presented in this Report are based on a number of assumptions. Most notably, it assumes that the underlying economic conditions of the ASA are expected to be the primary driver for passenger demand at the Airport. Economic disturbances are likely to occur over the Projection Period. In general, it was assumed that in the long-term, growth in O&D passenger traffic at the Airport will occur as a function of growth in socioeconomic conditions within the ASA. In addition, several other assumptions are incorporated into the projections including the following:

- Over the long-term, the airlines will continue to add capacity that is in line with demand and economic growth.
- Long-term nationwide growth in air travel will occur over the Projection Period consistent with forecast growth in the economy.
- There will be no major disruption of airline service or airline travel behavior over the Projection Period.

It is important to note that many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. Therefore, these projection scenarios, as with any projection, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic is likely to vary from this projection, and such variances could be material.

For more information on the Airport's air service and air traffic, see Chapter 2 of the Report.

### Capital Improvement Program

For purposes of this Report, the Authority's current capital program is organized into the following categories:

- **MoreRNO:** MoreRNO is the major capital program currently under construction that upon completion will have replaced and rebuilt much of the Airport's landside, certain terminal building areas, and both airside concourse facilities. The multi-year infrastructure program, MoreRNO, consists of the following projects listed below, certain of such are already completed, and is currently anticipated to cost approximately \$985.3 million. The capital and operating costs associated with MoreRNO have been included in the financial analysis in this Report and are further described in Chapter 4.
  - Ticketing Hall Expansion (completed)
  - Loop Road Improvements
  - Ground Transportation Center
  - New Concourses A & B (New Gen A&B)
  - Police and RTAA Headquarters
- **Other Capital Projects:** These projects are in addition to the elements of MoreRNO and are the other Airport System capital projects that are currently anticipated by the Authority to be undertaken during the Projection Period. The total project costs for these projects are estimated at approximately \$112.6 million. Such projects are referred to in this Report as the 'Other Capital Projects.' The estimated capital funding and operating costs, if any, and estimated revenue impacts, if any, associated with the Other Capital Projects have also been included as part of the financial analysis in this Report.

**Exhibit A** at the end of this Report presents a summary of the projected \$1.1 billion capital improvement program (CIP) for the Airport, including major project elements and the proposed plan of finance. The New Gen A&B as part of the MoreRNO program is the largest project in the Authority's CIP for the Airport, at approximately \$570 million. Further details on this project and others in the CIP is contained in Chapter 3 of this Report.

Historically, the Authority has funded capital development at the Airport from several sources. These have generally included grants-in aid, Passenger Facility Charge (PFC) revenues on a pay-as-you-go basis, and Authority funds. As presented in Exhibit A, approximately \$207.8 million of the CIP is projected to be funded with the Series 2024 Bonds. The remaining \$890.1 million of the CIP is projected to be funded with a combination of grants, pay-as-you-go PFC revenues, Authority funds, and future bond proceeds.

For more information on the Airport's CIP, see Chapter 3 of the Report and refer to Exhibit A.

### Financial Analysis

L&B evaluated the ability of the Airport System to generate Net Revenues sufficient to meet the funding requirements and obligations established by the Master Indenture during the projection period of FY 2025 through FY 2032.

The Authority is projected to meet its requirements and obligations established by the Master Indenture and maintain airline cost per enplaned passenger (CPE) levels generally in-line with other airports in the U.S. undertaking major capital development programs. **Table 2** below presents projections of debt service coverage ratios and airline CPE. Please refer to Section 4.12 of this Report for financial results related to the slower recovery enplaned passenger projection.

**Table 2**                      **Financial Results Summary**

Fiscal Year	Debt Service Coverage Ratio (with other Transfers)	Signatory Airline CPE	Signatory Airline CPE (FY 2024\$) <sup>1</sup>
2024	N/A	\$9.81	\$9.81
2025	11.73x	\$10.60	\$10.30
2026	13.47x	\$11.29	\$10.64
2027	4.03x	\$12.57	\$11.50
2028	3.35x	\$13.55	\$12.03
2029	1.93x	\$19.32	\$16.67
2030	1.80x	\$22.11	\$18.52
2031	1.76x	\$22.81	\$18.54
2032	1.78x	\$22.98	\$18.14

<sup>1</sup> Assumes an inflation rate of 3%.  
Source: Landrum & Brown, Inc.

L&B is not registered with the U.S. Securities & Exchange Commission as a municipal advisor, is not acting as a municipal advisor, and does not assume any fiduciary duties or provide advisory services as described in Section 15B of the Securities Exchange Act of 1934 or otherwise. L&B does not make recommendations or advice regarding any action to be taken by our clients with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities including with respect to the structure, timing, terms or other similar matters concerning municipal financial products or the issuance of municipal securities.

L&B appreciates this opportunity to serve as the Authority’s Airport Consultant for this proposed financing.

Sincerely,



Landrum & Brown, Incorporated

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# 1 Role of the Airport and Economic Base for Air Traffic

This chapter introduces the Reno-Tahoe International Airport (RNO or the Airport) and summarizes the role the Airport serves in accommodating air traffic for the nation and the region. This chapter also describes the socioeconomic base for the area surrounding the Airport and its ability to continue to support demand for air transportation.

## 1.1 Role of the Airport

The Airport comprises approximately 1,540 acres and is located about five miles southeast of the City of Reno's downtown area. The Airport is the second busiest airport in the State of Nevada (State). Established in 1929 as Hubbard Field, the Airport has been expanded and developed over the years to meet the need for increased aviation demand and accommodate economic growth of the region. The Airport is owned and operated by the Reno-Tahoe Airport Authority (Authority). The State Legislature created the Authority in 1977 and began operation on July 1, 1978, to develop, manage, and operate the Airport.

### 1.1.1 National Role

In the National Plan of Integrated Airport Systems (NPIAS), the Federal Aviation Administration (FAA) categorizes airports based on their level of activity within the national airport system. These categories help to define the role for each of the nearly 3,300 public-use airports included in the NPIAS. According to the FAA preliminary data, the Airport had approximately 2.2 million enplaned passengers in calendar year (CY) 2023.<sup>3</sup> The Airport accounted for less than 0.25% but more than 0.05% of the annual U.S. commercial enplaned passengers and, as such, is classified as a Small Hub airport. There were 74 total Small Hub airports in the U.S. which combined accounted for 9.0% of all enplaned passengers in the U.S. Overall, the Airport is ranked as the 68<sup>th</sup> busiest commercial service airport in the U.S. in CY 2023 in terms of enplaned passengers based on FAA data. Historically, and prior to the industry-wide air traffic declines associated with the impacts of the Coronavirus Disease 2019 (COVID-19) pandemic discussed later in this Report, the Airport had been classified as a Small Hub airport by the FAA. However, given RNO's relatively more rapid pace of passenger recovery as compared to other U.S. airports, it moved to the Medium Hub category (enplaning between 0.25% and 1.0% of total U.S. passengers) based on CY 2020 enplaned passengers and remained in that category through CY 2022. The Airport's enplaned passenger traffic has fully recovered from the impacts associated with the COVID-19 pandemic and exceeded CY 2019 levels in CY 2023. With the FAA's CY 2023 data, the Airport has returned to the Small Hub category. Being one of the largest Small Hub U.S. airports, it could be expected that the Airport may move to the Medium Hub category in the future. In general, an airport's hub classification has minimal financial impact; however, Small Hub Airports have certain advantages in the receipt of grant funding from the FAA as compared to Large and Medium Hub airports as described in Chapter 3 of this Report.

More information on the Airport's air traffic is included in Chapter 2 of this Report.

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<sup>3</sup> Federal Aviation Administration, Air Carrier Activity Database (preliminary data), June 18, 2024, accessed June 2024.

### 1.1.2 Regional Role

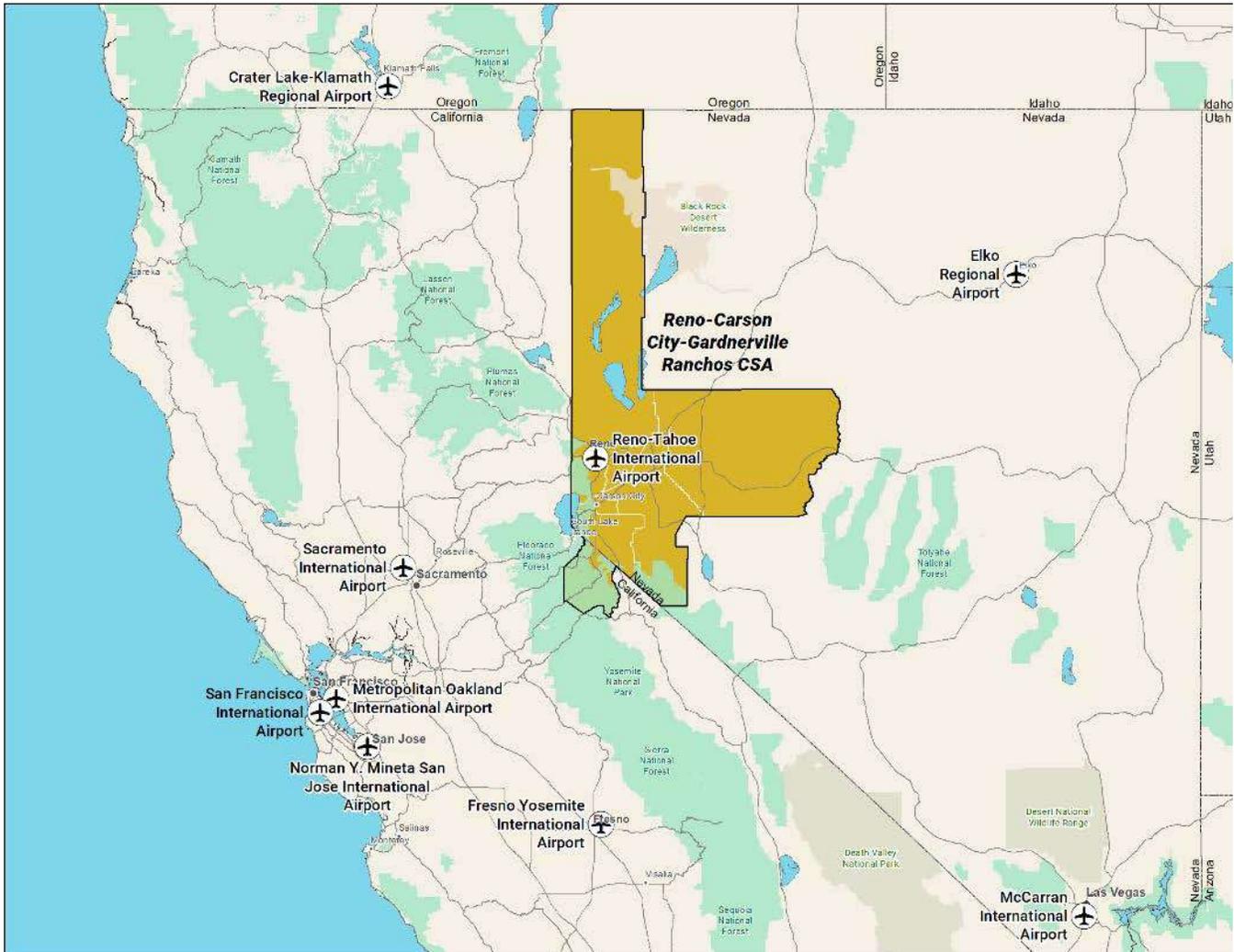
The Airport serves as the principal commercial airline passenger airport for northern Nevada and the Lake Tahoe region in Nevada and California. The City of Reno is located in Washoe County in northwestern Nevada is the primary metropolitan area served by the Airport. In addition to the City of Reno, the Airport also serves the State Capital, Carson City (located approximately 32 driving miles from Reno), the Lake Tahoe region (located approximately 38 driving miles from Reno), and the rest of northwest Nevada. The City of Reno is located in the Reno-Carson City-Gardnerville Ranchos Combined Statistical Area (Reno CSA). CSAs are defined by the U.S. Office of Management and Budget (OMB) as adjacent metropolitan areas and micropolitan areas with economic ties measured by commuting patterns. The Reno CSA includes Carson City, Nevada and the following six counties: Churchill, Nevada; Douglas, Nevada; Lyon, Nevada; Storey, Nevada; Washoe, Nevada; and Alpine, California.<sup>4</sup> **Figure 1-1** provides the location of the Airport and the Reno CSA in relationship to the State of Nevada, northern California, southern Oregon, southwestern Idaho and other commercial service airports in the region.

The Airport principally serves origin and destination (O&D) passengers, or those that begin or end their travel at the Airport. O&D passengers accounted for approximately 97.3% of passenger traffic at the Airport in CY 2023. The primary geographic region that serves as the Airport's immediate catchment area for O&D traffic is referred to as its Air Service Area (ASA). In many cases, including with respect to the Airport, an airport's entire catchment area extends beyond the ASA depending on several factors such as the location of other population centers, the proximity of other commercial service airports, and other geographic features.

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<sup>4</sup> Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas, March 6, 2020.

**Figure 1-1 Airport Regional Location Map**



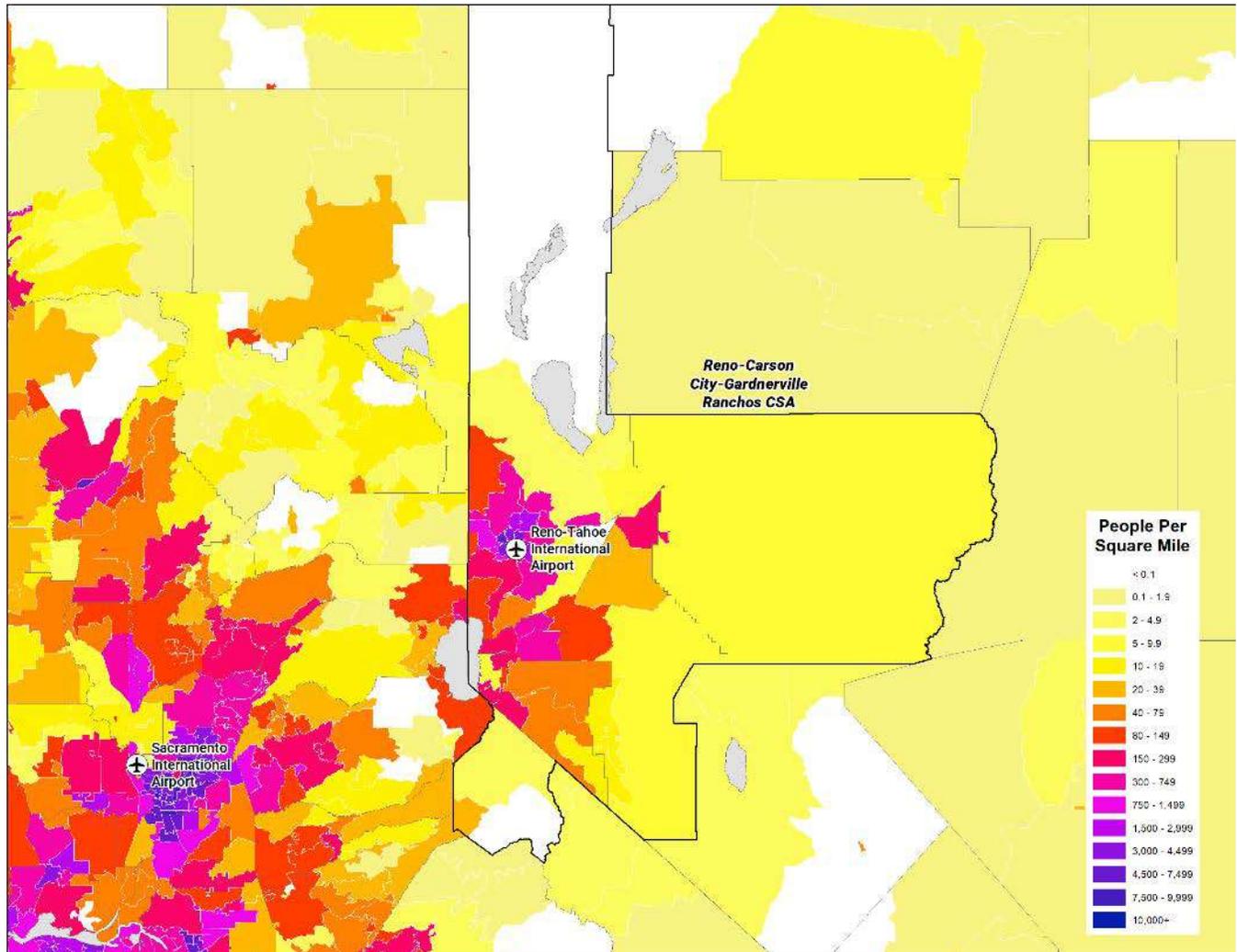
Source: Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas, July 21, 2023. Landrum & Brown.

As shown on Figure 1-1, the Airport is largely isolated from other commercial service airport facilities. Sacramento International Airport (SMF) is the nearest commercial service airport that provides competition for commercial air traffic to the Airport. SMF is located approximately 142 driving miles southwest from the Airport. SMF is considered a Medium Hub airport and accommodates a higher level of air traffic than RNO with about 6.4 million enplaned passengers in CY 2023.<sup>5</sup> While there is likely some overlap in terms of catchment areas for SMF and RNO, the two airports primarily serve two different population areas separated by the natural border of the Sierra Nevada Mountain range. **Figure 1-2** illustrates population density by zip code for the region surrounding both airports. As shown, two distinct population centers can be identified around RNO and SMF. The area between the population centers is relatively sparse mainly because of the Sierra Mountain range, which provides a natural

<sup>5</sup> Federal Aviation Administration, Air Carrier Activity Database (preliminary data), June 18, 2024, accessed June 2024.

boundary. Road travel through the Sierra Mountain range can be somewhat challenging during adverse weather and winter conditions. Therefore, for the purposes of this Report, it was concluded that the Airport would draw a majority of its local passenger base from the areas east of the mountain range.

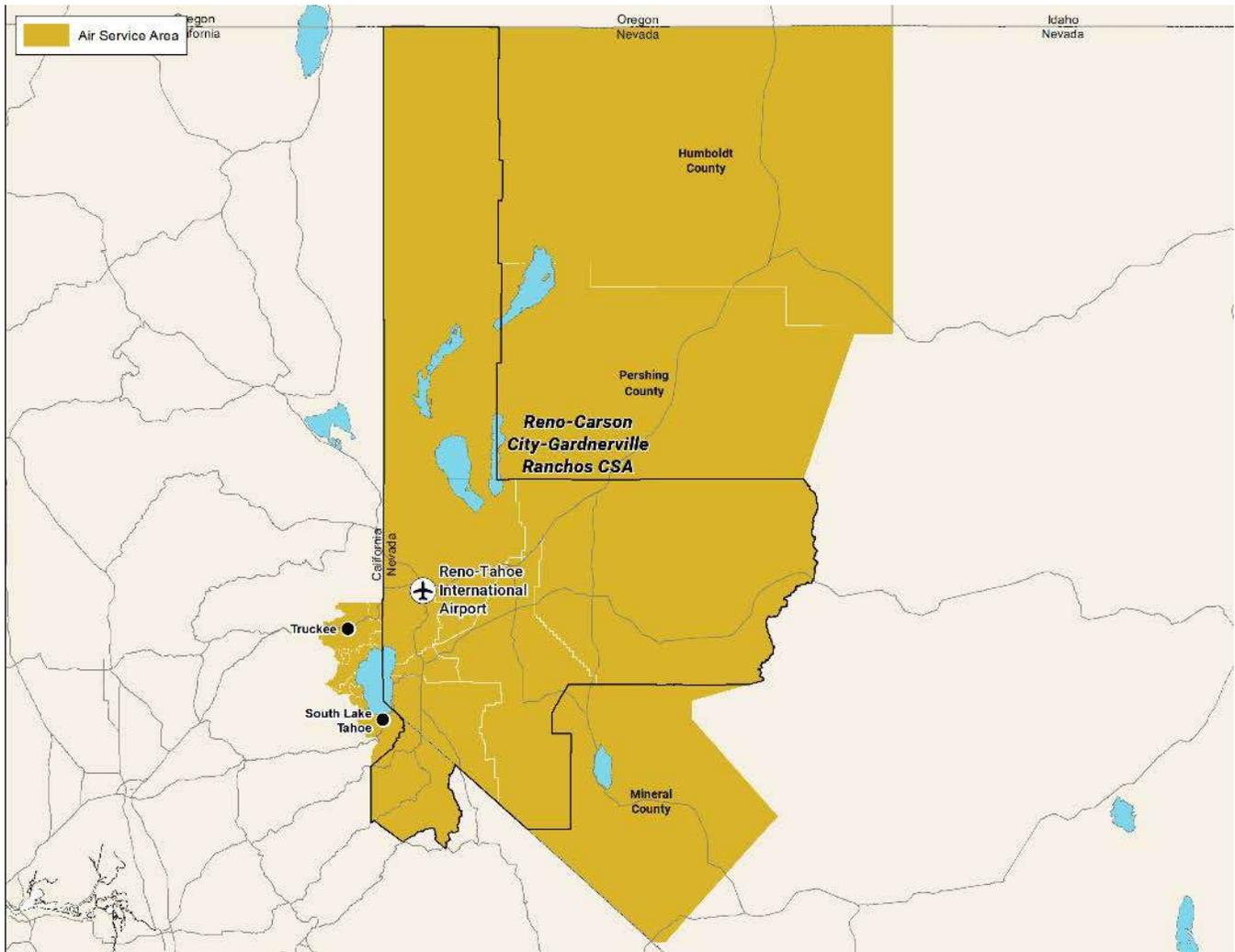
**Figure 1-2 Regional Population Density**



Sources: Esri, 2022 Esri Demographics; Landrum & Brown.

As previously mentioned, the Airport serves northwest Nevada and the Lake Tahoe area which extends beyond the borders of the Reno CSA as shown in Figure 1-2. For the purposes of this Report, the Airport's ASA is generally defined as the geographic region including the Reno CSA, the northwest Nevada counties of Humboldt, Pershing, and Mineral as well as the California regions surrounding Lake Tahoe yet east of the Sierra Nevada Mountain range. These areas are depicted in **Figure 1-3** as the general area for the Airport's ASA.

**Figure 1-3 Airport Air Service Area**



Sources: Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas, July 21, 2023. Landrum & Brown.

While the above area has been defined as the ASA for the Airport, the Reno CSA is used for the analysis of the socioeconomic base in this Report. The Reno CSA contains a significant majority of the population and economic activity of the region which provides the principal demand for local air travel. The socioeconomic base for air traffic is described in the following sections.

## 1.2 Socioeconomic Base for Air Traffic

Generally, air travel demand at an airport is largely correlated with the demographic and economic characteristics of the surrounding region. The economic strength of the ASA has a major impact on the aviation activity at the Airport since most of the Airport's passenger demand is O&D. The following sections review current economic trends and conditions in the ASA and Reno CSA and present data indicative of its capability to generate demand for air transportation through the next several years.

Data for population, income, and gross regional product (GRP) for the ASA and Reno CSA are discussed below. Parallel data for the U.S. are also shown to provide a basis of comparison to local trends. Where available, historical data will be presented for CY 2013 to CY 2023 period, which represents the most recent 11-year period for historical data. Also, where available, data projections through CY 2032 are included to be consistent with air traffic and financial projections presented later in this Report. Historical data and projections are provided by Woods & Poole Economic, Inc (W&P) unless otherwise noted.

### 1.2.1 Population

A growing population is a significant source of demand for air travel. **Table 1-1** provides the historical population data for CY 2013 and CY 2023 for the primary and secondary ASA. Between CY 2013 and CY 2023, the population in the Reno CSA increased from approximately 616,000 to 699,000, which is a 13.5% total increase, the 20<sup>th</sup> highest for a CSA in the U.S.

In efforts to estimate the population of the ASA, the additional counties of northwest Nevada and the California cities of South Lake Tahoe and Truckee have been included in Table 1-1 below. This population estimate is likely somewhat conservative as it does not fully capture all of the areas in California surrounding Lake Tahoe that are east of the Sierra Nevada Mountain range. Using these areas for a population estimate of the ASA, since CY 2013, its population has increased at a compound annual growth rate (CAGR) of 1.2%, slightly below that of the State (1.4%), but significantly higher than the U.S. (0.6%). The population for CY 2023, using this estimate for the ASA, was approximately 766,000. As mentioned above this population estimate for the ASA is likely conservative. The Authority's air service consultant has conducted more detailed analyses of the population of the Airport's catchment area with estimates over 1.0 million people.<sup>6</sup>

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<sup>6</sup> Market Penetration Analysis, Reno-Tahoe International Airport, Mead & Hunt, June 2024.

**Table 1-1 Population (CY 2013 and CY 2023)**

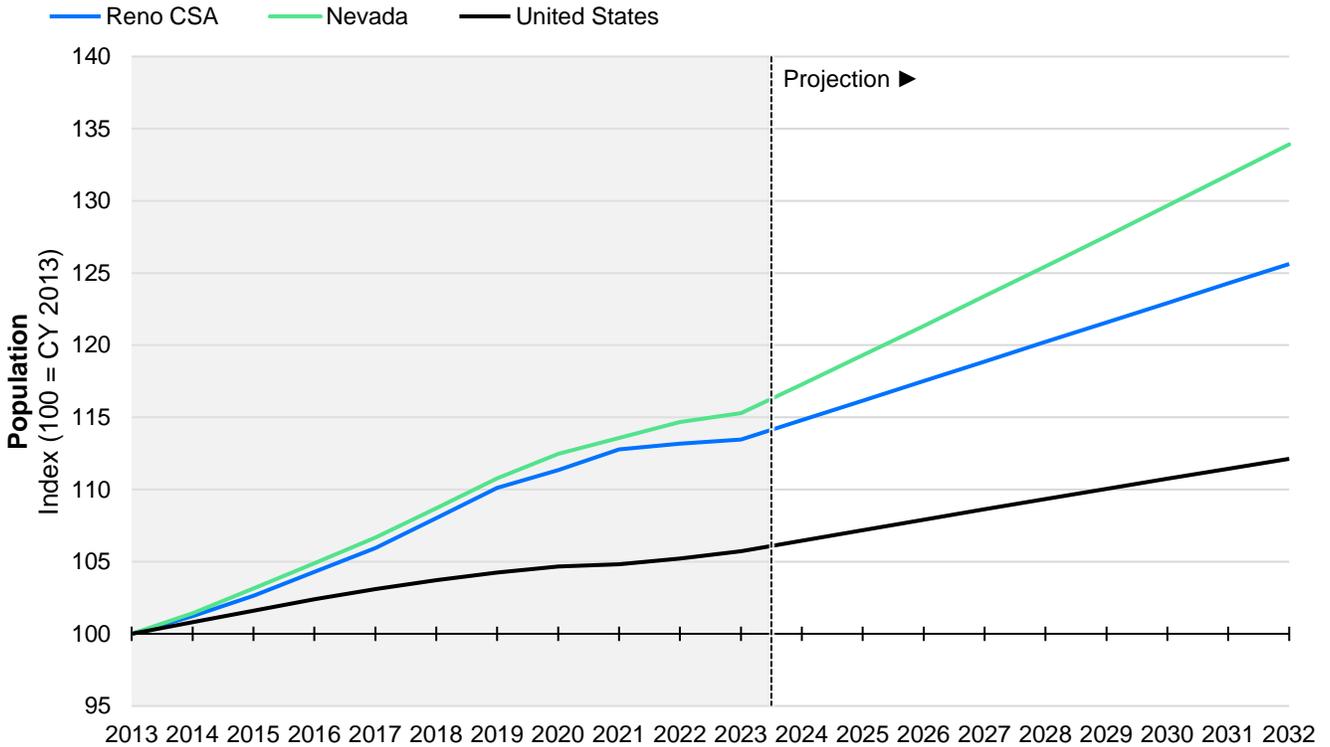
Region	Population (In Thousands)		CAGR
	CY 2013	CY 2023	CY 2013 - 2023
United States	316,668	334,915	0.6%
Nevada	2,770	3,194	1.4%
<b>Air Service Area</b>	<b>683</b>	<b>766</b>	<b>1.2%</b>
<b>Reno CSA</b>	<b>616</b>	<b>699</b>	<b>1.3%</b>
Lyon County	51	63	2.0%
Storey County	4	4	1.1%
Washoe County	434	498	1.4%
Carson City	55	58	0.6%
Churchill County	24	26	0.7%
Alpine County	1	1	0.0%
Douglas County	47	50	0.5%
<b>Northwest Nevada</b>	<b>29</b>	<b>28</b>	<b>-0.3%</b>
Pershing County	7	6	-0.7%
Humboldt County	17	17	-0.2%
Mineral County	5	5	-0.2%
<b>California Cities</b>	<b>37</b>	<b>38</b>	<b>0.2%</b>
South Lake Tahoe	21	21	-0.1%
Truckee	16	17	0.6%

Source: Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source, June 2023 (Counties). United States Census Bureau, Annual Estimates of the Resident Population for Incorporated Places in California: April 1, 2020 to July 1, 2023 (Cities).

**Figure 1-4** depicts the historical and projected population indexed to CY 2013 for the Reno CSA, the State, and for the overall U.S. Since CY 2013, population growth in the ASA has significantly outpaced the nation. According to W&P, the population in the Reno CSA is forecast to increase from 699,000 in CY 2023 to 774,000 in CY 2032, resulting in a CAGR of 1.0%, which is significantly higher than the forecast for the nation's population but lower than the rest of the state of Nevada.<sup>7</sup>

<sup>7</sup> Excludes Churchill County and Alpine County as they were added to the Reno CSA after forecasts were developed.

**Figure 1-4 Historical and Forecast Population Trends (CY 2013 – CY 2032)**

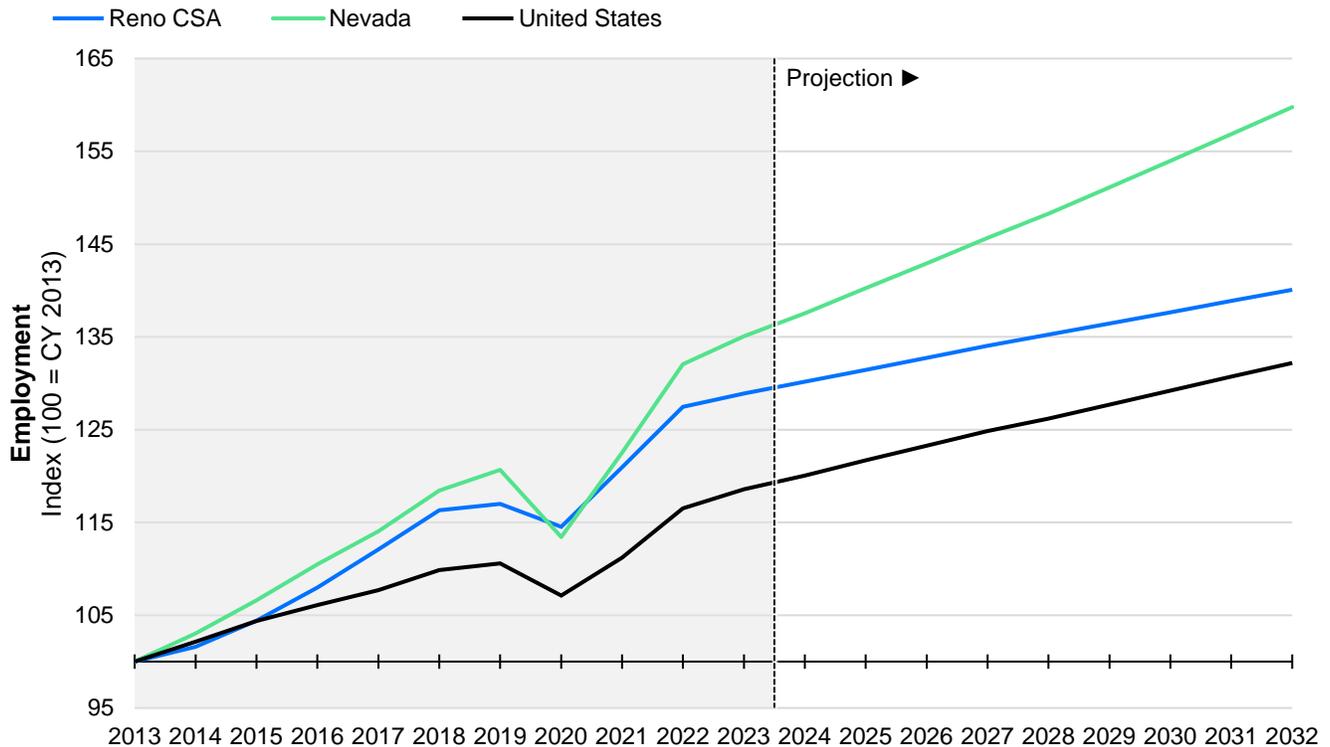


Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, June 2024.

### 1.2.2 Employment

Growth in employment is an important indicator of the overall health of the local economy. Historically, changes in population and employment tend to be closely correlated as people migrate in and out of areas largely depending on their ability to find work. **Figure 1-5** presents historical and projected employment in the Reno CSA, the State, and the U.S. indexed to CY 2013. From CY 2013 through CY 2019, employment in the ASA increased at a CAGR of 2.6%, higher than the rate for the U.S. (2.2%). In CY 2020, employment in the Reno CSA decreased by 2.1% principally related to the impacts associated with the COVID-19 pandemic. The decline in employment was not as deep when compared to many other areas of the U.S. In CY 2020, employment in the U.S. decreased by 3.1%. By CY 2021, employment in the Reno CSA fully recovered as it exceeded CY 2019 levels and continued to increase in CY 2022 and CY 2023. In comparison, employment in the overall U.S. did not recover until CY 2022. The Reno CSA overall is forecast to have a lower long-term growth rate in employment throughout the projections as compared to the U.S. as a whole.

**Figure 1-5 Historical and Forecast Employment Trends (CY 2013 – CY 2032)**

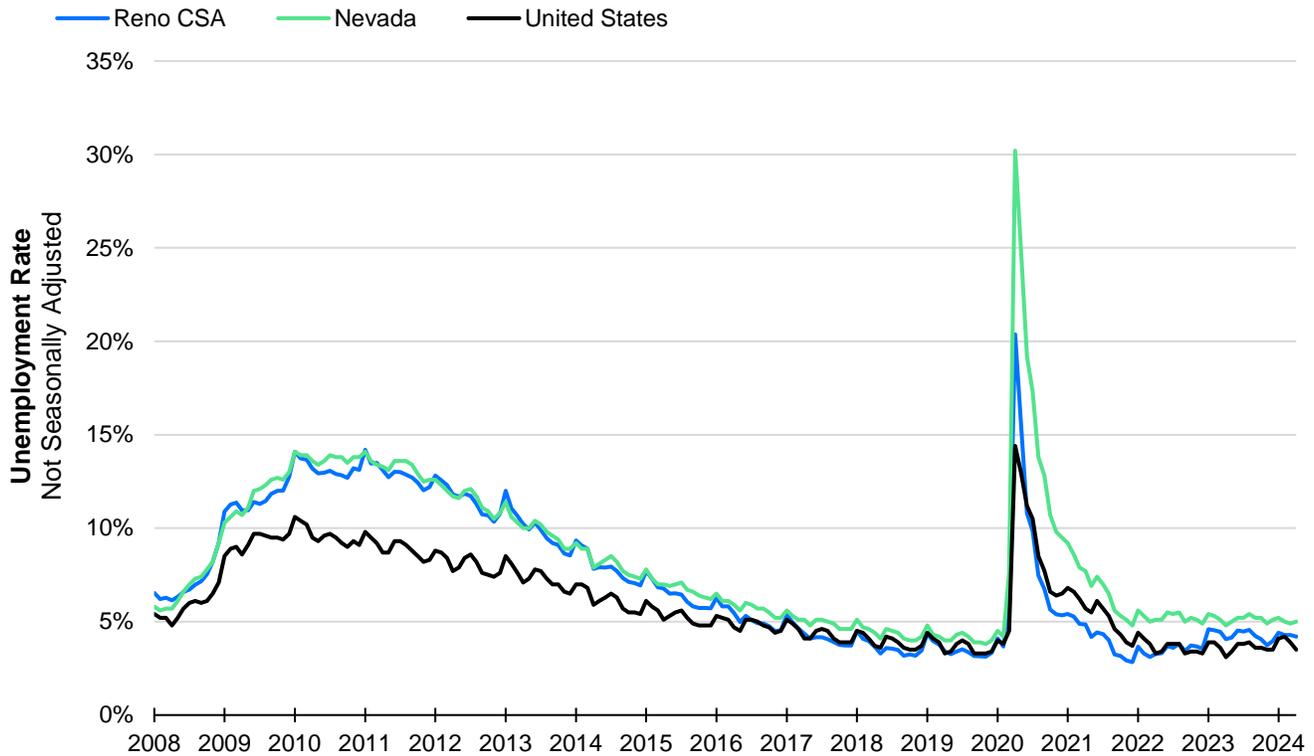


Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, June 2024.

**1.2.2.1 Labor Force & Unemployment Rates**

Unemployment rates are an indicator of economic health as rates usually decrease as economic activity in the region grows. **Figure 1-6** presents the historical unemployment rates for the Reno CSA and the U.S. As shown, from CY 2008 through July 2016, unemployment rates in the Reno CSA were higher than the national average but from July 2016 through December 2019 the rates were either similar or more favorable. Primarily as a result of the Great Recession (generally late CY 2007 to mid CY 2009) and its lingering impacts, unemployment for the Reno CSA peaked at 14.1% in January 2010 as compared to the national unemployment peak of 10.6% in January 2010. Total employment during CY 2019 increased at a faster rate than population since the end of the Great Recession, resulting in significant declines in unemployment rates during that time. However, since the impacts associated with the COVID-19 pandemic occurred in the U.S. starting in March 2020, unemployment rates increased to historic levels as a result of stay-at-home orders and companies hedging for potential losses. In April 2020, the unemployment rate for the Reno CSA reached 20.4% compared to the national rate of 14.4% and the state’s rate of 30.2%. The national unemployment rate, Nevada’s unemployment rate, and the unemployment rate in the Reno CSA declined relatively rapidly from these peaks over the next several months. In June, 2020, the Reno CSA unemployment rate dropped below that of the U.S. and remained as such until September, 2022. Since that time, the Reno CSA’s unemployment rate has been slightly above the U.S. In April 2024, the unemployment rate for the Reno CSA was 4.2%, which was higher than that of the U.S. at 3.5% and but lower than Nevada at 5.4%.

**Figure 1-6 Unemployment Rates (January 2008 - April 2024)**



Note: Not seasonally adjusted.

Sources: U.S. Department of Labor: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, accessed July 2024.

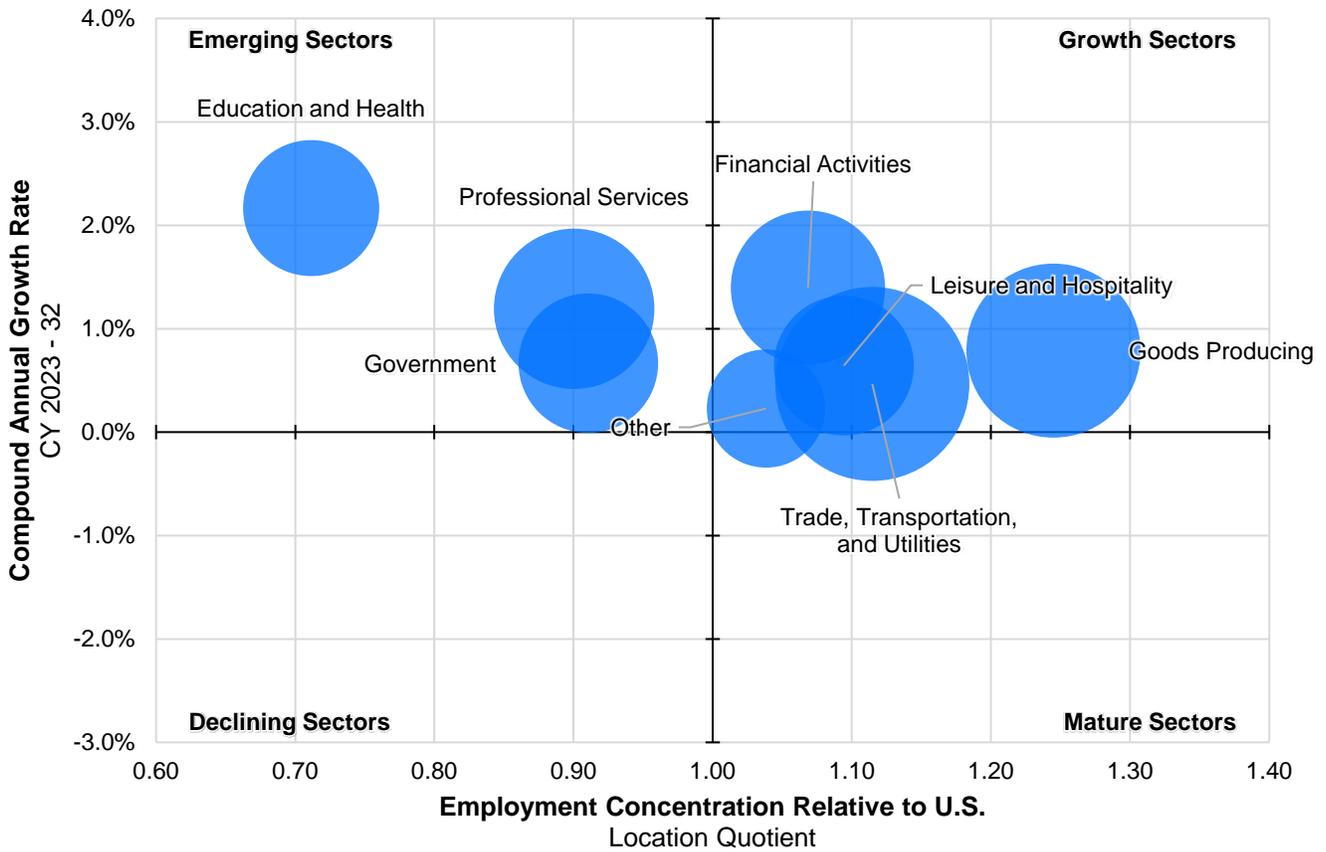
### 1.2.2.2 Industry Sectors

In CY 2010, trade, transportation, and utilities was the largest job sector in the Reno CSA with approximately 18.2% of the total employment. This sector continued to grow and in CY 2023 accounted for 19.8% of the total employment in the Reno CSA. The Reno CSA has had several businesses in the goods producing sector begin operations in the Reno CSA over recent years. The result was that the goods producing sector had the largest growth in terms of total employees 35,200 from CY 2010 through CY 2023. As a result, the good producing sector accounted for 16.0% of the total jobs in CY 2023, compared to 11.1% in CY 2010. Conversely, financial activities, leisure and hospitality, and government all accounted for a smaller share of the employees in CY 2023 when compared to CY 2010 despite still adding jobs.

The breakdown of jobs by employment sectors within a region can provide insight as to how resilient the local economy is to downturns. **Figure 1-7** presents a comparison of employment by industry sector between the Reno CSA and the U.S. and the forecasted future growth of each sector. The comparison is provided using a location quotient (LQ), which is an analytical statistic that measures a region’s industrial specialization relative to a larger geographic unit. A LQ is computed as an industry’s share of a regional total for some economic statistic (earnings, Gross Regional Product (GRP) by metropolitan area, employment, etc.) divided by the industry’s share of the national total for the same statistic. For example, the Reno CSA’s goods producing sector has a LQ of 1.24 which means the region has a higher concentration in goods producing than the nation. As shown, the leisure and hospitality and goods producing sectors are higher in concentration in the Reno CSA than the U.S. Furthermore,

the education and health; professional services; and financial services sectors are projected to have some of the highest growth in jobs in the region. The growth for these sectors is higher than the national average which results in their LQs increasing over time. Overall, the Reno CSA's employment sectors appear to be positioned to continue to provide jobs that are consistent with demand for air travel.

**Figure 1-7 Employment by Industry Sector (CY 2023)**



Notes: A location quotient (LQ) is an analytical statistic that measures a region's industrial specialization relative to a larger geographic unit. An LQ is computed as an industry's share of a regional total for some economic statistic (earnings, GDP by metropolitan area, employment, etc.) divided by the industry's share of the national total for the same statistic.

Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, June 2024.

### 1.2.2.3 Major Employers

The top employers in the ASA with more than 1,000 employees for CY 2023 are shown in **Table 1-2**. These employers serve a diverse range of industries including, but not limited to, manufacturing, casinos and resorts, health care, education, and government.

**Table 1-2 Top Employers in Air Service Area (CY 2023)**

Employer Name	City	NAICS Description	Employment Range
Tesla Gigafactory	Storey County	Automobile-Manufacturers	5,000-9,999
Renown Health	Reno	Health Care Management	1,000-4,999
Peppermill Inc	Reno	Resorts	1,000-4,999
Nugget Casino Resort	Sparks	Casinos	1,000-4,999
Grand Sierra Resort & Casino	Reno	Casinos	1,000-4,999
St Mary's Regional Medical Center	Reno	Hospitals	1,000-4,999
Peppermill Casinos Inc	Reno	Casinos	1,000-4,999
Eldorado Resort Casino	Reno	Casinos	1,000-4,999
Spa At Silver Legacy	Reno	Spas-Beauty & Day	1,000-4,999
University of Nevada, Reno Sponsored Programs	Reno	University-College Dept/Facility/Office	1,000-4,999
IGT	Reno	Slot Machines-Sales & Service	1,000-4,999
AMERCO	Reno	Truck Renting & Leasing	1,000-4,999
UPS Customer Ctr	Sparks	Mailing & Shipping Services	1,000-4,999
Circus Circus Reno Hotel-Casino	Reno	Casinos	1,000-4,999
Legacy Supply Chain	Reno	Logistics	1,000-4,999
Sierra Nevada Health Care System	Reno	Government-Specialty Hospital	1,000-4,999
Army National Guard	Carson City	State Government-National Security	1,000-4,999
Corrections Department	Carson City	State Govt-Correctional Institutions	1,000-4,999
Transportation Department	Carson City	State Government-Regulation & Administration-	1,000-4,999
Employment Security Division	Carson City	State Government-Social/Human Resources	1,000-4,999
Harrah's Lake Tahoe	Stateline	Casinos	1,000-4,999
Montbleu Resort Casino & Spa	Stateline	Casinos	1,000-4,999

Sources: Nevada Department of Employment, Training, and Rehabilitation, Comprehensive Area Financial Report, accessed online at <https://nevadaworkforce.com/CAFR>; California, Employment Development Department, Major Employers in Alpine County, accessed online at <https://labormarketinfo.edd.ca.gov/majorer/countymajorer.asp?CountyCode=000003>, March 2024.

#### 1.2.2.4 Tahoe Reno Industrial Center (TRIC)

The Tahoe Reno Industrial Center (TRIC) is the world's largest industrial park<sup>8</sup> and is located about 30 minutes from the Airport. The park spans 104,000 acres in total. The industrial center caters to companies focusing on distribution, manufacturing, and data centers. TRIC currently has 119 tenants anchored by some of the largest companies in the world including but not limited to Google, Tesla, and Walmart.

In 2014, electric automobile manufacturer, Tesla announced plans to construct a factory to produce enough battery cells annually for 500,000 vehicles. At the time, the factory, named Gigafactory Nevada, was projected to provide jobs to 6,500 people and was estimated to cost \$5 billion to construct. Original construction of the Gigafactory was completed in July 2016 and has 5.4 million square-feet of floor area. Today, Tesla is the largest employer in the ASA. Tesla plans to continue to invest in the region. In 2023, the company announced plans to invest \$3.6 billion in the next 10 years to expand the factory. The expansion includes two new facilities: a cell factory capable of producing enough batteries for 1.5 million light duty vehicles and a high-volume semi-truck factory producing Tesla's first fully electric combination trucks. The expansion will add an additional 4.0 million square-feet of manufacturing space and add an additional 3,000 new jobs. The company broke ground on the expansion in January 2024. In May 2024, Tesla announced a 10% layoff company wide. It is reported that 693 jobs would be impacted as part of this layoff.<sup>9</sup>

The Aqua Metal Battery is currently developing a five-acre lithium battery recycling campus in the Reno area. The facility was designed to process more than 20 million pounds of lithium-ion battery material each year. The facility is anticipated to begin operations in CY 2024 and will reach full capacity in CY 2025. Another battery recycling company, Redwood Materials is constructing a 300-acre campus. When completed, the facility will be able to recycle enough materials create more than five million electric vehicle (EV) batteries each year. Redwood Materials has partnerships with some of the largest car manufacturers in the world.

The TRIC is also home to several of the largest data centers in the world, including the world's largest data center, the Switch Citadel, opened in February 2024 and in late CY 2024, the 20-acre Novva Data Center will be completed.

### 1.2.3 Income

Income statistics are broad indicators of the relative earning power and wealth of an area and provide a measure of the relative affluence of a region's residents and, consequently, of their ability to afford air travel.

#### 1.2.3.1 Per Capita Personal Income

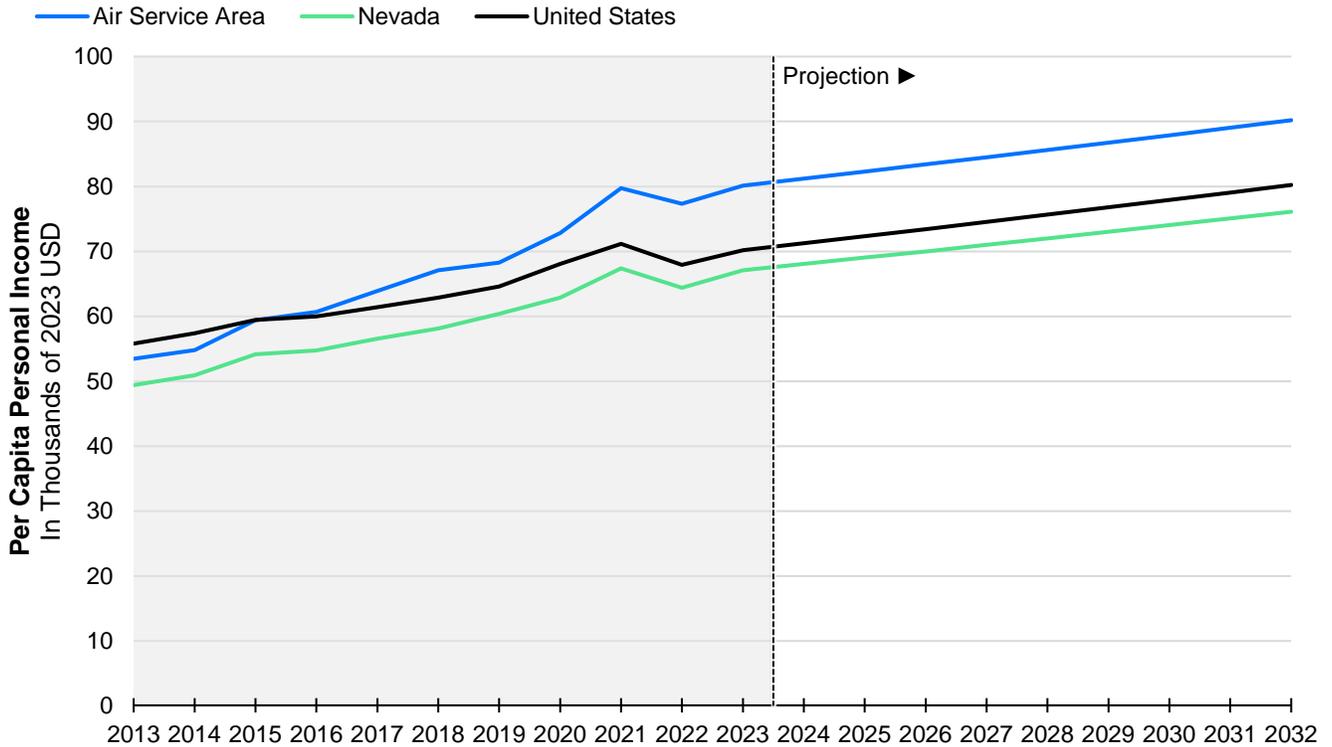
Per capita personal income (PCPI) corresponds to the income per resident (total income divided by total population). **Figure 1-8** provides the historical and forecasted PCPI for the Reno CSA, the State, and the U.S. from CY 2013 through CY 2032 as reported in 2023 U.S. dollars (USD). In CY 2013, PCPI in the Reno CSA was \$53,462, which was lower than the national average of \$55,799. From CY 2013 through CY 2023, PCPI in the Reno CSA has increased at a CAGR of 4.1% as compared to a 2.3% CAGR for the U.S. This faster growth resulted in the PCPI in the Reno CSA reaching an estimated \$80,149 in CY 2023 which was \$9,977 higher than the national average. The PCPI in the Reno CSA is forecasted to continue to exceed the national average.

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<sup>8</sup> Tahoe Reno Industrial Center, Maps, accessed online at <https://tahoereno.com/maps/>.

<sup>9</sup> Reno Gazette Journal, Here is where Tesla is laying off 700 workers in Nevada. Will it affect incentives?, accessed online at <https://www.rgj.com/story/news/money/business/2024/04/29/here-is-where-tesla-is-laying-off-700-workers-in-nevada-will-warn-notice-affect-state-incentives/73461144007/>

**Figure 1-8 Historical and Forecast Per Capita Personal Income Trends (CY 2013 – CY 2032)**



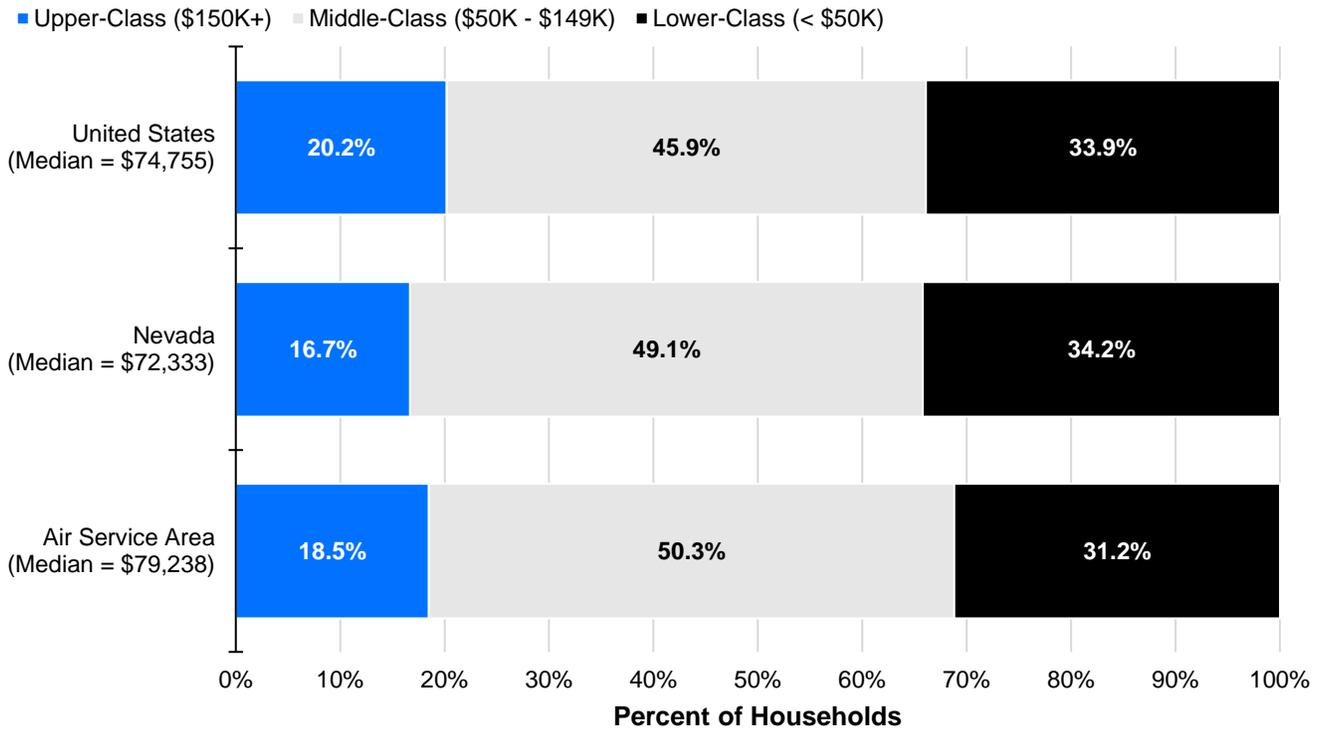
Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, June 2024.

1.2.3.2 Household Income

To understand the distribution of income within the region, households within the Reno CSA were segmented into three categories: upper-class households, middle-class households, and lower-class households. The Pew Research Center defines the upper-class as adults whose income is more than double the national median. In CY 2022, the national median household income was \$74,755, so upper-class would be considered those with a household income over \$149,510. For the purposes of this Report, upper-class has been defined as those with a household income of \$150,000 or more. The Pew Research Center defines the middle-class as adults whose income falls between two-thirds and double the national median. For the purposes of this Report, middle-class has been defined as those with a household income of at least \$50,000 but less than \$150,000. Households in the middle and upper-class brackets are more likely to have individuals whose jobs require travel when compared to lower-class households. Additionally, upper-class households generally have more disposable income and can therefore afford more leisure travel than households in other income brackets.

Figure 1-9 presents the percentage of households within each income bracket for the Reno CSA as compared to the U.S. for CY 2022. As shown, 18.5% of households in the Reno CSA were considered upper-class, which is below the national average of 20.2%. However, the Reno CSA has a larger share of middle-class households (50.3%) compared to the U.S. (45.9%). The median household income for the Reno CSA was also higher significantly higher than that of the U.S. and State.

**Figure 1-9 Distribution of Household Income (CY 2022)**

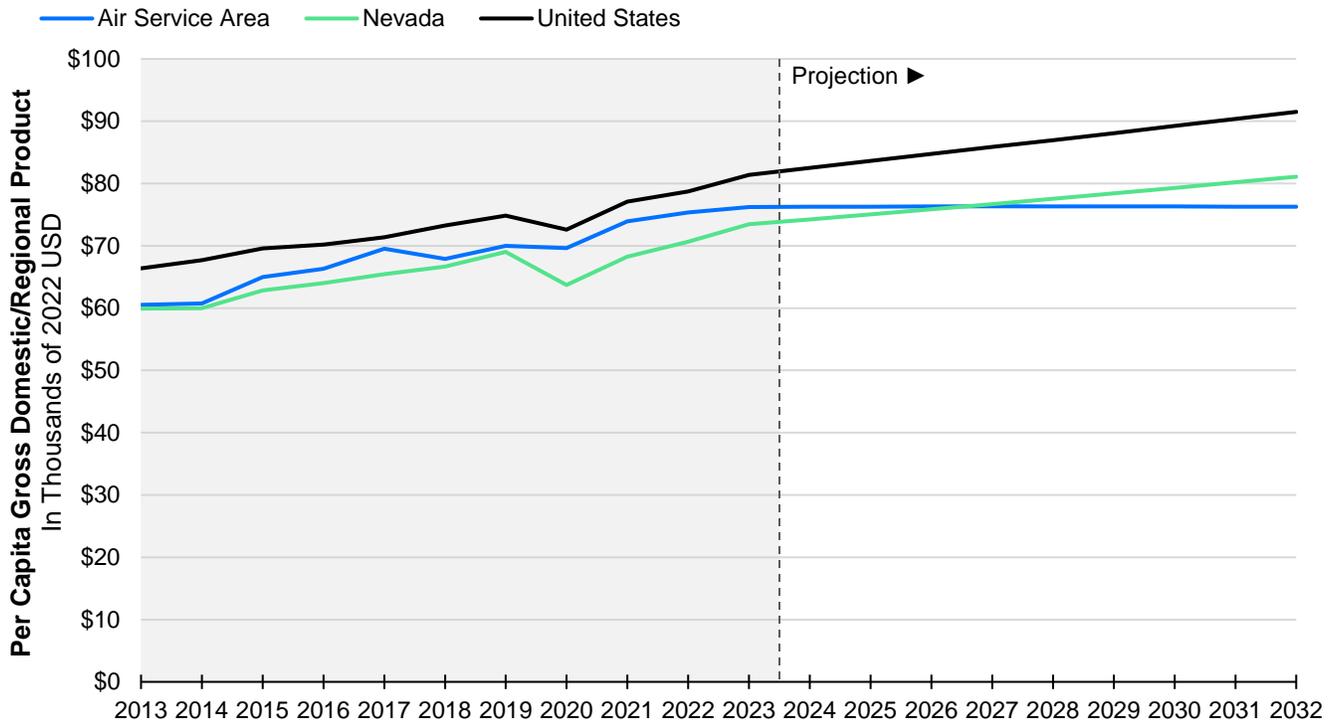


Source: US Census Bureau, 2022: ACS 1-Year Estimates Data Profiles, accessed March 2024.

### 1.2.4 Gross Domestic/Regional Product

Gross domestic product (GDP) and GRP are measures of the value of all final goods and services produced within a geographic area. These measures are general indicators of the economic health of a geographic area and, consequently, of the area’s potential demand for air transportation services. **Figure 1-10** presents the historical and forecasted GDP for the U.S. and GRP for the State and the Reno CSA on a per capita basis from CY 2013 through CY 2032. Over the period shown, GRP for the Reno CSA on a per capita basis has been lower than that of the U.S. since CY 2013. The gap between the national GDP per capita and the Reno CSA GRP per capita is forecasted to widen through the forecast as population growth exceeds GRP growth.

**Figure 1-10 Historical and Forecast Per Capita Gross Domestic/Regional Product Trends (CY 2013 – CY 2032)**

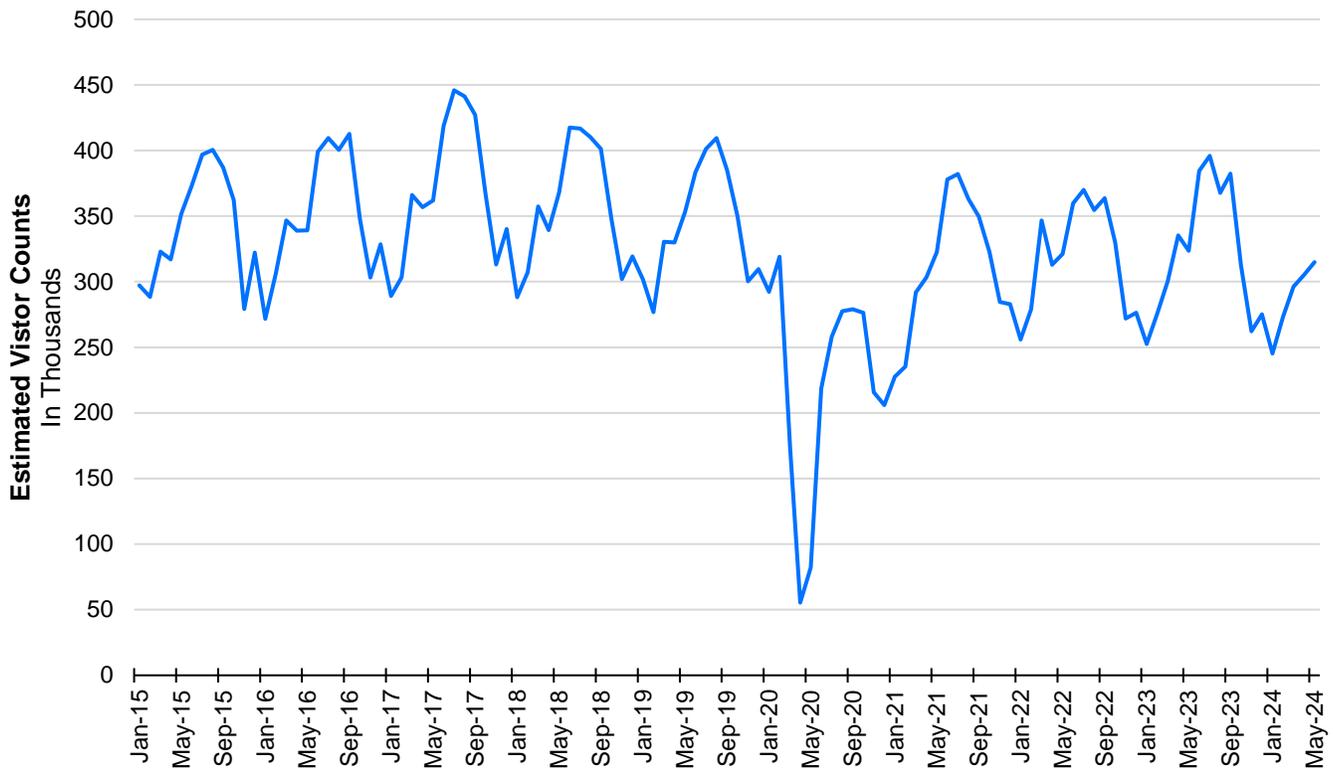


Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, June 2024.

### 1.2.5 Regional Tourism and Visitors

In CY 2023, the Reno-Tahoe area had 3.9 million visitors. Tourism had an economic impact of \$3.05 billion in CY 2023. **Figure 1-11** provides the monthly visitors to the region. As shown, there was a major decline in visitors early in the COVID-19 pandemic, but a majority of the visiting traffic returned by the end of the CY 2020. However, it appears that recovery has temporarily taken a pause. In the fall and winter months of CY 2023, visitor traffic was still down by nearly 12% when compared to those months in CY 2019. The 2021/22 and 2022/23 winters were marked by record snow falls which may have impacted the visitor traffic. While a majority of the summer months are closer to pre-pandemic levels, with June 2023 exceeding June 2019, August 2023, typically the peak month for visiting traffic, was 10.2% below August 2022. For CY 2023, visiting traffic was 6.4% below CY 2019.

**Figure 1-11 Visitor Counts to Reno-Tahoe Area (January 2015 – May 2024)**



Source: Reno-Sparks Convention & Visitors Authority, Estimated Visitor Counts to Reno-Sparks and Washoe County Areas, accessed online at <https://www.rscva.com/impact/finance/>, July 2024.

### 1.2.5.1 Lake Tahoe

Lake Tahoe is the number one tourist destination in the region. According to the Reno-Sparks Convention & Visitors Authority (RSCVA), 70% of visitors go to Lake Tahoe with 25% of visitors indicating that it was their primary motivation to visiting the area.<sup>10</sup> Lake Tahoe is located on the border between Nevada and California, approximately a 30-minute drive from downtown Reno. Surrounded by the Sierra Nevada Mountains, the 191-square mile lake is the largest alpine lake in North America and caters to those seeking an outdoor adventure.

In the warmer months, visitors can enjoy watersports such as kayaking, paddleboarding, boating, whitewater rafting, and lodging on the beaches. The area also provides hiking with a number of trailheads around the lake, offering hikes for beginners to advanced. During the winter months, the nearby mountains provide a retreat for those looking for world-class skiing and snowboarding. The lake caters to all sorts of travelers. North Lake Tahoe caters to those seeking a more laid-back vacation with an opportunity to take in the area’s natural beauty in more rustic accommodations. South Lake Tahoe provides recreation year-round with resorts, high-end shopping, and hotel-casinos.

<sup>10</sup> Reno-Sparks Convention & Visitors Authority, Past & Potential Visitor Profile Report: 2022, accessed online at <https://www.rscva.com/impact/research/>, April 2024.

The Airport is the nearest option for those traveling commercial by air and visiting Lake Tahoe. The Airport is approximately 58 driving miles from South Lake Tahoe and approximately just 52 driving miles from Tahoe City. In comparison, SMF is 114 driving miles from South Lake Tahoe and 119 driving miles from Tahoe City. Additionally, the road from Sacramento is divided by the Sierra Mountain Range which can be treacherous to traverse during winter months and adverse weather conditions.

### 1.2.5.2 Gaming

Since Nevada's legalization of casino gaming in 1931, Reno has positioned itself as a premier casino town. While Lake Tahoe is the biggest draw to the region, the casinos provide another major draw to the region with 23% of visitors listing gaming as the primary motivation to visit. More than half (54%) of all visitors engage in gaming during their visit. There are 22 casinos in Reno with 410 table games, 13,020 slot machines, and 56 poker tables.<sup>11</sup> A number of the casinos also have large stages hosting national musical acts. The casinos also provide a one-stop location for corporate events and conventions. They include flexible meeting spaces outfitted with the latest technology, ballrooms, and boardrooms.

The Peppermill Resort and Casino has 1,621 guest rooms, a 33,000-square-foot spa and salon, 106,000 square feet of meeting space, and an award-winning casino that never closes. The Grand Sierra Resort features nearly 2,000 hotel rooms and suites, the largest casino floor in northern Nevada, and the historical Grand Theater, a 2,995-seat concert and show venue. In September 2023, the Grand Sierra Resort announced an expansion project that includes a new 800-room hotel tower and a 10,000-seat arena for the University of Nevada men's basketball team. THE ROW Reno is a six-block resort experience uniting three casino resorts: Eldorado Resort Casino, Circus Circus Reno, and Silver Legacy Resort Casino. THE ROW has 25 restaurants, 23 bars and lounges, 11 nightspots, 4,000 of rooms and suites, and spas. In CY 2023, there were 2.7 million occupied hotel rooms in Reno of which 68.8% were at gaming hotels.<sup>12</sup> There are 12 casinos around Lake Tahoe, notably Harveys Lake Tahoe, a 512-room hotel and casino, and Harrah's Lake Tahoe, a 512-room hotel and casino.

### 1.2.5.3 Other

Since 1986, thousands of car enthusiasts have come to Reno each year for Hot August Nights. The 10-day event is one of the largest annual classic car events in the world with 5,500 officially registered vehicles being 1979 or older. There are approximately 250,000 attendees to the event which has show competitions, music entertainment, and drag racing.

Each year in June, a ten-day Professional Rodeo Cowboys Association sanctioned event, the Reno Rodeo, takes place. The event hosts more than 140,000 spectators. The event kicks off with the Reno Rodeo Cattle Drive which involves driving 300 head of Corriente rodeo steers 100 miles from Doyle, California to the Reno-Sparks Livestock Events Center in Reno. On Wednesday night, the kick-off concert takes place. The following nights include professional bull riding, bareback riding, a free slack competition, bull riding, mutton bustin', steer wrestling, team roping, saddle bronc riding, barrel racing, and more.

The Great Reno Balloon Race is the largest free hot-air balloon event in the world with upwards of 100 hot-air balloons taking flight. The event averages more than 150,000 spectators attending over three days.

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<sup>11</sup> World Casino Directory, Reno Casinos, accessed online at <https://www.worldcasinodirectory.com/nevada/reno>, April 2024.

<sup>12</sup> Reno-Sparks Convention & Visitors Authority, Hotel Statistics 2007 through February 2024, accessed online at <https://www.rscva.com/impact/research/>, April 2024.

Burning Man is a week-long event that focuses on self-expression and community. The event is held annually in Black Rock City, approximately 100 miles north of Reno. More than 70,000 artists, makers, and organizers attend the event, collaborating to design and build art and participate in activities. It is estimated that the event accounts for 20,000 passenger per year.<sup>13</sup>

The Reno-Sparks Convention Center is just south of the City of Reno's downtown area. The Center has more than 600,000 square feet of exhibition and meeting space. Currently, there are 16 public events scheduled at the Reno-Sparks Convention Center, the largest of which is the NCVA Far Western Tournament, a volleyball tournament expected to have 1,500 teams and 30,000 attendees. The casinos in the ASA provide entertainment and more than adequate hotel rooms for the largest conventions.

The Reno Event Center is a multi-use facility seating up to 7,000 people for regional sporting events and national competitions. The National Bowling Stadium attracts regional and national bowling tournaments that can gather up to 60,000 people. The National Bowling Stadium is also the home of the only satellite location of the International Bowling Museum and Hall of Fame.

Truckee California is a small mountain town north of Lake Tahoe in the High Sierras. Originally a mining town, the town provides outdoor activities like skiing and snowboarding, hiking, kayaking, fly fishing, and historic walking tours.

Virginia City, Nevada, is an Old West mining town located southeast of the City of Reno. The city provides visitors with a chance to step back in time and experience the Wild West. The town has a number of museums, mining tours, and ghost routes.

The University of Nevada, Reno (UNR) was Nevada's first university when it was established as the University of Nevada in Elko in 1874. The University was transferred to Reno in 1885. UNR grew from modest beginnings and in 2022 had almost 21,000 enrolled students with 5,294 graduates. In 2019 and 2021, UNR was classified by the Carnegie Classification of Institutions of Higher Education as an R1 institution, which is reserved for doctoral-granting universities with exceptional levels of research activity.

### 1.2.6 Summary

**Table 1-3** presents a summary of CY 2013 through CY 2032 economic variables for the Reno CSA and for the U.S. including population, employment, personal income, and gross regional and domestic product. The following points summarize the comparison between the Reno CSA and the U.S., which generally indicate the ongoing capacity of the ASA to continue to generate demand for air travel into the future.

- Population in the Reno CSA is forecast to continue to significantly outpace that of the U.S.
- The significant growth in the Reno CSA's employment over the past decade outpaced that of the U.S. Future employment growth is expected to increase; however, at a somewhat slower rate than the overall U.S.
- While the growth rates for PCPI is lower for the Reno CSA than the overall U.S., average levels for the Reno CSA are expected to remain higher than the national average.
- The Reno CSA's per capita GRP is forecast to continue to lag behind that of the U.S. GDP, as growth in the population outpaces growth in GRP.

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<sup>13</sup> Reno-Tahoe International Airport, Newsletter – Busy and Bustling with Burners, accessed online at <https://www.renoairport.com/newsroom/news-busy-and-bustling-with-burners/>

**Table 1-3 Historical and Forecast Passenger Demand Variables (CY 2013 – CY 2032)**

Year	Population in thousands		Employment in thousands		Per Capita Personal Income in 2023\$		Per Capita Gross Domestic/Regional Product in millions of 2023\$		
	Reno CSA	U.S.	Reno CSA	U.S.	Reno CSA	U.S.	Reno CSA	U.S.	
Historical	2013	616	316,765	360	182,328	53,462	55,799	60,520	66,379
	2018	666	328,526	418	200,292	67,090	62,890	67,901	73,282
	2019	679	330,222	421	201,635	68,293	64,601	69,977	74,840
	2020	686	331,527	412	195,287	72,848	68,051	69,619	72,615
	2021	695	332,049	435	202,752	79,711	71,153	73,937	77,092
	2022	697	333,271	458	212,442	77,331	67,920	75,371	78,700
Forecast	2023	699	334,915	464	216,167	80,149	70,172	76,224	81,385
	2024	708	337,215	468	218,894	81,225	71,254	76,265	82,497
	2025	716	339,516	473	221,879	82,305	72,340	76,290	83,617
	2026	724	341,808	477	224,737	83,396	73,437	76,317	84,734
	2027	733	344,080	482	227,627	84,498	74,543	76,337	85,856
	2028	741	346,327	486	230,072	85,623	75,661	76,328	86,965
	2029	749	348,565	491	232,834	86,751	76,789	76,314	88,091
	2030	758	350,794	495	235,603	87,888	77,924	76,297	89,221
	2031	766	353,011	499	238,320	89,033	79,068	76,281	90,352
	2032	774	355,175	504	241,012	90,200	80,228	76,269	91,497
<hr/>									
Range		Average Annual Growth Rate							
2013-23		1.3%	0.6%	2.6%	1.7%	4.1%	2.3%	2.3%	2.1%
2023-32		1.1%	0.7%	0.9%	1.2%	1.3%	1.5%	0.0%	1.3%

Note: Includes only counties included in the Reno CSA.

Source: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, June 2024.

## 2 Air Service and Air Traffic Analysis

This chapter describes and evaluates the state of air service at the Airport, analyzes historical trends in air traffic, identifies key factors that generally affect demand for air travel, and provides projections of air traffic activity.

### 2.1 Air Service at the Airport

The following sections evaluate current air service characteristics and operating performance for the primary passenger airlines serving the Airport. The Airport’s overall O&D air traffic is also assessed at the market level, comparing performance with prior years.

#### 2.1.1 Airlines Operating at the Airport

The Airport has historically experienced diverse air service from the primary U.S. airlines. As of July 2024, the Airport had scheduled passenger service by four U.S. network airlines,<sup>14</sup> two low-cost carriers (LCCs),<sup>15</sup> two ultra-low-cost carriers (ULCCs),<sup>16</sup> four regional affiliates, one specialty airline, and one foreign flag airline. **Table 2-1** provides a list of the scheduled passenger and all-cargo airlines that served the Airport as of April 2024.

**Table 2-1 Airlines Serving the Airport (as of July 2024)**

Scheduled Passenger Airlines						
Network Airlines	LCC Airlines	ULCC Airlines	Regional Airlines	Specialty Airline	Foreign Flag Airlines	All-Cargo Airlines
Alaska Airlines	JetBlue Airways	Spirit Airlines	Envoy Air <sup>1</sup>	JSX	Volaris	Federal Express
American Airlines	Southwest Airlines	Sun Country Airlines	Horizon Air <sup>4</sup>			DHL
Delta Air Lines			SkyWest Airlines <sup>1,2,3,4</sup>			United Parcel Service
United Airlines			Mesa Airlines <sup>1,2</sup>			

- <sup>1</sup> Doing business as American Eagle
- <sup>2</sup> Doing business as United Express
- <sup>3</sup> Doing business as Delta Connection
- <sup>4</sup> Doing business as Alaska Airlines

Sources: Reno-Tahoe Airport Authority, Air Carrier Options at RNO; accessed online at <https://www.renoairport.com/flights/airlines/>, July 2024.

To illustrate specific trends in changes to the passenger market share, **Table 2-2** provides the enplaned passengers by airline with the associated market share from Fiscal Year (FY)<sup>17</sup> 2019 through FY 2024. In FY 2019, Southwest Airlines (Southwest) accounted for 42.3% of the total enplaned passengers at the Airport. In

<sup>14</sup> For the purposes of this Report, Alaska Airlines, American Airlines, Delta Air Lines, and United Airlines are considered network airlines.  
<sup>15</sup> For the purposes of this Report, Southwest Airlines and JetBlue Airways are considered low-cost carriers.  
<sup>16</sup> For the purposes of this Report, Spirit Airlines and Sun Country Airlines are considered ultra-low-cost-carriers.  
<sup>17</sup> The Airport’s Fiscal Year is the 12-month period ending June 30.

FY 2020, Southwest's share of the passenger market declined, as Airport enplaned passengers on the airline declined by 27.6% from the prior year, the second largest decline by an airline at the Airport. This trend continued into FY 2021 but has since reversed. In FY 2024, Southwest increased to 42.2% of the Airport's total enplaned passengers. Initially, American Airlines and Alaska Airlines gained in market share at the Airport during Southwest's decline. However, the gains in market share were temporary as both had lower market shares in FY 2024 than in FY 2019. United Airlines has increased its market share the most out of the incumbent carriers at the Airport since FY 2019. In FY 2024, United Airlines had 15.6% of the enplaned passenger market share at the Airport, an increase of 1.1 percentage points from FY 2019. Delta Air Lines has also gained in market share at RNO since FY 2019 having a 8.7% share in FY 2024. Frontier Airlines ended service at the Airport in February 2023. Spirit Airlines began service at the Airport in August 2023 with twice daily non-stop service to Las Vegas. In FY 2024, Spirit had 5.3% of the enplaned passenger market share at the Airport. Sun Country Airlines began seasonal service at the Airport in September 2022. In January 2024, Allegiant Air ended service at the Airport.

### 2.1.2 Nonstop Service

As of July 2024, there was scheduled service to 24 destinations (18 year-round and 6 subject to seasonality) with an average of 41 daily nonstop flights from the Airport. There is one international flight to Guadalajara, Mexico provided by Volaris. Delta Air Lines began service from RNO to Atlanta in June 2024. **Figure 2-1** illustrates the scheduled nonstop markets at the Airport. As shown, the Airport's nonstop service is focused on larger markets on the U.S. West Coast, serving several airports in both the San Francisco Bay area and Southern California. The Airport also has service to all the Large Hub airports in the western U.S. along with certain major connecting hub or key focus city airports in the eastern U.S. This connectivity to major airline hubs throughout the U.S. provides access from the Airport to many global destinations with a few as one stop.

**Figure 2-2** illustrates the Airport's number of nonstop destinations and average daily flights by quarter since CY 2014. As shown, from CY 2014 through the first quarter of CY 2017, nonstop destinations steadily increased from 15 to 23. Nonstop destinations remained relatively stable until CY 2019 when nonstop destinations averaged 21. Following the start of the COVID-19 pandemic, the number of nonstop destinations declined to 15 in the third quarter of 2020, but quickly returned to 20 in the fourth quarter of 2020. After the initial recovery, a new airline Aha! operated by ExpressJet began service at the Airport and added several new nonstop destinations in CY 2021. When Aha! ceased operations in August 2022, many of the new destinations were dropped and returned to pre-pandemic levels in the third quarter of CY 2022. Most of these destinations were smaller airports located in the Pacific Northwest and Southern California, including Eugene, OR; Spokane, WA; Pasco, WA; Ontario, CA; Palm Springs, CA; and Fresno, CA. Nonstop destinations have increased in recent quarters. Origin and Destination Markets

**Table 2-3** provides information regarding the Airport's top domestic O&D markets, including the number of daily O&D enplaned passengers for CY 2023. Certain markets, such as the Los Angeles Basin, serve multiple airport destinations. The table also presents the number of scheduled nonstop daily departing seats. For example, the Las Vegas market (the largest O&D market served from the Airport) had an average of 798.7 daily O&D enplaned passengers with 1,691 average daily nonstop departing seats during FY 2023. As of July 2024, the Airport had nonstop service to 16 of its top 25 O&D markets.

The Airport's top O&D international markets are San Jose del Cabo, Mexico; Cancun, Mexico; Puerto Vallarta, Mexico; and London, England.

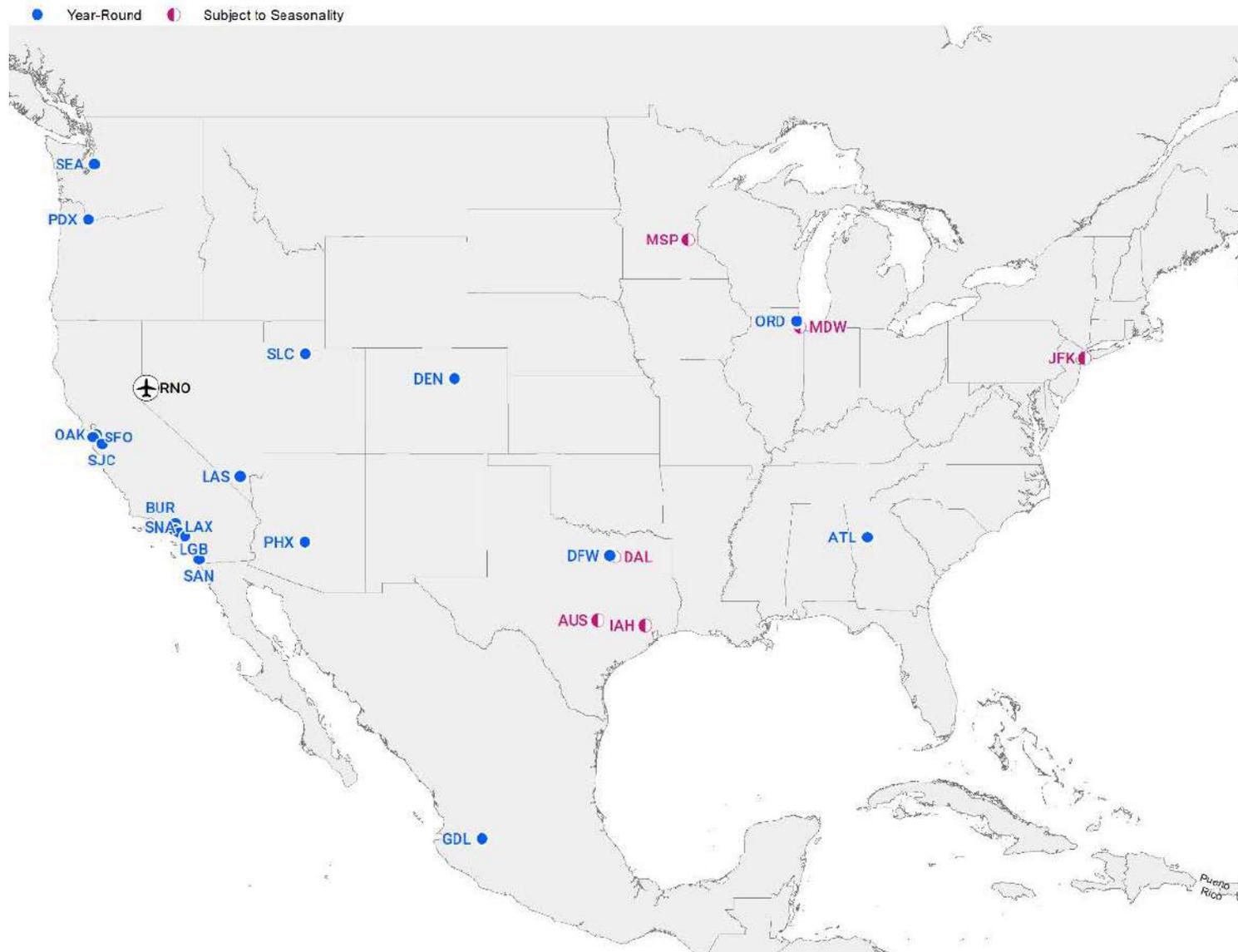
**Table 2-2 Historical Airport Enplaned Passenger Market Share (FY 2019 – FY 2024)**

Airline	Enplaned Passengers (In Thousands)						Market Share					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Southwest Airlines	910	659	461	833	962	990	42.3%	39.0%	37.4%	40.1%	43.2%	42.2%
United Airlines	312	253	176	294	331	367	14.5%	15.0%	14.3%	14.2%	14.9%	15.6%
American Airlines	385	348	247	363	347	361	17.9%	20.6%	20.0%	17.4%	15.6%	15.4%
Delta Air Lines	165	129	131	215	202	205	7.7%	7.6%	10.7%	10.3%	9.1%	8.7%
Alaska Airlines	208	173	120	198	159	176	9.7%	10.2%	9.8%	9.5%	7.1%	7.5%
Spirit Airlines	0	0	0	0	87	124	0.0%	0.0%	0.0%	0.0%	3.9%	5.3%
JetBlue Airways	78	53	16	55	51	49	3.6%	3.1%	1.3%	2.7%	2.3%	2.1%
Volaris	20	20	18	27	33	37	0.9%	1.2%	1.5%	1.3%	1.5%	1.6%
Sun Country	0	0	0	3	20	30	0.0%	0.0%	0.0%	0.2%	0.9%	1.3%
Allegiant Air	42	35	29	33	15	7	1.9%	2.1%	2.4%	1.6%	0.7%	0.3%
Frontier Airlines	27	19	25	33	15	0	1.2%	1.1%	2.0%	1.6%	0.7%	0.0%
Other <sup>1</sup>	3	2	8	24	5	2	0.2%	0.1%	0.6%	1.2%	0.1%	0.1%
<b>Total</b>	<b>2,150</b>	<b>1,690</b>	<b>1,232</b>	<b>2,080</b>	<b>2,229</b>	<b>2,345</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Amounts may not add because of rounding.  
 Frontier Airlines ceased service at the Airport in February 2023.  
 Sun Country began seasonal service in September 2022.  
 Allegiant Air ended service at the Airport in January 2024.  
<sup>1</sup> Aha! operated by ExpressJet began operations in October 2021 and ceased operations in August 2022.

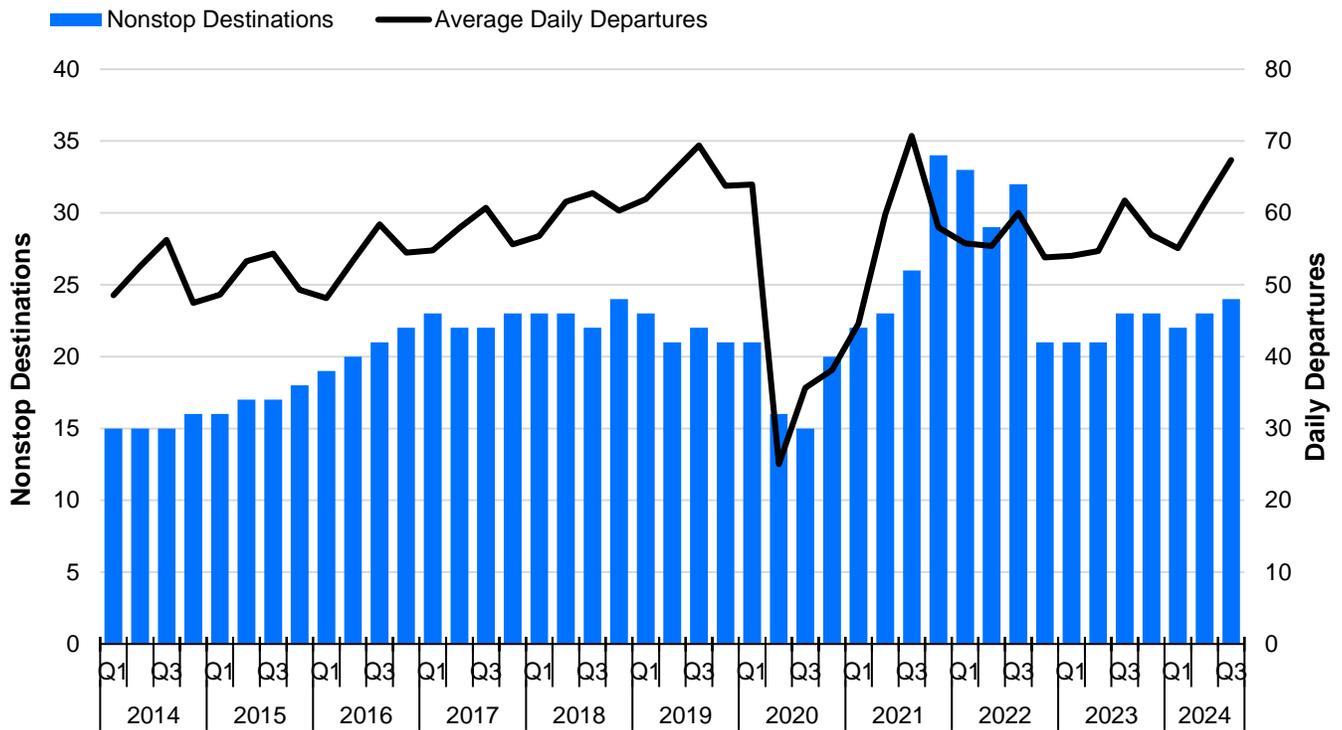
Source: Reno-Tahoe Airport Authority, accessed July 2024.

**Figure 2-1 Nonstop Destinations at the Airport (as of July 2024)**



Source: Cirium, Diio Mi, Schedule – Dynamic Table, accessed July 2024.

**Figure 2-2 Historical Nonstop Destinations (1<sup>st</sup> Quarter 2014 – 3<sup>rd</sup> Quarter 2024)**



Note: Aha! operated by ExpressJet began operations in October 2021 and ceased operations in August 2022.

Source: Cirium, Diio Mi, Schedule – Dynamic Table.

**Table 2-3 Top-25 Domestic O&D Markets from the Airport (CY 2023)**

City/Region	Airlines with Nonstop Service	O&D Enplaned Passengers		Nonstop Scheduled Departing Seats	
		Per Day	Share	Per Day	Share
Las Vegas	WN, NK	779	14.2%	1,891	25.1%
Los Angeles Basin <sup>1</sup>	DL, B6, JSX, WN, UA, 7H, AS	765	13.9%	1,153	15.3%
Phoenix	AA, WN	291	5.3%	795	10.6%
San Diego	WN, AS	243	4.4%	309	4.1%
Seattle	AS	234	4.3%	379	5.0%
Denver	WN, UA	225	4.1%	948	12.6%
Dallas <sup>2</sup>	AA, WN	169	3.1%	528	7.0%
San Francisco Bay <sup>3</sup>	WN, UA	167	3.0%	716	9.5%
Portland	AS	136	2.5%	149	2.0%
Chicago <sup>4</sup>	AA, WN, UA	130	2.4%	47	0.6%
Houston	UA	118	2.1%	37	0.5%
New York	B6	99	1.8%	55	0.7%
Salt Lake City	DL	96	1.7%	403	5.4%
Austin	AA	85	1.5%	64	0.8%
Atlanta	DL	76	1.4%	0	0.0%
Minneapolis/St. Paul	DL, SY	75	1.4%	45	0.6%
Boston		68	1.2%	0	0.0%
Orlando		68	1.2%	0	0.0%
Nashville		57	1.0%	0	0.0%
Newark		50	0.9%	1	0.0%
Philadelphia		49	0.9%	0	0.0%
Tampa		46	0.8%	0	0.0%
Detroit		45	0.8%	0	0.0%
San Antonio		44	0.8%	0	0.0%
Honolulu		44	0.8%	0	0.0%
<b>Top 25</b>		<b>4,158</b>	<b>75.5%</b>	<b>7,521</b>	<b>100.0%</b>
<i>Other</i>		1,348	24.5%	1	0.0%
<b>Total</b>		<b>5,506</b>	<b>100.0%</b>	<b>7,522</b>	<b>100.0%</b>

1 Includes service to LAX, SNA, ONT, LGB, and BUR.

2 Includes service to DFW and DAL.

3 Includes service to SFO, OAK, and SJC.

4 Includes service to ORD and MDW.

Notes: WN = Southwest Airlines, NK = Spirit Airlines, DL = Delta Air Lines, B6 = JetBlue Airways, UA = United Airlines, AA = American Airlines, AS = Alaska Airlines, 7H = New Pacific Airlines.

Source: Cirium, Diio Mi: US DOT Reports DB1A; US DOT T100 Report, accessed via Cirium, Diio Mi, accessed April 2024.

### 2.1.3 Airline Revenue Performance at the Airport

Airline performance at an airport can be measured primarily by three key airline revenue metrics: revenue per available seat mile, load factor, and yield. Each of these airline metrics are summarized below.

- **Revenue per available seat mile (RASM)** – RASM is the unit metric used by airlines, expressed in cents, to measure the amount of revenue received for each available seat mile (ASM). ASMs are measured by airlines for the purpose of determining capacity; one ASM unit equates to one seat flying one mile. For example, an aircraft with 100 seats operating on a route of 1,000 miles would equate to 100,000 ASMs. For the purposes of this analysis, RASM only measures passenger revenue derived from air fares and does not include other revenues received by airlines such as baggage fees.
- **Load factor** – Load factor measures how an airline is performing on a specific route or in aggregate in terms of filling its available seat capacity. Load factor is calculated as total revenue passenger miles (RPMs) divided by ASMs. RPMs are the general airline metric for measuring the number of miles traveled by paying passengers. For example, a revenue passenger flying one mile equates to one RPM.
- **Yield** – The last measure is airline yield, represented by revenue per passenger mile (RPM). Yield (or RPM) is like RASM, however, yield measures revenue for each passenger-mile sold (RASM measures revenue for each passenger-mile available to be sold). Yield is the industry measurement for price, while load factor is a volume-related measurement. RASM factors in both and, thus, is considered the key airline revenue metric.

In general, the higher the RASM or yield the more profitable an airline is assuming that the number of ASMs remain constant over time. Since an airline's revenue does not necessarily increase proportionately with the distance it flies, both RASM and yield will typically decrease as the overall length of the trip or stage length increases. Therefore, if an airline increases its overall stage length, it should be expected that RASM and yield will decrease. To account for this, RASM and yields have been adjusted based on the airline's average stage length. For the purposes of this Report and to normalize for varying stage lengths, all stage length adjusted (SLA)<sup>18</sup> values are expressed in a base of 1,000 miles.

**Table 2-4** compares key airline revenue metrics for all U.S airlines and the five network airlines serving the Airport in FY 2023. Key airline revenue metrics exhibited some decreases during the COVID-19 pandemic. However, as shown for CY 2023, with the exception of load factor, the other key airline revenue metrics for the Airport are better than the national average and better than those for the Airport prior to the COVID-19 pandemic, which, generally, indicates that the Airport performs well financially for the airlines. Note that the data presented does not include airline ancillary fees for items such as ticket changes, checked bags, priority seating, etc., as this data is not available by airport. Over the years, U.S. airlines have realized significant revenues from these ancillary fees.

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<sup>18</sup> Stage length adjustments are a common practice used to normalize comparisons of passenger yields and revenue per available seat mile. Stage length adjustments for 1,000 miles are made using the formula:  
 $SLA \text{ Value} = \text{Value} * (\text{observed length of haul}/1000)^{0.5}$ .

**Table 2-4 Key Airline Revenue Metrics at the Airport (FY 2019 vs. CY 2023)**

Airline	SLA Passenger RASM		Load Factor		SLA Yield	
	FY 2019	CY 2023	FY 2019	CY 2023	FY 2019	CY 2023
Southwest Airlines	11.1¢	11.9¢	78%	76%	14.4¢	15.9¢
American Airlines	13.0¢	15.5¢	84%	86%	15.6¢	18.1¢
United Airlines	12.8¢	16.8¢	83%	84%	15.5¢	19.9¢
Delta Air Lines	14.6¢	18.0¢	84%	86%	17.3¢	21.0¢
Alaska Airlines	15.3¢	16.6¢	81%	82%	19.2¢	20.2¢
<b>Airport Average</b>	<b>12.3¢</b>	<b>14.1¢</b>	<b>81%</b>	<b>81%</b>	<b>15.4¢</b>	<b>17.6¢</b>
National Average	11.6¢	13.5¢	84%	83%	14.7¢	16.4¢

Notes: Data include regional affiliates, as applicable, and do not include airline ancillary fees such as charges for checked baggage, etc.  
 Stage length adjustments are a common practice used to normalize comparisons of passenger yields and revenue per available seat mile. Stage length adjustments for 1,000 miles are made using the formula.  
 $SLA\ Value = Value * (observed\ length\ of\ haul / 1,000)^{0.5}$

Source: Cirium, Diio Mi: US DOT Reports DB1A and T100, accessed March 2024.

## 2.2 Air Traffic Activity and Trends

This section analyzes historical trends for air traffic activity at the Airport including enplaned passengers, aircraft operations, and landed weight. It also discusses the primary factors affecting these trends.

### 2.2.1 Enplaned Passengers

Passenger activity drives many of the revenue sources generated at the Airport and some key capital funding sources. These include key non-airline revenues, such as parking, rental car, and terminal concessions; Passenger Facility Charge (PFC) revenues; and FAA Airport Improvement Program (AIP) entitlement grant distributions. **Table 2-5** presents the historical enplaned passenger trends at the Airport from FY 2009 through FY 2024. For this table, actual results went back to 2009 to provide 10 years of history prior to the COVID-19 pandemic. **Figure 2-3** graphically depicts the historical enplaned passenger trend.

**Table 2-5 Historical Enplaned Passengers (FY 2013 – FY 2024)**

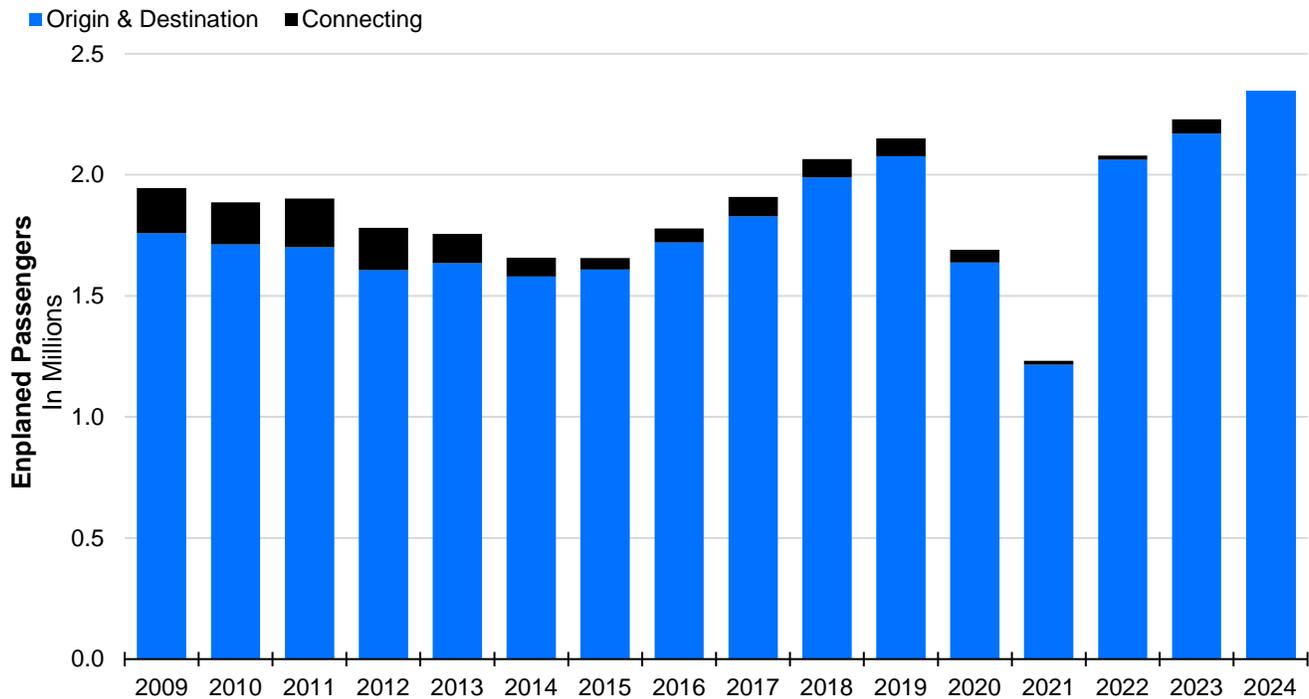
Fiscal Year	Origin & Destination	Connecting	Total	Year-Over-Year Growth Rate
2009	1,758,177	187,671	<b>1,945,848</b>	
2010	1,713,266	173,411	<b>1,886,677</b>	-3.0%
2011	1,700,478	201,372	<b>1,901,850</b>	0.8%
2012	1,606,535	174,277	<b>1,780,812</b>	-6.4%
2013	1,635,813	120,930	<b>1,756,743</b>	-1.4%
2014	1,580,309	77,878	<b>1,658,187</b>	-5.6%
2015	1,609,148	47,145	<b>1,656,293</b>	-0.1%
2016	1,720,155	58,456	<b>1,778,611</b>	7.4%
2017	1,828,131	81,056	<b>1,909,187</b>	7.3%
2018	1,989,251	75,717	<b>2,064,968</b>	8.2%
2019	2,077,022	72,737	<b>2,149,759</b>	4.1%
2020	1,637,920	52,251	<b>1,690,171</b>	-21.4%
2021	1,215,705	15,911	<b>1,231,616</b>	-27.1%
2022	2,062,568	17,239	<b>2,079,807</b>	68.9%
2023	2,169,927	59,327	<b>2,229,254</b>	7.2%
2024	n/a	n/a	<b>2,344,848</b>	5.2%

Range	Compound Annual Growth Rate		
FY 2009-19	1.7%	-9.0%	<b>1.0%</b>
FY 2013-19	4.1%	-8.1%	<b>3.4%</b>
FY 2019-24	n/a	n/a	<b>1.8%</b>
FY 2013-24	n/a	n/a	<b>2.7%</b>

Note: The split between O&D and connecting traffic for FY 2024 was not available as of the date of this Report.  
 Source: Reno-Tahoe Airport Authority (total); Cirium, Diio Mi: US DOT Reports DB1A; US DOT T100 Report, accessed via Cirium, Diio Mi (O&D and connecting), accessed April 2024.

**Figure 2-3 Historical Enplaned Passengers (FY 2013 – FY 2024)**



Note: The split between O&D and connecting traffic for FY 2024 was not available as of the date of this Report, thus, all data for FY 2024 is shown as O&D for the purposes of this figure.

Source: Reno-Tahoe Airport Authority.

As shown, total enplaned passengers at the Airport grew from FY 2009 through FY 2019 from approximately 1.9 million to approximately 2.1 million, reflecting an overall CAGR of 0.9% for this period. It is interesting to note that while total enplaned passengers increased at a 1.0% CAGR over this period, O&D passengers increased at a CAGR of 1.7% as connecting passenger traffic at the Airport declined during this period. In FY 2020 and FY 2021, enplaned passengers drastically declined primarily as a result of the impacts associated with the COVID-19 pandemic. However, passenger recovery at the Airport was swift, and in FY 2024, the Airport reported a new high during this period of 2.3 million enplaned passengers, exceeding the Airport’s previous peak of 2.1 million enplaned passengers in FY 2019, prior to the COVID-19 pandemic.

To further discuss the trends in enplaned passengers, the past decade has been segregated into certain time periods discussed below:

- **FY 2009 – FY 2015:** From FY 2009 through FY 2015, Southwest was continuing a trend of reducing capacity at mid-sized airports dating back to the Great Recession in 2008. From FY 2009 through FY 2015, Southwest cut approximately 43.8% of scheduled departing seats at RNO. Most of that reduction was service to Oakland, Portland, and Seattle, where the airline experienced significant competition. While other airlines generally increased capacity during this time, it was not enough to offset the declines by Southwest. Enplaned passengers decreased at a CAGR of 2.6% from FY 2009 to FY 2015. During this period, connecting passengers declined at a faster rate (20.6% per annum) than to O&D passengers (1.5% per annum).

- **FY 2015 – FY 2019:** JetBlue Airways began service at RNO near the end of FY 2015. In its first full year occurring in FY 2016, JetBlue added 48,000 scheduled departing seats to New York (JFK). From FY 2015 through FY 2019, Southwest returned a significant amount of capacity to the Airport by resuming service to Oakland; adding service to San Jose and Dallas; and increasing capacity to Phoenix and San Diego. In total, Southwest added 232,000 departing seats over the five-year span, the most of any carrier. From FY 2015 to FY 2019, United Airlines added capacity to four of its hubs (LAX, IAH, DEN, and SFO) and added service to Chicago. United Airlines increased seats by approximately 52.4% during this time. The Airport also saw increasing capacity from ULCCs with Allegiant Airlines more than doubling its capacity and Frontier beginning service in FY 2018. The increase in capacity was met with demand as enplaned passengers increased from 1.7 million in FY 2015 to 2.1 million in FY 2019.
- **FY 2019 – FY 2021:** Beginning in March 2020, enplaned passengers at the Airport decreased dramatically because of the impacts associated with the COVID-19 pandemic. These impacts included international travel restrictions and stay-at-home orders throughout the U.S. At the Airport, enplaned passengers declined by 21.4% in FY 2020 and 27.1% in FY 2021 from prior FYs.
- **FY 2021 – FY 2024:** The Airport recovered relatively quickly from the impacts associated with the COVID-19 pandemic as compared to the overall U.S. airport industry. In FY 2022, the Airport had nearly as many enplaned passengers as FY 2019 (96.7%). In FY 2023, there were 2.2 million enplaned passengers, exceeding Airport's levels from FY 2019. Growth continued at the Airport in FY 2024 with 2.3 million enplaned passengers.

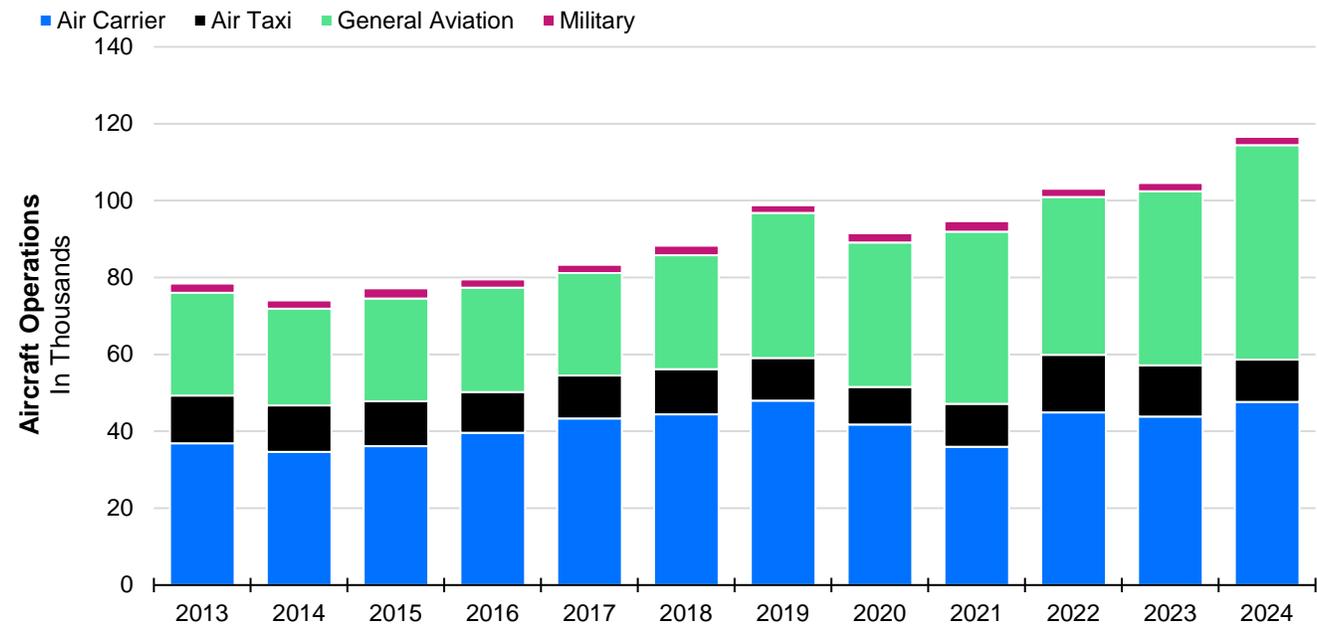
## 2.2.2 Aircraft Operations

Airlines' decisions on aircraft type and the number of operations to accommodate passenger demand ultimately determine overall aircraft landed weight. Airlines are constantly evaluating how to best serve passenger demand with their available aircraft fleet. In markets that exhibit strong business travel, an airline may decide to operate smaller aircraft on the route several times per day to offer customers more choice and redundancy. In other cases, an airline may choose to offer larger aircraft and less frequency. Airlines also make decisions to change aircraft capacity on particular routes in response to load factors and profitability. Aircraft fleet mix and operations are important considerations for airport operators when planning for the appropriately sized airport facilities and to ensure the airport has sufficient capacity to accommodate operations in the future. **Table 2-6** presents the aircraft operations at the Airport from FY 2013 through FY 2024.

**Table 2-6 Historical Aircraft Operations (FY 2013 – FY 2024)**

Fiscal Year	Air Carrier	Air Taxi	General Aviation	Military	Total	Year-Over-Year Growth Rate
2013	36,893	12,399	26,763	2,356	<b>78,411</b>	
2014	34,689	12,071	25,145	2,147	<b>74,052</b>	-5.6%
2015	36,125	11,652	26,791	2,612	<b>77,180</b>	4.2%
2016	39,579	10,595	27,203	2,164	<b>79,541</b>	3.1%
2017	43,351	11,142	26,654	2,199	<b>83,346</b>	4.8%
2018	44,387	11,791	29,635	2,491	<b>88,304</b>	5.9%
2019	47,970	11,063	37,733	2,028	<b>98,794</b>	11.9%
2020	41,797	9,748	37,583	2,389	<b>91,517</b>	-7.4%
2021	35,958	11,190	44,769	2,716	<b>94,633</b>	3.4%
2022	44,871	15,018	41,016	2,189	<b>103,094</b>	8.9%
2023	43,814	13,367	45,244	2,143	<b>104,568</b>	1.4%
2024	47,680	10,974	55,763	2,138	<b>116,555</b>	11.5%

Range	Compound Annual Growth Rate				
FY 2013-19	4.5%	-1.9%	5.9%	-2.5%	<b>3.9%</b>
FY 2019-24	-0.1%	-0.2%	8.1%	1.1%	<b>3.4%</b>
FY 2013-24	2.4%	-1.1%	6.9%	-0.9%	<b>3.7%</b>



Source: Federal Aviation Administration, Operations Network (OPSNET).

Commercial aircraft operations (passenger, cargo, and charter) are categorized as air carrier and air taxi. An air carrier operation is an operation with an aircraft with more than 60 seats or a maximum payload capacity of more than 18,000 pounds. An air taxi operation is an operation with an aircraft under those limits. General aviation (GA) operations are for non-commercial civilian purposes.

As shown, passenger aircraft operations, which comprise most of the air carrier and air taxi aircraft operations, remained relatively flat from FY 2013 through FY 2015. However, operations began to climb as airlines began to increase capacity from FY 2015 through FY 2019. However, during the COVID-19 pandemic, airlines accelerated retirement of smaller regional jets. As a result, as the Airport recovered in terms of enplaned passengers, passenger aircraft operations remained relatively flat.

GA aircraft operations increased significantly from FY 2015 to FY 2019. GA increased significantly during the onset of the COVID-19 pandemic during FY 2021, declined in FY 2022 before increasing again in FY 2023 and FY 2024. Military operations have been relatively flat since FY 2014 with the exception of a couple years.

### 2.2.3 Aircraft Landed Weight

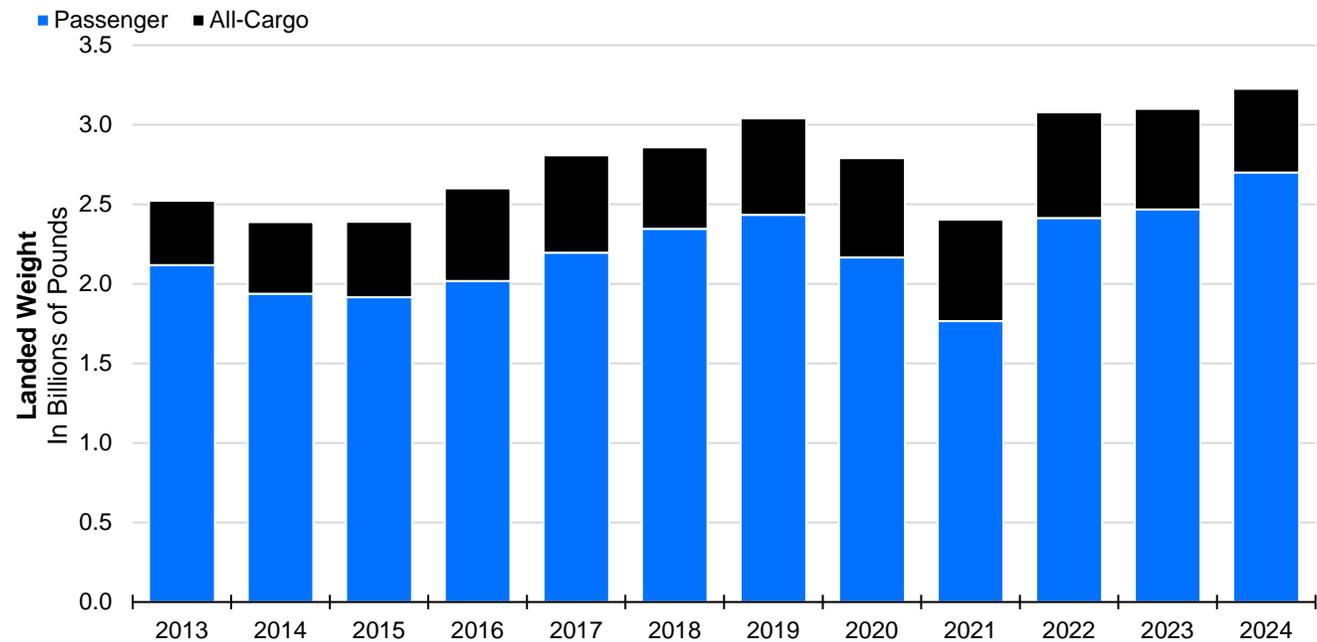
Aircraft landed weight, expressed in 1,000-pound units, is the sum of the maximum gross certificated landing weight as certified by the FAA for passenger and all-cargo aircraft landing at the Airport. Per the Airline Agreements (described in Section 4), aircraft landed weight is used as the denominator in the calculation of landing fees. Therefore, landed weight is an important measure for the Authority as it provides a method to recover costs from each airline based on its share of landed weight.

**Table 2-7** presents landed weight activity at the Airport for the period of FY 2013 through FY 2024 for passenger airlines and cargo airlines. As shown, total landed weight shows a similar trend as enplaned passengers from FY 2013 through FY 2019. Overall, total landed weight increased at a CAGR of approximately 5.3% from FY 2013 to FY 2019. In FY 2020, landed weight declined by 8.2% compared to a decline of 21.4% in enplaned passengers. This variance is due in large part to a significant drop in load factors due to lower demand and the need to implement social distancing practices. This trend continued in FY 2021, as landed weight declined 13.8% versus 27.1% for enplaned passengers. While the decrease in passenger landed weight was more in line with the decrease in passenger traffic, cargo landed weight increased significantly in FY 2021. This trend was generally experienced throughout the U.S. as all-cargo carriers experienced some growth during the onset of the COVID-19 pandemic as the demand for cargo services was strong during this period given the pandemic restrictions. As restrictions were lifted, including the elimination of social distancing practices, the load factors on passenger aircraft increased. As a result, the landed weight increased at a slower rate than enplaned passengers in FY 2022. In FY 2023, landed weight was 2.0% higher than it was in FY 2019. Landed weight increased 4.1% in FY 2024 with a significant increase in passenger landed weight (9.4%) and a significant decline in all-cargo landed weight (-16.6%).

**Table 2-7 Historical Landed Weight in Thousand-Pound Units (FY 2013 – FY 2024)**

Fiscal Year	Passenger	All-Cargo	Total	Year-Over-Year Growth Rate
2013	2,117,687	405,117	<b>2,522,804</b>	
2014	1,937,823	450,565	<b>2,388,387</b>	-5.3%
2015	1,915,743	473,849	<b>2,389,592</b>	0.1%
2016	2,018,629	581,334	<b>2,599,963</b>	8.8%
2017	2,196,402	612,278	<b>2,808,680</b>	8.0%
2018	2,346,096	512,551	<b>2,859,499</b>	1.8%
2019	2,434,129	605,144	<b>3,039,273</b>	6.3%
2020	2,167,047	622,339	<b>2,789,386</b>	-8.2%
2021	1,766,564	637,256	<b>2,403,819</b>	-13.8%
2022	2,414,964	662,371	<b>3,077,335</b>	28.0%
2023	2,468,994	630,735	<b>3,099,729</b>	0.7%
2024	2,700,558	525,772	<b>3,226,330</b>	4.1%

Range	Compound Annual Growth Rate		
FY 2013-19	4.1%	-8.1%	<b>5.3%</b>
FY 2019-24	2.1%	-2.8%	<b>1.2%</b>
FY 2013-24	2.2%	2.4%	<b>2.3%</b>



Source: Reno-Tahoe Airport Authority.

## 2.3 Key Factors Affecting Air Traffic Demand

The following section addresses certain key factors that could impact air traffic activity, both nationwide and at the Airport.

### 2.3.1 Economic Conditions and Exogenous Events

Historically, the U.S. economy as measured by GDP has grown at a relatively steady rate, averaging 3.1% growth per annum between CY 1960 and CY 2019. The rate of growth has been remarkably stable reflecting both the size and maturity of the U.S. economy. Individual years have fluctuated from the long-term trend for a variety of reasons including macroeconomic factors, fuel shocks, war, and terrorist attacks.

Traditionally, two consecutive quarters of contraction is the benchmark used to determine if a country has entered a recession. The National Bureau of Economic Research defines a recession as a significant decline in economic activity that is spread across the economy and last more than a few months.<sup>19</sup>

Prior to CY 2020, there were two official economic recessions in the U.S. in the 21<sup>st</sup> century. The first occurred between March 2001 and November 2001. The recession itself was short-lived by historical standards and the economy returned to positive growth quickly, fueled by a gradual but prolonged reduction in interest rates. The Great Recession occurred between December 2007 and June 2009.<sup>20</sup> As a result of the Great Recession, the nation's unemployment rate rose from 5.0% in December 2007 to a high of 10.0% in October 2009.<sup>21</sup>

The outbreak of COVID-19 in early CY 2020 and declaration of a pandemic by the World Health Organization on March 11, 2020, coupled with the subsequent stay-at-home orders led to the disruption of economies around the world, resulting in dramatic increases in unemployment. According to the Bureau of Economic Analysis (BEA), real GDP decreased at an annual rate of 31.4% in the second quarter of CY 2020 after decreasing by 5.0% in the first quarter of CY 2020. In comparison, the worst decrease in GDP during the Great Recession was 8.4% in the fourth quarter of CY 2008. There was a significant recovery in GDP in the third quarter of CY 2020, increasing 33.4%. The initial recovery was followed by five straight quarters of positive growth. In the second quarter of CY 2021, GDP exceeded the level experienced in the fourth quarter of CY 2019. Starting in the fourth quarter of CY 2021, there were contractions in GDP for each of the three consecutive quarters. The third estimate for the first quarter of CY 2024 shows a growth in GDP of 1.4%, the seventh consecutive quarter of positive growth. **Figure 2-4** depicts the magnitude of the impact the COVID-19 pandemic had on the U.S. economy and the subsequent recovery when compared to the Great Recession.

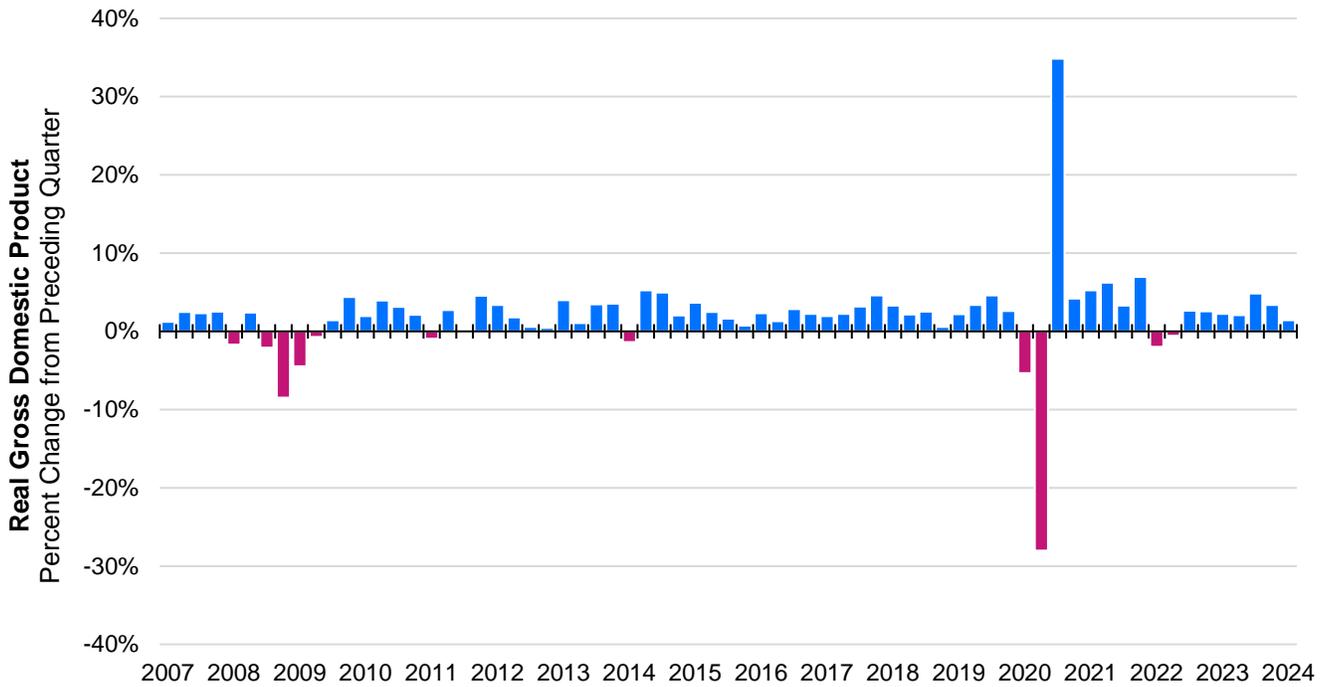
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<sup>19</sup> National Bureau of Economic Research, Business Cycle Dating, accessed August 2022.

<sup>20</sup> National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.

<sup>21</sup> Ibid.

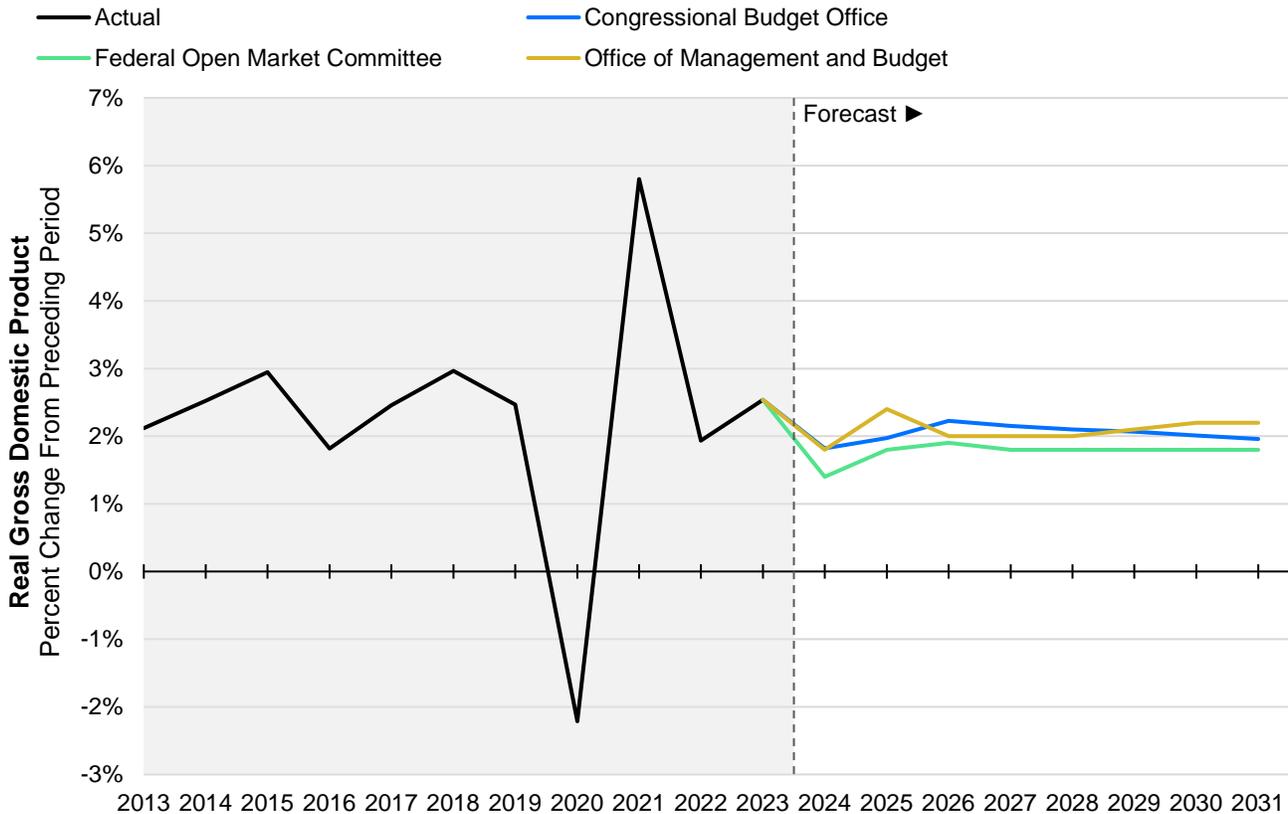
**Figure 2-4 U.S. Economic Impact of the COVID-19 Pandemic**



Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts, July 2024.

**Figure 2-5** shows the historical real U.S. GDP growth from the BEA and growth forecasts for the U.S. between 2024 and 2031 from three different sources, Congressional Budget Office (CBO), Federal Open Market Committee (FOMC), and the Office of Management and Budget (OMB). These sources forecast GDP will increase between 1.8% and 2.2% for through the forecast period.

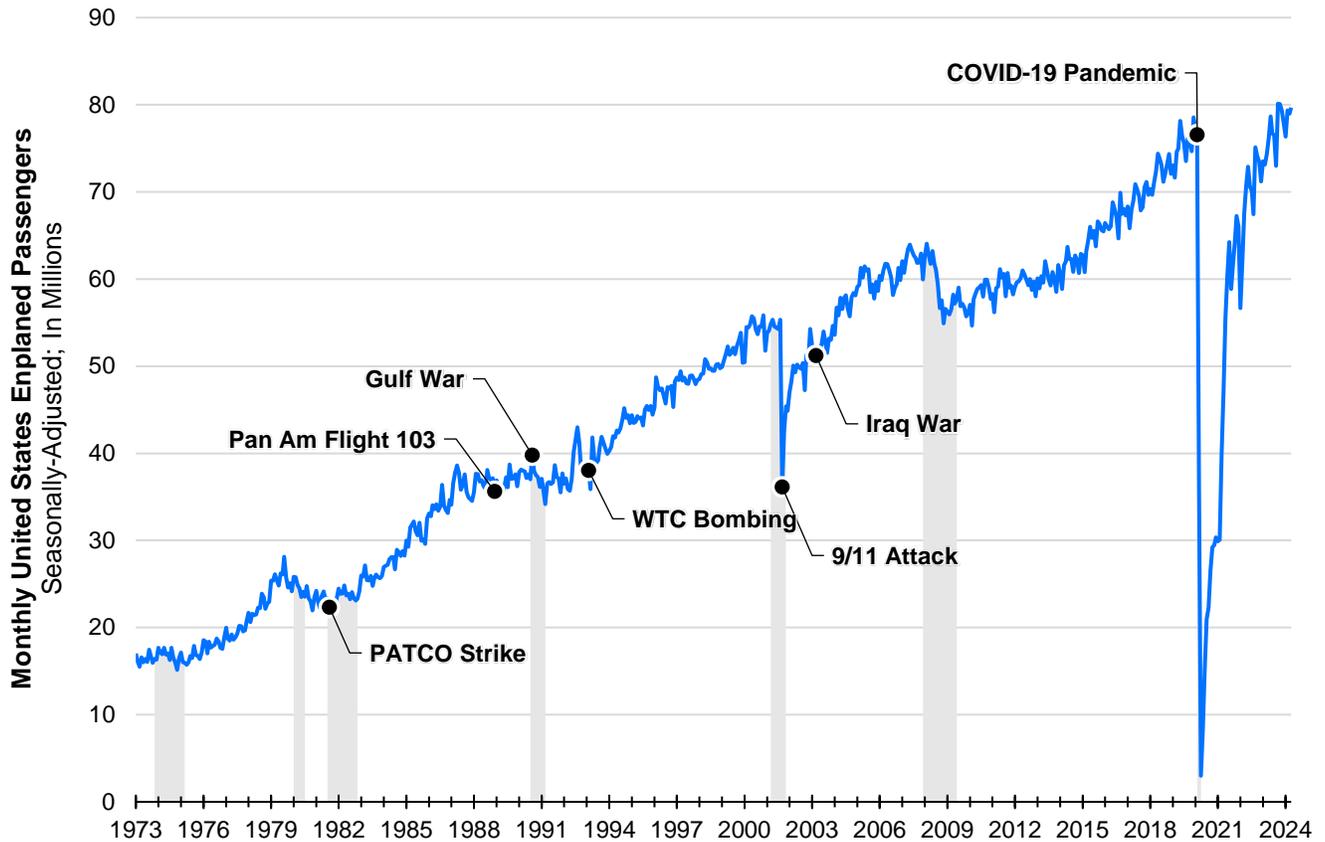
**Figure 2-5 U.S. Real GDP Growth Forecasts**



Sources: Congressional Budget Office, Budget and Economic Data: 10-Year Economic Projections, February 2024. Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, March 20, 2024. Office of Management and Budget, Budget of the U.S. Government for Fiscal Year 2025, March 2024. Bureau of Economic Analysis, Gross Domestic Product, First Quarter 2024 (Advance Estimate), April 2024.

Although the economy is a primary driver for air traffic, exogenous events can further exacerbate the impacts to air travel. For instance, the economic recession that occurred in CY 2001 had a direct impact on air travel, but its impact was compounded by the September 11, 2001 terrorist attacks. The negative impact of this event on the airline industry is well documented. More recently, the COVID-19 pandemic and subsequent government-imposed travel restrictions resulted in dramatic decreases in air traffic. **Figure 2-6** shows long-term enplaned passenger traffic growth in the U.S. During periods of economic contractions, there is a notable decline in enplaned passenger volumes, and during the subsequent economic expansions and recovery periods, there is significant growth in volumes. Exogenous shocks such as wars and terrorist attacks have generally had a short but significant impact on passenger volumes. As presented in this figure, the COVID-19 pandemic has been the most disruptive event to impact aviation in history over this period. In general, U.S. enplaned passenger traffic has recovered back to 2019, or pre-pandemic, levels.

**Figure 2-6 U.S. Aviation System Shocks and Recoveries (through April 2024)**

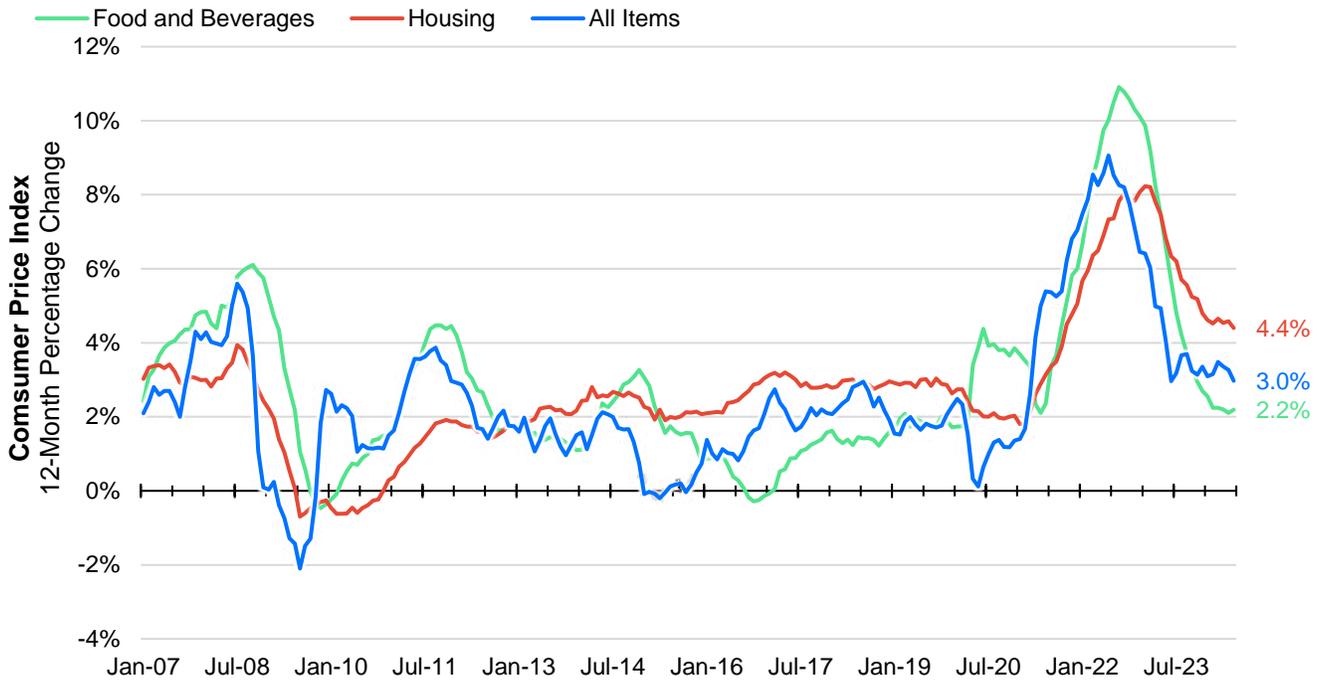


Note: Excludes non-revenue enplaned passengers.  
Shading indicates an economic recession.

Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

Increases in inflation can have a negative impact on air traffic, especially if inflation increases at a faster rate than income. The consumer price index (CPI) is a measure of the average change over time in the prices paid by urban consumers for consumer goods and services. Consumer prices began to increase in April 2021 as the country was continuing to recover from the recession associated with the COVID-19 pandemic. Historic government spending during the pandemic and global supply chain issues were among factors that contributed to increases in CPI. The average cost of goods and services began to climb at an accelerated rate in June 2021 with items like food, fuel, and housing being directly impacted. In June 2022, the CPI increased to 9.1% over June 2021. Since June 2022, the increase in CPI has slowed. In June 2024, the CPI increased by 3.0% over June 2023. **Figure 2-7** graphically depicts how CPI in the U.S. has changed since January 2007.

**Figure 2-7 Consumer Price Index (January 2007 – June 2024)**



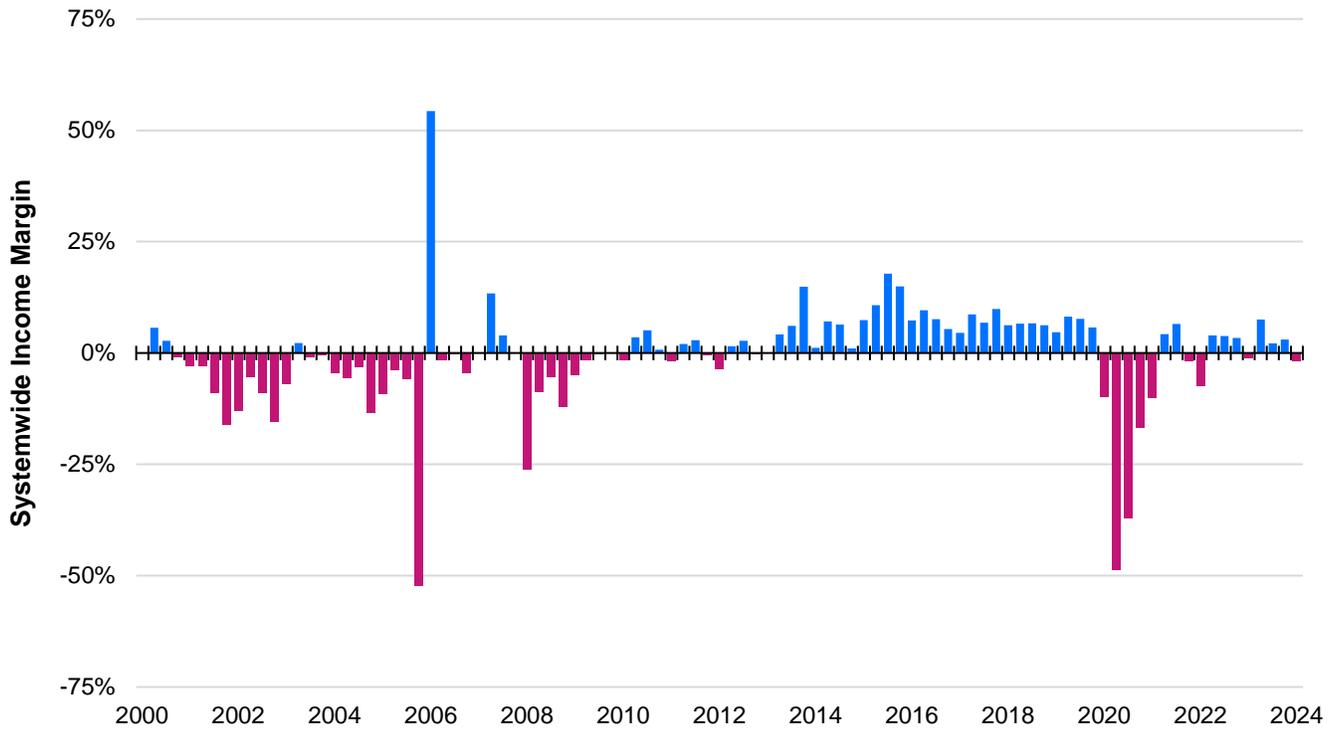
Source: United States Bureau of Labor Statistics, Consumer Price Index (CPI) Databases.

## 2.3.2 The U.S. Airline Industry

### 2.3.2.1 Airline Profitability

Airlines generally design route networks based on profitability and connectivity (primarily for network carriers). When profitability becomes compromised, an airline will, generally, review profitability by route and could act by increasing service on profitable routes and/or by reducing or eliminating unprofitable routes from their network. **Figure 2-8** provides the systemwide income margin for U.S. carriers since the first quarter of CY 2000. Triggered initially by the economic recession and compounded by the September 11 terrorist attacks, airlines had 20 out of 22 straight quarters with negative income margins beginning in the fourth quarter of 2000. During this period, several airlines filed for bankruptcy protection, most notably Trans World Airlines, US Airways, United Airlines, Northwest Airlines, and Delta Air Lines. These difficult financial times for U.S. airlines resulted in some industry contraction as several mergers took place. This is discussed in more detail in the next section.

**Figure 2-8 Systemwide Income Margin for U.S. Carriers (CY 2000 Q1 – CY 2024 Q1)**



Source: Bureau of Transportation Statistics, Net Income: All U.S. Carriers - All Regions.

The Great Recession also had a significant impact on the airline industry. In response, U.S. airlines decreased capacity, particularly in shorter-haul markets with smaller, shorter-range aircraft types in CY 2008 and CY 2009. This generally resulted in significant improvements to airline yields, RASM, and profitability. In the years prior to the COVID-19 pandemic, the U.S. airline industry was at its most stable, profitable point over this period. According to the Bureau of Transportation Statistics (BTS), the 23 U.S. scheduled passenger airlines, at that time, reported a pre-tax net operating profit of \$15.8 billion in CY 2019, which was a 19.7% increase from CY 2018 and marked the eleventh consecutive year of pre-tax operating profits. The scheduled passenger airlines reported an operating profit margin of 7.5% in 2019, which was up from 6.3% in 2018.<sup>22</sup> Profitability during this period can also be attributed to the airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

As a result of the impacts associated with the COVID-19 pandemic, U.S. airlines incurred record losses in 2020 and into 2021. The U.S. DOT has reported that U.S. scheduled passenger airlines reported four straight quarters of after-tax net losses beginning in the second quarter of 2020. To help support U.S. air carriers during this period, in March 2020, the U.S. Congress passed by unanimous vote the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under Title IV of the CARES Act, Congress approved \$500 billion in federal assistance to severely distressed sectors of the economy as part of the larger \$2 trillion stimulus package. Enacted on December 27, 2020, the Consolidated Appropriations Act (including CARES) created the Payroll Support Program Extension (PSP2) which allocated another \$15 billion to passenger air carriers and \$1 billion to contractors. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed and

<sup>22</sup> Bureau of Transportation Statistics, 2019 Annual and 4th Quarter U.S. Airline Financial Data.

provided \$2 billion in economic relief to airports. The American Rescue Plan Act of 2021 extended assistance to passenger air carriers and contractors that received financial assistance under PSP2 for an additional \$14 billion and \$1 billion respectively. From 2022 Q2 through 2023 Q4, there has only been one quarter (2023 Q1) with a negative operating margin for the U.S. carriers. In 2023 Q4, U.S. carriers posted a 3.0% systemwide operating margin.

### 2.3.2.2 *Airlines Consolidation*

Over the past two decades, the U.S. airline industry has undergone a significant transformation. Although it had been profitable in recent years prior to the impacts associated with the COVID-19 pandemic, the U.S. airline industry, cumulatively, experienced losses of approximately \$54 billion from 2000 through 2009 on domestic operations.<sup>23</sup> Many airlines filed for Chapter 11 bankruptcy protection and some ceased operations altogether. During this period, airlines suffered from excess capacity, which drove down yields. Yields adjusted for inflation had dropped by approximately 70%. With oil prices spiking to nearly \$150 per barrel in 2008, industry changes were critical. As a result, all the major network airlines restructured their route networks and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure.

Industry consolidation has taken place because of competitive pressures and economic conditions. Many airlines have merged or been acquired since the turn of the 21st century. **Figure 2-9** provides a graphical representation of the major U.S. airline mergers during this period. As shown, in CY 1990 there were 10 carriers accounted for 87.7% of the passenger traffic in the U.S. The introduction of low-cost and ultra-low-cost carriers increased competition and by CY 2001 there were 13 carriers accounting for 86.4% of the passengers. However, the run of mergers in the 2000s resulted in only six carriers accounting for 84.6% of U.S. passenger traffic by CY 2023. These mergers have resulted in less competition among the airlines and increased pricing power. The potential impacts associated with consolidation include limited industry seats, limited capacity growth, and increases in fares.

It is expected that airlines will continue to enter into code-share agreements in attempts to seek competitive advantages. For example, in early 2021, American Airlines entered partnerships with both Alaska Airlines for markets in the western U.S. and JetBlue Airways for markets in the eastern U.S. However, in May 2023, a federal judge ruled that American Airlines must end its alliance with JetBlue Airways because of competition issues.

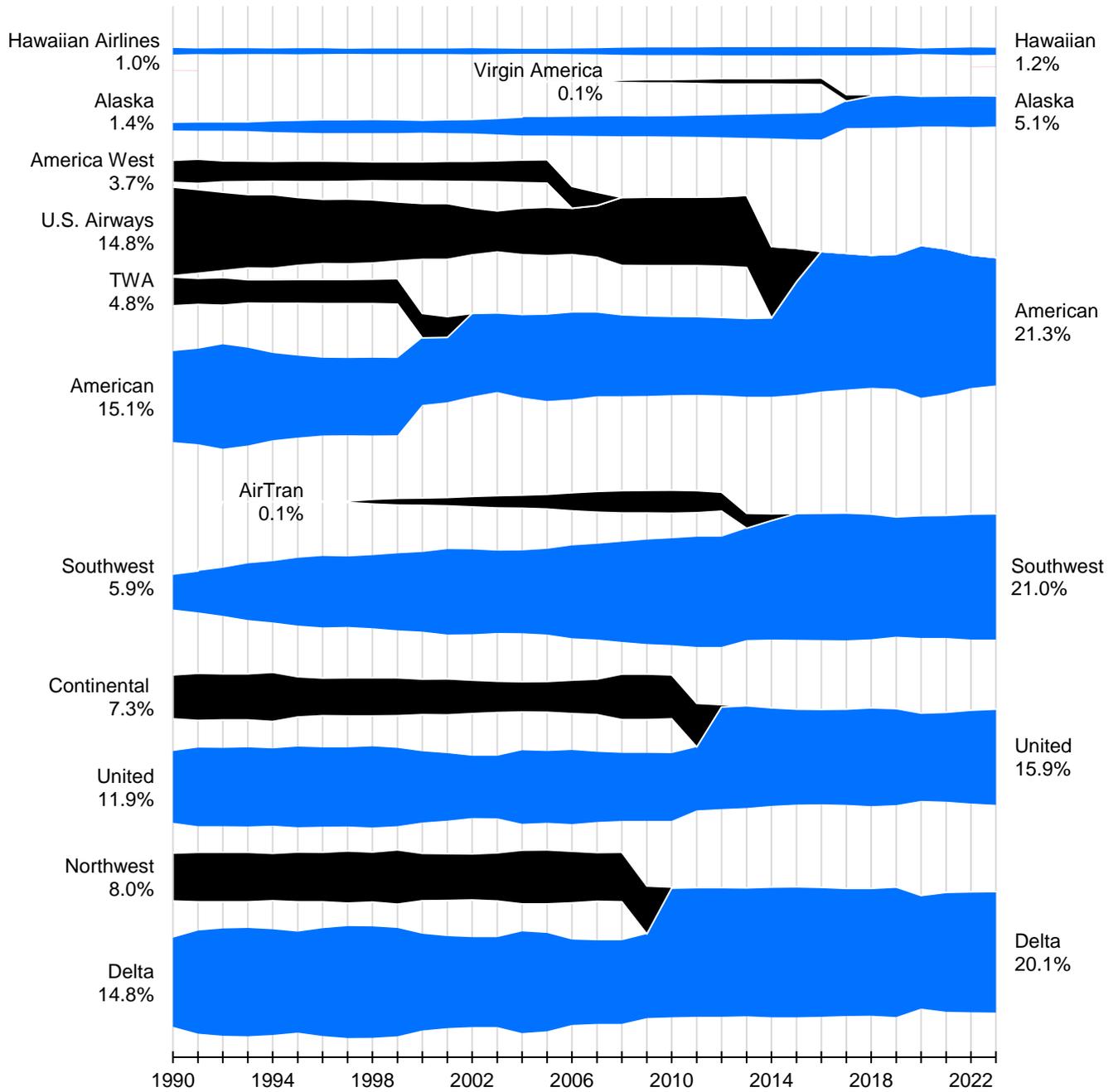
In July 2022, JetBlue Airways announced it had reached a deal to acquire Spirit Airlines for \$3.8 billion after Spirit Airlines rejected Frontier Airlines bid for a potential merger. The merger was approved by shareholders in October 2022. However, in March 2023, the U.S. regulators sued to block the merger citing concerns over competition. In January 2024, a U.S. District Court judge blocked the proposed merger, the first time the federal government rejected an airline merger in 20 years. Despite filing a brief urging the Court of Appeals to overturn the ruling, the airlines agreed to end the merger in March 2024.

On December 2, 2023 Alaska Air Group announced it was planning to buy Hawaiian Airlines. The merged company would operate as independent brands but combine its operating platforms. The shareholders of Hawaiian Airlines voted to approve the merger deal in February 2024. The combined airline is hoping to complete the merger within 18 months but requires the approval of U.S. regulators. In April 2024, consumers filed a lawsuit in an effort to block the merger. At this time, it is uncertain whether this merger will be approved.

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<sup>23</sup> National Bureau of Economic Research, The Persistent Financial Losses of U.S. Airlines, July 2011.

**Figure 2-9 U.S. Airline Consolidation – Systemwide Seating Capacity**



Source: US DOT Reports DB1A; US DOT T100 Report, accessed via Cirium, Diio Mi.

### 2.3.2.3 Aircraft and Personnel Shortages

Airlines parked and decommissioned aircraft during the pandemic as demand declined but now are struggling with capacity to meet the demand as air travel has essentially returned to 2019 levels. Supply chain issues and staffing shortages resulted in a significant slowdown in production of new aircraft. In CY 2019, Boeing delivered 380 aircraft which fell to 157 in CY 2020. Boeing was able to return to pre-pandemic delivery levels in 2022 but is still behind in deliveries. In CY 2023, Boeing delivered 528 aircraft, representing an increase of 1% from CY 2022. Boeing met its target of 375 Boeing 737 jets with 396 and its target of 70-80 deliveries of the Boeing 787 with 73.<sup>24</sup> In the first two months of 2024, Boeing has only delivered 54 planes as the airline has been dealing with ongoing safety issues.<sup>25</sup> To date, Boeing has not issued a formal target for CY 2024, but have informed Southwest that they should expect 46 aircraft, down from an original estimate of 79, and United is expect to receive 56 aircraft, down from 77. This delay has resulted in a number of U.S. carriers to cut plans for increasing capacity nationwide. In 2019, Airbus delivered 863 aircraft which decreased to 566 in 2020. In 2022, Airbus delivered 661 aircraft. In CY 2023, Airbus delivered 735 units, beating its target of 720.<sup>26</sup> Airbus is currently targeting 800 aircraft deliveries in CY 2024.

The shortages due to production were compounded by maintenance delays. According to the management consulting company Oliver Wyman, there was a 12,000 to 18,000 shortage in the number of needed mechanics in 2023.<sup>27</sup> In order to overcome this shortage of mechanics, airlines will have to employ similar solutions as they have been doing with pilots including increased pay and subsidizing the training process as described in more detail below.

At the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in air traffic. As a result, airlines offered their employees buyouts and early retirement packages. In total, it is estimated that approximately 10% of commercial pilots took early retirement during the pandemic.<sup>28</sup> In addition, an aging pilot population is expected to continue to compound the issues arising from early retirements caused by the pandemic. FAA airman certification statistics shows that 13% of the 170,086 people with an airline transport pilot (ATP) certificate are 60 years of age or older and are due to retire over the next five years with another 33% set to retire within the next 15 years. In contrast, only 8% of people with an ATP certification were under the age of 30.

The recovery of air traffic demand in the U.S. was relatively modest from April 2020 through February 2021. However, starting in March 2021, passenger demand has increased more rapidly and has since recovered to more than 90% of the U.S. passenger levels experienced in 2019. As a result of this rapid recovery and the airlines' inability to quickly replace their retired pilots, airlines have experienced shortages of trained pilots to fly aircraft. The pilot shortage problem has been amplified during peak travel periods throughout the year. Regional airlines have been hit the hardest by the pilot shortage. Unable to provide the wages of the larger airlines, the regional airlines have been losing their pilots to the mainline carriers who are attempting to fill their needs. As a result, the regional airlines have had to scale back, or in some cases eliminate service, to smaller markets including some subsidized through the FAA's Essential Air Service Program.

In order to meet this demand, airlines are quickly attempting to backfill the positions left open by pilot retirements by hiring and training new pilots. However, in addition to offering early retirement to their pilots, the airlines also trimmed back their pilot training programs to cut costs during the pandemic. The Regional Airline Association

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<sup>24</sup> Simple Flying, Boeing Delivered 528 Planes in 2023, January 10, 2024.

<sup>25</sup> Reuters, US Airlines Warn of More Boeing Delivery Delays Due to Safety Crisis, March 12, 2024.

<sup>26</sup> Airbus, Airbus Reports Strong 2023 Commercial Aircraft Orders and Deliveries in Complex Operating Environment, January 11, 2024.

<sup>27</sup> Oliver Wyman, Not Enough Aviation Mechanics, January 2023.

<sup>28</sup> CNN, A shortage of pilots could keep the airlines from making a real comeback.

states that only 8,927 new pilots qualified for their ATP certificates over the two-year span of CY 2020 to CY 2021 compared to 6,664 in CY 2019 alone.<sup>29</sup> In 2022, there were 9,323 new pilots that qualified for ATP certificates.<sup>30</sup>

According to a report from Oliver Wyman, by 2029 the increased demand for pilots is expected to outpace the supply creating a pilot shortage of approximately 60,000 pilots worldwide and nearly 21,000 in North America.<sup>31</sup> In the U.S., there are currently several potential measures being explored to help alleviate the pilot shortage, including:

- Raising the federally mandated retirement age for airline pilots from 65 to 67
- Reducing flight-hour requirements before joining a U.S. carrier
- Lowering the barrier to entry for training programs such as dropping the requirement for a four-year degree
- Creating gateway programs such as Alaska's Ascend Pilot Academy and United's Aviate Academy which offer financial aid and scholarships to lessen the cost of becoming a pilot.

If the pilot shortage becomes more widespread in the industry, the passenger airlines may not be able to meet future passenger demand, and would be required to reduce their seat capacity, resulting in material impacts to future passenger traffic in the U.S and internationally.

On March 1, 2023, Delta Air Lines ratified a new Pilot Working agreement. The contract, which runs through December 2026, provides the 15,000 pilots with an immediate 18% pay increase and pay increases in each of the subsequent three years. Under the agreement, Delta Air Lines will also provide a 1% increase of any pay offered by its competitors (American Airlines and United Airlines) under any those airline's negotiated contracts. The contract also provides paid maternity and paternal leave, better crew meals, improved health insurance, and more.

### 2.3.3 Aviation Fuel

The price of oil and the associated cost of jet fuel has historically been one of the largest operating costs affecting the airline industry. In 2000, jet fuel sold to end users averaged \$0.89 per gallon. The average cost of jet fuel increased steadily through 2007. However, in 2008, crude oil prices and, consequently, jet fuel surged in price as a result of strong global demand, a weak U.S. dollar, commodity speculation, political unrest, and a reluctance to materially increase supply. In July 2008, jet fuel reached an average price of \$4.01 per gallon, nearly double the price the year prior. Reduced demand in 2009 stemming from the global financial crisis and subsequent economic downturn resulted in a sharp decline in price. However, as the economic climate improved and political unrest continued in the Middle East, oil prices increased in the subsequent three years. The increase in the price of jet fuel put upwards pressure on airline operating costs. As a result, airlines cut capacity or increased fares, and sometimes both. The average price of jet fuel dropped significantly in 2015 and 2016, reaching a low of \$1.03 per gallon in February 2016. Since then, jet fuel prices increased steadily to a peak of \$2.25 in October 2018 before falling to \$1.70 per gallon in December 2019 due to increased oil supplies. In 2019, jet fuel prices remained fairly stable, averaging approximately \$1.90 per gallon from February 2019 through January 2020.

As a result of the COVID-19 pandemic, the global demand for crude oil and fuel decreased dramatically starting in January 2020. As a result, the price of crude oil dropped below \$20 per barrel in April 2020. Since then, crude oil supply curtailments have caused oil prices to recover. Prices hovered near \$40 per barrel from early June 2020

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<sup>29</sup> Regional Airline Association, 2023 Regional Airline Association Annual Report.

<sup>30</sup> Federal Aviation Administration, U.S. Civil Airmen Statistics.

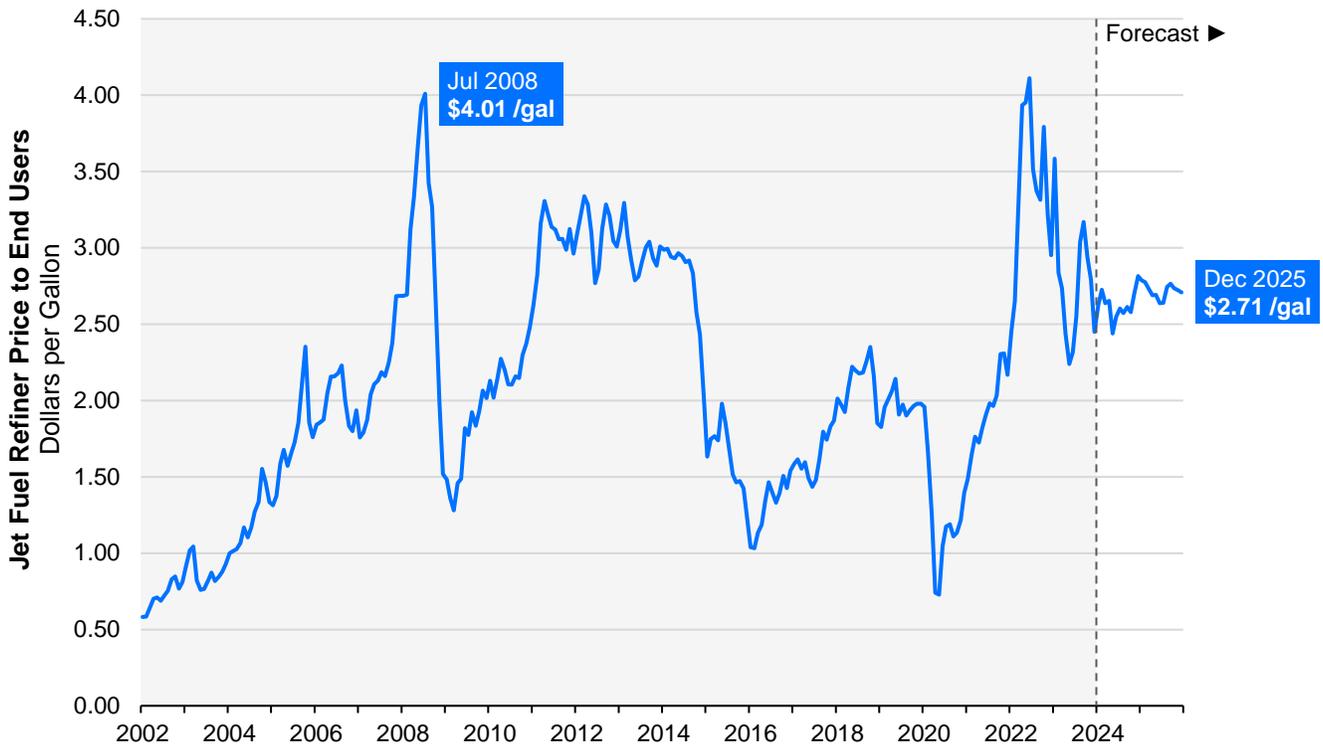
<sup>31</sup> Oliver Wyman, After COVID-19, Aviation Faces a Pilot Shortage.

through December 2020, then increased significantly to \$92 per barrel in February 2022. Following the start of the war between Russia and Ukraine, crude oil prices reached nearly \$109 per barrel in March 2022, receded to approximately \$102 per barrel in April 2022 and increased again back to nearly \$115 per barrel in June 2022. After such time, prices steadily declined through June 2023 before a slow climb through September 2023 where prices were at approximately \$89 per barrel. Energy disruptions leading to price increases have been occurring since the start of the Ukraine war with Russia. Oil prices have increased by about 6% since the start of the conflict between Israel and Hamas. The World Bank has reported if there is a major escalation, widening the conflict, a global energy shock would likely occur. A large disruption could send oil prices up by as much as 75%.<sup>32</sup>

The U.S. Energy Information Administration (EIA) provides forecasts of jet fuel refiner price to end users in a report entitled Short-Term Energy Outlook. These prices are reported in cents per gallon as opposed to per barrel. In the July 2024 release, the EIA forecasts that jet fuel prices will be \$2.71 per gallon by December 2025.

**Figure 2-10** presents the historical price for jet fuel refiner price to end users and the EIA's forecast of that price.

**Figure 2-10 Jet Fuel Prices (January 2002 – December 2025)**



Source: U.S. Energy Information Administration, Short-Term Energy Outlook (July 2024).

<sup>32</sup> New York Times, Middle East War Could Cause Oil Price Shock, World Bank Warns, <https://www.nytimes.com/2023/10/30/business/economy/middle-east-war-oil-prices-world-bank.html>

Future fuel prices and availability are uncertain and fluctuate based on numerous factors. These can include supply-and-demand expectations, geopolitical events, fuel inventory levels, monetary policies, and economic growth estimates. Historically, certain airlines have also employed fuel hedging as a practice to provide some protection against future fuel price increases.

Aviation fuel costs will continue to impact the airline industry in the future. If aviation fuel costs increase significantly over current levels, air traffic activity could be negatively affected as airlines attempt to pass costs on to consumers through higher airfares and fees to remain profitable. Currently, alternative fuels are not yet commercially cost effective.

### 2.3.4 Aviation Security

Since September 11, 2001, terrorist attacks, government agencies, airlines, and airport operators have upgraded security measures to guard against threats and to maintain the public's confidence in the safety of air travel. Security measures have included cargo and baggage screening requirements, passenger screening requirements, deployment of explosive detection devices, strengthening of aircraft cockpit doors, the increased presence of armed air marshals, awareness programs for personnel at airports, additional intelligence in identifying high-risk passengers and new programs for flight crews. Aviation security is controlled by the federal government through the Department of Homeland Security and the Transportation Security Administration (TSA).

Although terrorist event targeting aviation interests would likely have negative and immediate impacts on the demand for air travel, the industry and demand have historically recovered from such events relatively quickly. There have been terrorist attacks at airports internationally including at Brussels Airport in March 2016, the Istanbul Atatürk Airport in June 2016, and the Paris Orly Airport in March 2017. So long as government agencies continue to seek processes and procedures to mitigate potential risks and to maintain confidence in the safety of aircraft, without requiring unreasonable levels of costs or inconvenience to the passengers, economic influences are expected to be the primary driver for aviation demand as opposed to security and safety.

### 2.3.5 National Air Traffic Capacity

The U.S. aviation system has a major impact on the national economy because it provides a means of transporting people and cargo over long distances in a relatively short period. As demand for air travel increases, the national aviation system must maintain enough capacity to allow for travel without unacceptable delays or congestion. It is generally assumed that the required infrastructure improvements needed to maintain capacity will keep pace with demand. Although not likely over the future period evaluated herein, the inability of the national aviation system to keep pace with demand could create congestion and delays on a national level that could adversely affect the passenger experience and impact future demand.

## 2.4 Air Traffic Activity Projections

This section presents the air traffic activity projections including the key assumptions used to develop those projections. The air traffic activity projections included in this Report represent Landrum & Brown, Inc.'s (L&B's) opinion, based on our expertise, judgement, and information available to L&B as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and which will be beyond the control of L&B. Projected results may not be realized, and actual results could be significantly higher or lower than projected. L&B is not obligated to update, or otherwise revise, the projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

## 2.4.1 Projection Assumptions

The forecast analysis presented herein is based on a number of assumptions. Most notably, it assumes that the underlying economic conditions of the ASA are expected to be the primary driver for passenger demand at the Airport, especially as it relates to O&D traffic. Economic disturbances are likely to occur over the Projection Period. In general, it was assumed that in the long-term, growth in O&D passenger traffic at the Airport will occur as a function of growth in socioeconomic conditions within the Air Service Area. In addition, several other assumptions are incorporated into the projections including the following:

- Over the long-term, the airlines will continue to add capacity that is in line with demand and economic growth.
- Long-term nationwide growth in air travel will occur over FY 2025 through FY 2032 (the Projection Period) consistent with forecast growth in the economy.
- There will be no major disruption of airline service or airline travel behavior over the Projection Period.

## 2.4.2 Enplaned Passengers Projection

### 2.4.2.1 Short-Term Projection

The short-term projection is an estimate of the air traffic levels at the Airport for FY 2025. Published airline schedules, as of May 2024, are showing an increase of 8.8% in departing seat capacity at the Airport through the first seven months of FY 2025 (i.e., July 2024 through January 2025) with a majority of the growth occurring in July 2024 through October 2024. For the projection purposes, it was assumed that not all of the increase in seats would equate to an increase in enplaned passengers as airlines may decide to reduce service beyond the near-term and/or load factors could decline. Beyond the first seven months, it was assumed that growth for the remainder of the year would be minimal. Given this analysis, it is estimated that enplaned passengers could increase by 4.0% in FY 2025.

We compared our estimate to the Authority's budget of approximately 2.4 million enplaned passengers for FY 2025. Given that our estimate is modestly higher than the Authority's budget and to be somewhat conservative for financial feasibility purposes, the Authority's budget for FY 2025 was accepted as the projection for this Report.

### 2.4.2.2 Long-Term Projection

A number of standard industry forecasting techniques were considered in order to project enplaned passengers such as econometric regression modeling, trend analysis, market share, and time series. L&B has determined that econometric regression models are the most appropriate to project enplaned passengers at the Airport. Econometric regression modeling quantifies the relationship between enplaned passengers and key socioeconomic variables. This methodology recognizes that the key independent variables will change over time and assumes that their fundamental relationships with the dependent variables will remain.

The first step in developing the appropriate models was to test the independent, or explanatory, variables against the dependent variables, domestic and international enplaned passengers. For an econometric model to be considered appropriate, the following must be true:

- Adequate test statistics (i.e., high coefficient of determination ( $R^2$ ) values and low p-value statistics), which indicate that the independent variables are good predictors of passengers at the Airport.
- The analysis does not result in theoretical contradictions (e.g., the model indicates that GDP growth is negatively correlated with traffic growth).
- The results are not overly aggressive or conservative or are incompatible with historical averages.

Through the testing of multiple sets of independent variables, a multivariate linear model was selected to project enplaned passengers at the Airport. The selected model uses historical O&D enplaned passengers from FY 2014 through 2023 for the independent variable and the Reno CSA's employment and two dummy variables<sup>33</sup> for the COVID-19 pandemic. The model provides long term growth rates of O&D enplaned passengers for FY 2024 through FY 2032 of 2.1% per annum. This is also in alignment with the pre-pandemic historical long-term growth rate for O&D passenger from FY 2009 through FY 2019. For the purposes of our projection, it was assumed that connecting passenger traffic would remain at a constant percentage of the total enplaned passengers consistent with the most recent data available.

Based on models and the set of assumptions detailed above, enplaned passengers are forecast to increase at a 2.1% CAGR from FY 2024 through FY 2032. The result is that enplaned passengers are forecast to increase from 2.3 million in FY 2024 to approximately 2.8 million in FY 2032.

### 2.4.3 Aircraft Landed Weight Projection

During the height of the pandemic, passenger aircraft landed weight per enplaned passenger increased significantly as load factors dropped due to lower demand and the need to implement social distancing practices. However, the passenger aircraft landed weight per enplaned passenger declined in FY 2022 and FY 2023 but remained constant in FY 2024. It was assumed that the passenger landed weight per passenger would remain constant at the FY 2024 level over the Forecast Period. Over the Projection Period, passenger landed weight is projected to increase from the 2.7 million-pound units in FY 2024 to 3.1 million-pound units in FY 2032, which represents a CAGR of 1.9% from FY 2024 through FY 2032.

All-cargo landed weight was projected using a linear time series model using data from FY 2016 through FY 2023. The result is that all-cargo landed weight is projected to increase at a CAGR of 3.5%, increasing from 525 thousand-pound units in FY 2024 to 695 thousand-pound units in FY 2032.

### 2.4.4 Air Traffic Projections Summary

**Table 2-8** provides historical Airport air traffic from FY 2019 through FY 2024 and the enplaned passenger and the landed weight projections for the Airport from FY 2025 through FY 2032 used for the financial analysis provided in this Report.

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<sup>33</sup> Dummy variables are used in place of the presence categorical variables that have an impact on the independent variable (enplaned passengers) that are beyond the expected determined by the dependent variable (PCPI). In this case, two dummy variables were used. The first dummy was for the first year of impact from COVID-19 which resulted in a decline in enplaned passengers beyond what would be normally explained by the decline in PCPI. The second dummy variable was for the second year of COVID-19 when enplaned passengers recovered partially.

**Table 2-8 Historical and Projected Airport Air Traffic (FY 2019 – FY 2032)**

Fiscal Year	Enplaned Passengers		Landed Weight		
	Passengers (in thousands)	Y-O-Y Growth	Total (in million-pound units)	Y-O-Y Growth	
Actual	FY 2019	2,150	3,039		
	FY 2020	1,690	2,789	-8.2%	
	FY 2021	1,232	2,404	-13.8%	
	FY 2022	2,080	3,077	28.0%	
	FY 2023	2,229	3,100	0.7%	
	FY 2024	2,345	5.2%	3,226	4.1%
Projection	FY 2025	2,415	3.0%	3,378	4.7%
	FY 2026	2,509	3.9%	3,494	3.4%
	FY 2027	2,553	1.8%	3,552	1.6%
	FY 2028	2,596	1.7%	3,609	1.6%
	FY 2029	2,640	1.7%	3,665	1.6%
	FY 2030	2,683	1.6%	3,722	1.6%
	FY 2031	2,725	1.6%	3,777	1.5%
	FY 2032	2,767	1.5%	3,833	1.5%
Range		Average Annual Growth Rate			
FY 2019-24		1.8%	1.2%		
FY 2024-32		2.1%	2.2%		

Sources: Reno-Tahoe Airport Authority (Actual and FY 2025 Budget).  
Landrum & Brown, Inc. (Projection).

## 2.5 Enplaned Passenger Sensitivity Projection

Given the potential for slower than projected growth in the region's economy, L&B prepared a sensitivity projection of enplaned passengers at the Airport. This sensitivity projection is not necessarily a representation of a likely scenario but is intended to represent a downside scenario if certain conditions that would be expected to negatively impact air traffic demand were to occur. The financial impacts associated with this pessimistic enplaned passenger scenario are presented in Chapter 4 of this Report. The following summarizes the assumed conditions that could result in a more pessimistic projection of enplaned passengers at the Airport.

- The economic factors of the Reno CSA will increase at somewhat lower levels than forecast by Woods and Poole. This results in lower growth of O&D enplaned passengers at the Airport.
- The increase in seat capacity for FY 2025 does not materialize in the increase in enplaned passengers projected for FY 2026 and the enplaned passengers projected for FY 2026 are based solely on the long-term growth rates.

**Table 2-9** presents the pessimistic sensitivity project as compared to the baseline. Starting in FY 2026, the pessimistic scenario is 2.4% below the baseline projection and the gap between the two increases to 4.2% by FY 2032. Under the pessimistic scenario, enplaned passengers are projected to reach approximately 2.65 million in FY 2032.

**Table 2-9 Enplaned Passenger Projection Scenarios (FY 2019 – FY 2032)**

Fiscal Year	Baseline Scenario		Pessimistic Scenario		
	Enplaned Passengers (in thousands)	Y-O-Y Growth	Enplaned Passengers (in thousands)	Y-O-Y Growth	
Actual	FY 2019	2,150	2,150		
	FY 2020	1,690	-21.4%	1,690	-21.4%
	FY 2021	1,232	-27.1%	1,232	-27.1%
	FY 2022	2,080	68.9%	2,080	68.9%
	FY 2023	2,229	7.2%	2,229	7.2%
	FY 2024	2,345	5.2%	2,345	5.2%
Projection	FY 2025	2,415	3.0%	2,415	3.0%
	FY 2026	2,509	3.9%	2,450	1.5%
	FY 2027	2,553	1.8%	2,484	1.4%
	FY 2028	2,596	1.7%	2,518	1.4%
	FY 2029	2,640	1.7%	2,552	1.3%
	FY 2030	2,683	1.6%	2,585	1.3%
	FY 2031	2,725	1.6%	2,618	1.3%
	FY 2032	2,767	1.5%	2,650	1.2%
Range		Average Annual Growth Rate			
FY 2019-24		1.8%	1.8%		
FY 2024-32		2.1%	1.5%		

## 3 Airport Facilities and Capital Improvement Program

This Chapter provides an overview of existing Airport facilities and describes the MoreRNO Program (described herein) and other planned capital improvements at the Airport, referred to as Other Capital Projects for the purposes of this Report.

### 3.1 Existing Airport Facilities

The Airport comprises approximately 1,540 acres of land in the City of Reno in northwestern Nevada. It is located approximately five miles southeast of the downtown of the City of Reno. The Airport is relatively distant from other commercial service airports and it serves as the principal commercial airline passenger airport for northern Nevada and the Lake Tahoe region in Nevada and California. Access to the Airport is primarily provided from Interstate 580 through an exit ramp providing direct access to the terminal for southbound travelers or through Plumb Lane for northbound travelers. Existing Airport facilities are described in sections below and are graphically illustrated in **Figure 3-1**.

#### 3.1.1 Airport History

The Airport was originally constructed as Hubbard Field in 1929 by Boeing Transport, Inc. The Airport was purchased by United Airlines in 1936 and subsequently sold to City of Reno in 1953. The Airport's passenger terminal building was constructed in advance of the 1960 Winter Olympics held near Lake Tahoe in Squaw Valley. A history of the Airport's growth over historical time periods is summarized below.<sup>34</sup>

- **1970s and 1980s:** In 1978, primarily as a result of airline deregulation and casino expansion, airlines serving the Airport increased from three to twelve. In 1981, the passenger terminal building was expanded with the addition of two concourses (currently designated as Concourses B and C).
- **1990s:** In 1993, Runway 16L-34R was expanded from a 5,000-foot asphalt runway to a 9,000-foot concrete air carrier runway. In 1994, the Airport's name officially changed from Reno Cannon International Airport to its current name. In 1996, the terminal passenger baggage claim facilities expanded. In 1999, Runway 16R-34L was extended by 1000 feet to its current length of 11,001 feet.
- **2000s:** In 2008, runway safety area improvements were completed for all Airport runways, the current Airport Traffic Control Tower (ATCT) was constructed on the east side of the airfield, the Hyatt Place hotel was completed on Airport property, and the current Airport Rescue and Firefighting Facility (ARFF) was constructed. In 2009, the Airport's baggage check-in and reconfiguration program was opened.
- **2010s to Present:** In 2013, the Authority completed the Gateway Project at the Airport that consolidated its passenger security checkpoint and upgraded in-terminal concessions. The Authority also constructed a new facility for its fixed base operator (FBO) Atlantic Aviation. In 2014, the Authority modernized its Federal Inspection Service (FIS) Facility and direct international service resumed. In May 2024, Stellar Aviation opened the first phase of its FBO facilities including an executive terminal, hangar and aircraft apron area. Also in May 2024, the Authority achieved financial close on the new privately-developed

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<sup>34</sup> Reno-Tahoe International Airport Master Plan, December 2018, (<https://www.renoairport.com/airport-authority/airport-plans/rno-master-plan/>), accessed May 2024.

ground transportation center that will include a consolidated rental car (CONRAC) facility scheduled to open in the third quarter of 2028.

**Figure 3-1**      **Airport Layout (As of June 2023)**



Source: Authority (based from Google Earth), July 2024.

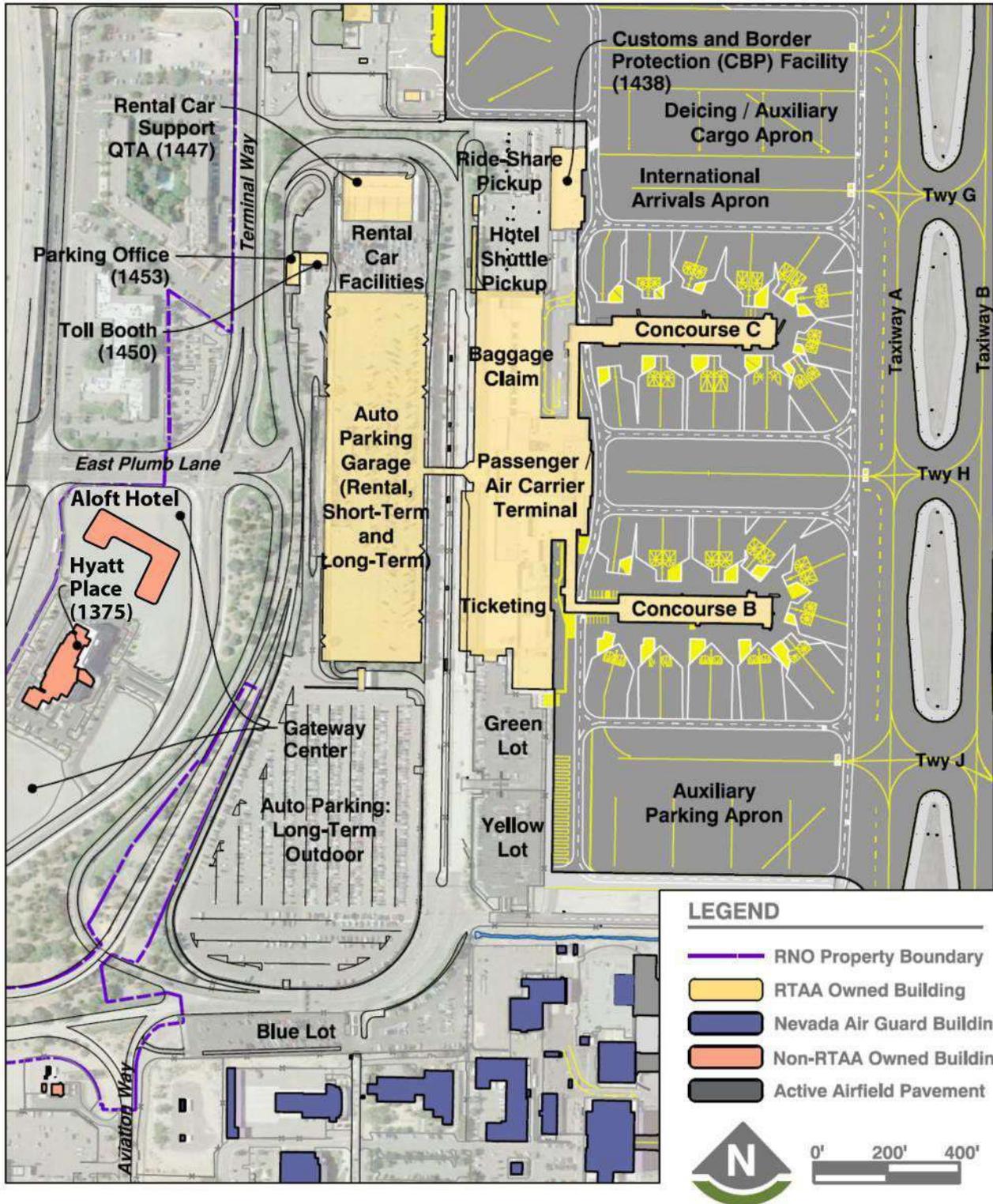
### 3.1.2 Airfield Facilities

The existing airfield consists of three runways. The two primary air carrier runways run in a parallel north/south alignment (Runways 16R-34L, 16L-34R). The Airport's primary runway is Runway 16R-34L. The third runway is a crosswind runway oriented in an east/west direction (Runway 7-25) and is typically used by smaller GA aircraft. Runway 16R-34L is 11,001 feet in length, Runway 16L-34R is 9,000 feet in length, and Runway 7-25 is 6,102 feet in length. All runways are 150 feet wide. The air carrier runways are equipped with high intensity runway lighting systems, centerline lighting, and touchdown zone lights. A Precision instrument landing system (ILS) is installed on Runway 16R-34L for approaches during instrument flight rules (IFR) conditions. The other runways are not equipped with an ILS. A system of parallel and connector taxiways links the runways to aircraft parking aprons for the passenger terminal, air cargo area, GA facilities, and other aircraft parking areas.

### 3.1.3 Terminal Facilities

The passenger terminal complex is located in the northwest quadrant of the Airport. The existing terminal building was originally constructed in the 1960s and was expanded with two concourses and related ticketing facilities in 1981. The terminal building including both airside concourses encompasses approximately 448,650 square feet spread over two stories with 23 attached aircraft gates. The main entrance to the terminal building is on the west side of the first floor of the terminal, next to the passenger pick-up and drop off curb. A skybridge providing access from the parking garage also provides pedestrian access into the terminal building. **Figure 3-2** illustrates the Airport's passenger terminal complex.

Figure 3-2 Airport Passenger Terminal Complex



Source: Authority, July 2024.

The first floor of the terminal building contains various public areas including the airline ticketing hall and counters, baggage claim area, rental car and ground transportation counters, several restaurants and retail shops, and a gaming concession area. Various non-public areas are also located on the first floor of the terminal building including outbound baggage handling areas, airline operations and support, and other airport tenant offices. The TSA security checkpoint is located on the east side of the terminal building’s first floor. After a passenger is cleared through the screening process, escalators, stairs, and elevators provide access up to the terminal building’s second floor.

The second floor of the terminal building has a centrally located in-terminal concessions area with various food and beverage and retail shopping options for passengers prior to accessing the airside concourses (High Mountain Marketplace). Additionally, on the second level of the terminal building, not accessible to the public, are the Authority administrative offices that also include Airport Security, Operations, and Airport Police and Badging. The Authority offices comprise approximately 32,600 square feet of space. The second floor also contains space for building operations and support.

As described, the two parallel airside concourses are accessible from the second floor of the terminal building after clearing the TSA security checkpoint. Concourse B is the southern concourse and proceeds east from the main terminal building, containing 11 attached aircraft gates with loading bridges. Concourse C is the northern concourse and also proceeds east from the main terminal building leading to 12 aircraft gates with loading bridges. Concourses B and C contain approximately 3,900 square feet and 4,200 square feet of concessions space respectively, which is a mix of retail, news and gifts, and bars and restaurants. Both concourses offer two banks of restrooms, with the larger bank being further down the concourse, plus one family restroom. Multiple banks of slot machines are on both sides of the main corridors, and a small designated gaming room is on the north side of concourse C. Airlines enplane and deplane passengers using passenger bridges directly from the airline holdrooms to the aircraft door. **Table 3-1** presents the current number of aircraft gate positions at the Airport by concourse and leased by the Signatory Airlines or the airlines that have signed airline-airport use and lease agreements as further described in Chapter 4 of this Report.

**Table 3-1 Airline Gate Use at the Airport (As of May 2024)**

Airline	Concourse B	Concourse C	Total
Alaska	-	2	<b>2</b>
American	-	3	<b>3</b>
Delta Air Lines	1	-	<b>1</b>
Southwest	4	-	<b>4</b>
United	-	2	<b>2</b>
Authority-Controlled (common use)	6	5	<b>11</b>
<b>Total</b>	<b>11</b>	<b>12</b>	<b>23</b>

Source: Authority management records

The first level of the concourses is the apron level and is only used by Authority staff, airline tenants, concessionaires (for storage), and Airport Operations and Facility and Maintenance. Exterior tunnels at the apron level of both concourses help provide efficient movement of airline tugs, baggage carts and operations equipment. The first level also contains utility and storage rooms.

The FIS Facility is a standalone building directly north of the terminal building, operated by U.S. Customs and Border Protection (CBP) as illustrated in **Figure 3-2**. The FIS facility serves international flights from Guadalajara, Mexico, on Volaris along with international charter and GA flights. Passengers deplane via a portable passenger boarding ramp and enter the FIS building. This hard stand deplaning operation is required to keep international passengers entering the U.S. in a sterile location until clearing CBP. The FIS Facility, which is approximately 15,800 square feet, was modernized to CBP design standards in 2014, and has the capacity to process 200 passengers per hour.

### 3.1.4 Parking Facilities

The Airport's existing public parking facilities include a three-story parking garage located directly west of the terminal, and a surface parking lot located to the south of the parking garage. The parking structure has 1,650 spaces available for long-term parking, 800 of which are on floor two and 850 of which are on floor three. The ground level of the parking structure has 295 short-term parking spaces in addition to spaces for rental car pick-up and return. The parking structure provides direct walking access to the terminal. The Long-Term Surface parking lot has approximately 1,600 parking spaces available. Public parking rates are shown in **Table 3-2** below.

**Table 3-2 Public Parking Rates (as of May 2024)**

	Short Term Garage	Long Term Garage	Long-Term Surface
First 30 Minutes	\$2	\$2	\$2
First Hour	\$3	\$3	\$3
Each Additional Hour	\$3	\$2	\$2
Daily Maximum	\$36	\$16	\$12

Source: Authority management records

Airport employees and tenants have access to one of three parking lots, located south of the passenger terminal. These employee parking lots are named the Green Lot, Yellow Lot, and Blue Lot and are used as follows:

- Green Lot: 131 parking spaces for Authority staff parking.
- Yellow Lot: 152 parking spaces for Authority staff and Airport tenant supervisors.
- Blue Lot: 252 parking spaces for other Airport tenant employees

### 3.1.5 Rental Car Facilities

There are currently nine rental car brands operating at the Airport, eight of which are on-Airport (Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty) and one that is off-Airport (Reno Tahoe Rental Car). The rental car companies operate service counters on the first floor of the terminal building across from the baggage claim. All of the on-Airport car brands have vehicles immediately available on the ground level of the parking structure. The off-Airport brands provide a free shuttle to their vehicles located off-Airport. Rental car return also occurs in the parking structure. Passengers exit the rental car return area by foot using overhead signs and painted floor markings leading to the terminal building.

Each of the on-Airport rental car brands has a service and storage area located to the southwest of the Long-Term Surface lot. The rental cars also use a quick-turn-around (QTA) facility located north of the parking structure for fueling, cleaning, and performing light maintenance on vehicles after they are returned.

### 3.1.6 Ground Transportation

Passengers picked up by taxi, shuttle, or transportation network company (TNC) use the ground transportation lot north of the passenger facility. A staging area for taxis is located along Radar Way and a staging area for TNCs is located along Air Cargo Way. These staging areas provide dedicated waiting areas for a number of vehicles and prevent congestion in the ground transportation lot. As of July 1, 2024, TNCs and taxis are charged by the Authority \$3 per pick up and \$2 per drop off.

To further help reduce vehicle traffic congestion in the terminal curbs, the Authority maintains a “Free Waiting Lot” located south of the terminal complex on National Guard Way where motorists meeting arriving passengers may wait without charge until passengers are ready to be picked up. To reduce congestion at the passenger curbs, the Authority encourages drivers to wait until passengers are at the curbs, confirming with their driver via cell phone.

The Regional Transportation Commission (RTC) of Washoe County provides transit access to the Airport on two bus routes with stops in front of the passenger terminal building on the terminal loop road.

### 3.1.7 Air Cargo Facilities

Air cargo facilities are located north of the passenger terminal in the northwest quadrant of the Airport. Air Cargo operators at the Airport include UPS, FedEx, and DHL. The total cargo apron is approximately 798,000 square feet, which is divided into three sections based on the cargo carriers and the auxiliary apron as follows.

- FedEx: 240,000 square feet
- UPS and DHL: 405,000 square feet
- Auxiliary: 153,000 square feet

Ten total aircraft parking positions are dedicated to air cargo aircraft. Two air cargo parking positions store large package containers used by the cargo carriers and two positions are dedicated to smaller aircraft. Additional aircraft parking is available on the North remote apron if needed.

FedEx’s principal operation is housed in a 12,000-square-foot building leased from Dermody Properties and located on Air Cargo Way. FedEx also leases a small amount of space for ground support equipment (GSE) maintenance from Prologis in its multi-tenant building. FedEx has two assigned preferential ramp positions and uses a third on a per-turn basis.

Commercial real estate developer Prologis has a combined 79,849 square feet of warehouse space in two separate buildings: the north air cargo building and the west air cargo building. The ground lease for both buildings expires in October 2026, with the option for an additional 10 years in potential extensions, at the sole discretion of the Authority.

The north air cargo building is the principal on-ramp facility, located on Air Cargo Way and built in 1997. The building is 56,562 square feet and is positioned on a leased area of 300,564 square feet. The building has a total of 13 dock high doors and 19 drive-in doors, as well as a shared 150-foot truck court with 86 shared car parking spaces. The building houses the operations of UPS, Southwest Airlines, DHL, and cargo handlers Consolidated Aviation Services (CAS) and Worldwide Flight Services (WFS). DHL leases about 12,500 square feet of warehouse space from Prologis. The building’s other tenant is ground handler CAS. Apart from Southwest Airlines, belly cargo carriers have mostly outsourced all cargo operations to operators such as CAS. Even UPS

uses CAS for its ramp operation, and DHL is also a CAS client. UPS has two assigned preferential aircraft parking positions and uses a third on a per-turn basis.

Built in 1985, Prologis has a 23,287-square-foot building, known as the west air cargo building, located on Terminal Way on a total land lease of 100,188 square feet. The building is immediately west of the north air cargo facility and has direct access to aircraft parked on the apron. The building has a total of 17 drive-in doors on both the land and apron sides, plus a 200-foot-truck court with 175 shared car parking spaces.

On June 15, 2023, the Authority entered into an option agreement with Aviation Facilities Co. (AFCO) granting the right to lease up to five parcels of land on which to develop new cargo facilities at the Airport. Under the option agreement, AFCO is required to pay an option fee equal to 5% of the ground rent of the initial parcel, develop and deliver a master development concept to the Authority for its review and approval and, following Authority approval, commence phased development within 18 months thereafter, leasing an additional parcel every 24 months. AFCO has met the deadlines set forth in the option agreement to date. While AFCO has not committed to proceeding with development, the Authority and AFCO anticipate that AFCO could break ground on the new cargo facilities in CY 2025 or CY 2026, and then construct the facilities in phases. AFCO is in discussions with FedEx, DHL, and UPS regarding their potential use of the proposed new cargo facilities. The option agreement is terminable on thirty days' notice by either party.

### 3.1.8 Ancillary Facilities

Ancillary facilities support the aviation-related activities at the Airport. The facilities identified as ancillary are categorized as, military, GA, FAA, Airport Maintenance Facilities, ARFF Facility, and Fuel Facilities.

- **Military:** The Nevada Air National Guard (NVANG) operates on approximately 61 acres on the southwest side of the Airport. The 152<sup>nd</sup> Airlift Wing is based at the Airport. The NVANG base is more than 50 years old. About 1,100 full-time and weekend NVANG personnel use the base. The NVANG maintains their own facilities on the base. The base may be accessed from either Terminal Way or Interstate 580.
- **General Aviation:** GA facilities are located on the northeast and southwest quadrants of the Airport property. GA operations include on-demand charter operators, corporate aviation, flight instruction, and recreational aviators. GA users rely on FBOs, which are businesses that provide GA services that may include pilot and passenger facilities, aircraft maintenance and storage, flight instruction, and fueling. GA operations are divided into two areas. GA East includes facilities located in the Airport's northeast quadrant. Tenants in GA East include a maintenance, repair and overhaul center for business jet manufacturer Dassault Aircraft Services, FBO Atlantic Aviation and commercial aeronautical operator Reno Flying Service, and T-hangar facilities. GA West includes facilities located in the Airport's southwest quadrant and includes helicopter operator and maintenance shop Whisper Jet, GA box hangars and T-hangar facilities. Stellar Aviation, an FBO, opened its first phase of development on the northeast side of Airport property in May 2024. These facilities include a 5,000-square-foot executive terminal, a 37,000-square-foot hangar with office space, and approximately four acres of aircraft apron.
- **FAA:** The FAA ATCT is located on the east side of the Airport. The FAA invested millions of dollars in the ATCT as it was constructed in 2008 to meet new security requirements. The FAA occupies the ATCT and handles all flight arrivals and departures as well as ground movement.
- **Airport Maintenance Facilities:** Various buildings located on RNO help support airfield and airport operations. These include general equipment storage, shipping and receiving, snow removal equipment and landscaping.

- **ARFF Facility:** The ARFF facility was constructed in 2008 and is located in the southwest quadrant of Airport property. The ARFF facility is 25,000 square feet and provides Index C level of ARFF service. Index level is determined by the air carrier lengths that operate at the airport. Index C includes aircraft at least 126 feet but less than 159 feet long. Index classification requires certain staff and equipment criteria be met.
- **Fuel Facilities:** There are four primary aircraft fuel storage areas at the Airport. These include two fuel facilities owned by Reno Fueling Facilities Corporation (RFFC), which does business as Swissport, the Atlantic Aviation fuel farm, and an Authority fuel farm leased to Atlantic Aviation. These facilities provide fuel to scheduled and non-scheduled commercial passenger and cargo aircraft, and to GA aircraft that use the Airport. RFFC focuses on the passenger and cargo airlines, and Atlantic Aviation focuses on serving GA aircraft.

## 3.2 Reno-Stead Airport

The Authority also operates Reno-Stead Airport (RTS), the FAA designated reliever airport for the Airport, which is located approximately 11 miles to the northwest. RTS primarily supports GA needs of the region and consists of approximately 5,170 acres. It is located in the Stead community within the North Valley area of Washoe County. U.S. Highway 395 is the main connection to the ancillary roads leading to RTS. U.S. Highway 395 is approximately three miles south of RTS.

RTS currently provides a full range of private, corporate, and flight training aviation services to the region. It has two runways, Runway 14-32 and Runway 8-26, which are 9,000 feet and 7,608 feet in length, respectively. Both runways are 150 feet wide. The runways are constructed of asphalt and are equipped with high intensity runway lights (HIRL) and four-lighted precision approach path indicators (PAPIs). The Runway 32 approach is equipped with an instrument landing system. Approximately 200 aircraft are based at RTS.

The FAA named the State as one of six Unmanned Autonomous Systems (UAS) designated test sites, and RTS was identified as a testing range by the Nevada Institute for Autonomous Systems (NIAS). UAS, also known as Unmanned Aerial Vehicles (UAV's) or drones, are used by the military, government, businesses, farmers, and others.

The RTS Freedom Flight Terminal is dedicated to the RTS's history and the nation's veterans who have served in the armed forces. The RTS terminal, opened in 2013, serves the GA community. The two-story, 12,000 square-foot building provides an Emergency Operations Center, administrative office, community conference room, and a Pilot's Lounge. Recent improvements include a new Air Tanker Fire Fighting Facility opened by the Bureau of Land Management (BLM) as well as 9,000 feet of new runway pavement and upgrades to runway lighting.

The Authority has entered into a master development agreement with Dermody Properties, a real estate developer, to develop industrial facilities on up to 1,700 acres of the developable property at RTS. Dermody Properties has announced plans to develop at least some of that property into the Reno AirLogistics Park, a two-building logistics facility whose buildings would, as proposed, comprise over 1,230,000 square feet of space. Dermody is presently constructing the first phase of the Reno AirLogistics Park, occupying 56 acres, and the Authority expects Dermody to develop substantially more space within the property subject to the master development agreement, regulatory approval and other contingencies.

The Authority operates the Airport and RTS as an 'Airport System'. This is defined within the Master Indenture (defined herein) to also include the operation and maintenance costs and revenues of RTS within the definitions of Operation and Maintenance Expenses and Gross Revenues of the Airport System. Therefore, the costs and revenues of RTS are included for the purposes of the Master Indenture, including the Rate Covenant (defined later in Chapter 4 of this Report).

### 3.3 Summary of Capital Development at the Airport

For purposes of this Report, the Authority's current capital program is organized into the following categories, each of which is discussed in the sections that follow in this chapter of the Report:

- **MoreRNO:** MoreRNO is the Airport's major capital program currently under construction that upon completion will have replaced and rebuilt much of the Airport's landside facilities, certain terminal building areas, and both airside concourse facilities. The multi-year infrastructure program, MoreRNO, consists of the projects listed below, some of which are already completed, and is currently anticipated to cost approximately \$985.3 million. The capital and operating costs associated with MoreRNO have been included in the financial analysis in this Report and are further described in Chapter 4.
  - Ticketing Hall Expansion (completed)
  - Loop Road Improvements
  - Ground Transportation Center (GTC)
  - New Concourses A & B (New Gen A&B)
  - Police and RTAA Headquarters
- **Other Capital Projects:** These projects are in addition to the elements of MoreRNO and are the other Airport System capital projects that are currently anticipated by the Authority to be undertaken during the Projection Period. The total project costs for these projects are estimated at approximately \$112.6 million. Such projects are referred to in this Report as the 'Other Capital Projects.' The estimated capital funding and operating costs, if any, and estimated revenue impacts, if any, associated with the Other Capital Projects have also been included as part of the financial analysis in this Report.

### 3.4 MoreRNO

MoreRNO is a multi-year infrastructure program that is in various stages including certain components that are in operation, under construction, or being designed to completely redevelop and replace much of the Airport's landside, certain terminal building areas, and both airside concourse facilities. This construction investment is the largest in the Airport's history. MoreRNO is comprised of five primary capital projects and starts from the moment one arrives at the Airport driving in on the terminal roadway (Loop Road), using the ground transportation center, walking through the ticketing hall, arriving or departing from the concourses, and a new airport police station and headquarters building. A significant portion of MoreRNO has yet to be completed; however, the Ticketing Hall Expansion was completed in April 2024 and the Loop Road Improvements are planned to be completed at the end of CY 2024. Remaining projects of MoreRNO currently under construction or in design consist of a new privately-developed Ground Transportation Center, the replacement of the two airside concourses (New Gen A&B), and the new Police and RTAA Headquarters. **Figure 3-3** illustrates the various capital projects of the MoreRNO program. **Table 3-3** presents the estimated project costs of MoreRNO by project in chronological order for when each element is planned to be operational. The next several sections of this Report provide additional details on the projects of the MoreRNO program.

**Figure 3-3 The MoreRNO Program Map**



Source: The Authority

**Table 3-3 MoreRNO Projects Costs by Project (thousands of dollars)**

Project	Current Budget	Planned Operation
Ticketing Hall Expansion	\$32,396	Operational
Loop Road Improvements	13,917	Q4 CY 2024
Ground Transportation Center	299,000	Q3 CY 2028
New Gen A&B	570,000	Various Phases <sup>1</sup>
Police and RTAA Headquarters	70,000	Q4 CY 2026
<b>Total</b>	<b>\$985,313</b>	

Notes: Amounts may not add because of rounding.

<sup>1</sup> South RON is planned for Q2 CY 2025, Central Utility Plant is planned for Q3 CY 2026, New Concourse A is planned for Q1 CY 2028, and New Concourse B and is planned for Q1 CY 2029.

Source: Authority records, July 2024

### 3.4.1 Ticketing Hall Expansion

The Ticketing Hall Expansion project consisted of expanding the width of the ticketing area by 20 feet by pushing the front of the building out towards the curb-front roadway. The improvements include new restrooms, additional circulation and ticket counter queuing, new signage and intuitive wayfinding, and more natural light. The Ticketing Hall Expansion project was the initial project subject to the Authority’s new arts program, which requires one percent (1%) of design and construction to be set aside for art. The art consists of a 450-foot mural above the ticket counters showing the flora and fauna of Nevada over the four seasons. The Ticketing Hall Expansion project was completed in April 2024. The estimated project for the ticketing hall project was \$32.4 million.

### 3.4.2 Loop Road Improvements

The Loop Road Improvements project consists of reconstructing the deteriorating primary roadway serving the terminal and parking garage. This project includes improvements associated with safety and security by installing bollards to protect passengers and the structure, as well as meeting all American with Disabilities Act (ADA) requirements for the drop-off and pick-up of passengers. The project constructs awnings to protect passengers from weather elements such as snow and rain. The first three lanes adjacent to the terminal were completed in April 2024 and the second three lanes are under construction with an estimated completion date in of the fourth quarter of CY 2024. The Loop Road Improvements project is estimated to cost approximately \$13.9 million.

### 3.4.3 Ground Transportation Center

As part of a strategic partnership, the Authority has entered into a public-private partnership (P3) with RNO ConRAC LLC to deliver a new Ground Transportation Center (GTC) for the Airport. Recognizing the parking challenges faced by travelers, the GTC project aims to alleviate congestion by relocating rental car facilities from the parking garage to the new GTC. At the completion of this project, estimated in 2029, the Authority will occupy and operate the ground transportation facilities on the first floor and reclaim approximately 600 parking spaces currently occupied by rental car companies in the parking garage, providing passengers with easier access to parking and reducing overall traffic flow on the Airport's terminal roadways. The three upper floors will house the Airport's new consolidated rental car facility, which will be leased to and operated by RNO ConRAC LLC.

The GTC project will provide a consolidated rental car facility, providing a centralized location for all commercial ground transportation providers at the Airport. The GTC will span four floors and occupy a ground lease of approximately 440,220 square feet and initially accommodate around nine rental car company brands. The GTC Project will include the following facilities:

- Pedestrian walkway
- Customer service area
- Ready/return space
- Ground transportation center for TNCs, taxis, hotel shuttles, and other ground transportation providers
- Rental car company administration space
- Maintenance bays
- Fuel positions
- Car washes
- Rental car company employee parking spaces

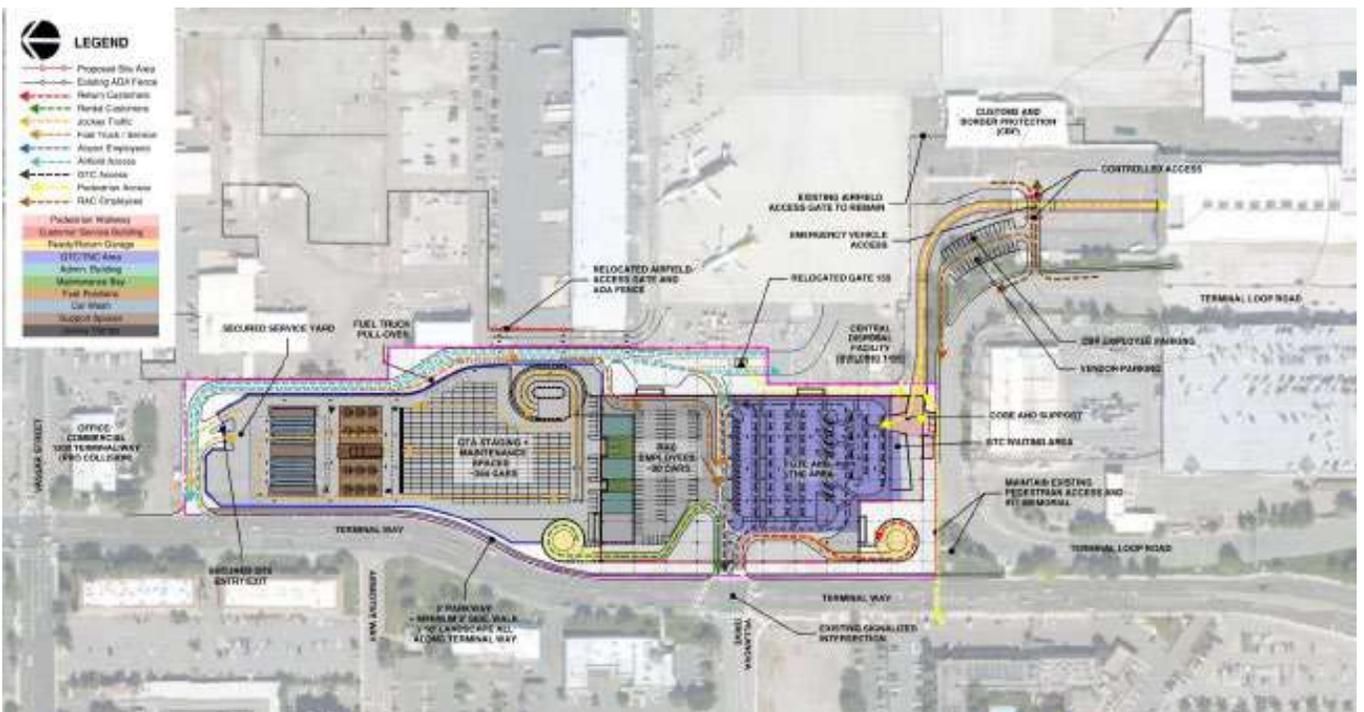
**Figure 3-4** shows a future aerial view of the Ground Transportation Center, and **Figure 3-5** shows the site operations plan.

Figure 3-4 Ground Transportation Center – Aerial View



Sources: Conrac Solutions and PGAL.

Figure 3-5 Ground Transportation Center – Site Operations Plan



Sources: Conrac Solutions and PGAL.

Project planning is now in its second phase and has completed the following milestones:

- 100% schematic design package, June 2022
- 50% design development documents, September 2022
- 95% design development documents, December 2022
- 100% design development package, January 2023

In March 2024, the Authority Board approved to proceed construction of this project, and in May 2024, the Authority and RNO ConRAC LLC reached financial close on this project. The project is currently estimated to cost approximately \$299.0 million. The Authority's financial commitment to the GTC project is primarily through the dedication of all Customer Facility Charge (CFC) revenues to the developer, which are not Gross Revenues as defined in the Master Indenture, and, therefore, are not pledged to support Bonds, including the proposed Series 2024 Bonds. The Authority has also agreed to pay \$16 million upon completion of construction. Further details on the financial implications of the GTC project are presented in Chapter 4 of this Report.

### 3.4.4 New Gen A&B

The New Gen A&B project includes the full replacement of the two existing airside concourses at the Airport (i.e., Concourse B and Concourse C) that were originally constructed in the early 1980s. Given the age of the existing concourses and not being sized properly to accommodate current aircraft both on the apron and in the building, the Authority and the Signatory Airlines operating at the Airport have agreed to this project in the new Airline Agreement, at up to \$570 million. The full replacement includes the following primary components.

- A new Central Utility Plant (CUP) with modern efficiency and sustainability
- Relocating the South Remain Overnight (RON) aircraft parking apron while maintaining the same number of aircraft parking spaces
- The New Concourses A and B

The South RON expansion will be constructed due to the relocation of the new Concourse A. The south RON will be larger with more flexibility and will accommodate five Group III aircraft or a combination of Group III and Group IV aircraft.

The CUP is being designed as a high efficiency plant that will provide electricity for the new and larger concourses and new Police and RTAA Headquarters as well as heating and cooling. The CUP will use 75% less water consumption, be more than 20% more efficient than code, lower greenhouse gas emissions, and be expandable to allow for additional equipment to serve the existing terminal building in the future. Even though it will be servicing a larger space, it will do so with greater efficiency, projected to save the Airport 50% in energy usage. The CUP is currently planned to be completed by July 2026.

The New Gen A&B concourses will be flexible in the future allowing the 24 aircraft gates to accept all Group III aircraft and several Group IV aircraft in the corners. Depending on aircraft fleet mix, the new concourses may be able to provide up to 28 aircraft gates. The new concourses will be more than double the size of the existing concourses allowing for larger circulation paths, larger hold rooms with more seating, more concessions for restaurants, travel essentials, retail, lounges, outdoor spaces, and gaming. The building will have taller ceilings and more efficient windows to bring in more light and provide views of the surrounding mountains and provide improved wayfinding. The first floor of the concourses will contain maintenance, storage, mechanical and electrical equipment and offices. Access to the areas will be through a central corridor and the structure will be resistant to environmental global changes such as flooding.

New Gen A is anticipated to be completed by the first quarter of CY 2028 and New Gen B by the first quarter of CY 2029. **Figure 3-6** depicts the exterior rendering of one of the new concourses and **Figure 3-7** depicts a rendering of the interior.

**Figure 3-6**      **New Gen Exterior Rendering**



Source: Authority

**Figure 3-7**      **New Gen Interior Rendering**



Source: Authority

In summary, completing these elements, the following project scope is planned to be completed.

- Full replacement of the Airport’s two concourses.
- Airfield pavement (apron, taxiway, and taxilane) improvements, infrastructure, and utility relocation.
- Provide up to 28 aircraft gates with the ability to accommodate an aircraft fleet mix of Boeing 737s, regional jets, and Boeing 757s.
- Provide expanded and improved spaces for amenities, concessions, holdrooms, circulation, and Airport operations.
- Improve the passenger and employee experience with higher ceilings, natural light and mountain views, outdoor spaces, intuitive wayfinding, and exceed ADA requirements.
- Improve apron level employee safety and overall functional experience with wide drive tunnels, open interior circulation halls, orderly distribution and location of Authority, airline, and concessions spaces, and a centralized distribution center.
- Reduce construction impacts on passengers, tenant employees, and aircraft operations when possible.
- Provide taxilanes sized to accommodate Airplane Design Group III aircraft, including dual taxilanes between concourses.
- Demolish existing structures and pavements.

### 3.4.5 Police and RTAA Headquarters

The Police and RTAA Headquarters project will construct a new building to house the Authority administration staff and the Airport's police station south of the terminal building. Authority administrative staff are currently located on the south side of the second floor of the terminal building. The Airport Police are currently located on the first level of Concourse B. With the New Gen A&B project, Concourse B will be demolished and a new location for the police is needed. Through a planning study, it was determined to combine the police and the administration staff into a single building adjacent to the ticketing hall and adjacent to both airside and landside. This will provide excellent response times for the Authority Police. The new building will consist of space for the Police, "public/multi-use" space (board room, kitchen, cafeteria, gymnasium, and meeting rooms) and administration staff workstations, gathering rooms, and meeting rooms. The building's ground floor will contain the Authority's police headquarters, along with a reception area. The second floor is planned to house shared spaces for all Authority employees. The third and fourth floors are planned to house Authority administration staff currently located in the terminal building.

The Police and RTAA Headquarters project is estimated to cost approximately \$70 million and is projected to be operational during the fourth quarter of CY 2026. Construction is anticipated to start in early CY 2025.

## 3.5 Other Capital Projects

Other Capital Projects currently anticipated by the Authority to be undertaken or completed during the Projection Period that are not part of MoreRNO are shown in **Exhibit A**. Preliminary cost estimates for the Other Capital Projects total approximately \$112.6 million from FY 2025 through FY 2031. It should be noted that certain capital projects included in Other Capital Projects could be potentially deferred or not otherwise undertaken by the Authority during the Projection Period, depending on circumstances such as aviation demand levels and availability of project funding. For the purposes of this analysis, all such projects have been incorporated in this Report and the accompanying financial tables to demonstrate the full financial effect of undertaking all of the Other Capital Projects along with MoreRNO.

### 3.5.1 Financial Impact of Other Capital Projects

Sources of funding for the Other Capital Projects are described below and presented in Exhibit A. The estimated financial impacts of the Other Capital Projects are incorporated in this Report.

It is possible that during the Projection Period, the Authority may consider other potential future Airport improvements not planned at this time. However, it is assumed that the Authority will only undertake construction on any other potential future projects when demand warrants, necessary environmental reviews have been completed, necessary approvals have been obtained, and associated project costs can be supported by a reasonable level of Airport user fees or other discrete funding sources such as state and federal grants, PFCs, Authority funds, CFCs, and third-party funds.

## 3.6 Plan of Finance

Exhibit A presents the total project costs along with estimated funding sources for the MoreRNO program and Other Capital Projects. These estimates are based on currently available information regarding the estimated cost and timing of the MoreRNO program and Other Capital Projects, and the estimated receipt of federal, state, and other grants and other funds. As presented in Exhibit A, the MoreRNO program is estimated to cost approximately \$985.3 million and the Other Capital Projects are estimated to cost approximately \$112.6 million over the period of FY 2025 through FY 2031. Additional details regarding the estimated funding sources for the MoreRNO program and Other Capital Projects is presented in this section.

### 3.6.1 Federal, State and Other Grants

The Authority receives federal grants for Airport System capital development under the FAA Airport Improvement Program (AIP). The Authority receives AIP entitlement grants based on (1) levels of funding authorized and appropriated by Congress for the program, (2) the number of passengers and amount of cargo at the Airport, and (3) a 75% reduction in entitlement grants associated with the Authority's \$4.50 PFC level while it was classified as a Medium Hub. This 75% reduction is eliminated when the Airport is reclassified as a Small Hub. RTS receives a total of approximately \$150,000 in FAA AIP entitlements per year. The Authority also receives AIP discretionary grants for specific projects pursuant to grant applications for such funding, and FAA discretionary grant awards, which are a function of the amounts authorized and appropriated by Congress and the FAA's prioritization of competing projects.

On November 15, 2021, the President signed into law an approximately \$1 trillion investment of the federal government into U.S. infrastructure (Bipartisan Infrastructure Law). The Bipartisan Infrastructure Law contains an investment of approximately \$25 billion into aviation, which includes \$15 billion of funding for airport infrastructure projects that increase safety and expand capacity, \$5 billion of discretionary funding for new airport terminal facilities, and \$5 billion of funding to improve air traffic control facilities. On November 18, 2021, the U.S. Department of Transportation released information on how this funding is expected to be distributed to each U.S. state.<sup>35</sup>

The grant funding available to airports under the BIL falls into two categories. The first are Airport Infrastructure Grant ("AIG") funds, which are allocated similar to AIP funds on the basis of enplaned passengers and operational metrics, which are allocated over a five-year term of the program, from federal fiscal year (FFY) 2022, ending September 30, 2022, through FFY 2026. The Authority has received approximately \$20.6 million of this funding for FFYs 2022 through 2024, and expects to receive approximately \$34.3 million in BIL AIG grant funds in total over the five-year period. The Authority is intending to apply all of this funding towards the New Gen A&B project of the MoreRNO program. The second category is the Airport Terminal Program (ATP) funds, which are subject to annual competitive allocation. The Airport was awarded \$7.0 million in ATP grants for FFY 2024 for the CUP element of the Gen A&B project. The financial analysis in this Report assumes a total of \$37.0 million of BIL ATP funds will be applied in total for the New Gen A&B project as the Authority intends to continue pursuing BIL ATP grants in the coming years. Because of the competitive process each year, the receipt of future BIL ATP grants is unknown at this time. In efforts of being conservative for the purpose of this Report and to potentially account for the Authority receiving fewer BIL ATP grants than assumed, no FAA AIP discretionary grants have been assumed for the funding of the Gen A&B project. It is important to note that, and if the Authority were to receive a different amount of federal grants than as assumed in this Report, it would impact the funding plan as the Authority would

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<sup>35</sup> USDOT Releases State by State Fact Sheets Highlighting Benefits of the Bipartisan Infrastructure Law, U.S. Department of Transportation, November 18, 2021, <https://www.transportation.gov/briefing-room/usdot-releases-state-state-fact-sheets-highlighting-benefits-bipartisan>, accessed May 2023.

likely require either an increase or decrease in the need for additional Bonds and/or Authority Funds for its capital program.

As shown in Exhibit A, the Authority expects to be able to fund a portion of its capital development with federal grants as described above. Approximately \$163.5 million in federal grants are anticipated to fund a portion of the MoreRNO program and the Other Capital Projects.

### 3.6.2 Passenger Facility Charge Revenues

PFC revenues are used to pay for certain FAA-approved, PFC-eligible projects, either by using certain PFC revenues to pay for approved project costs on a pay-as-you-go basis or by applying certain PFC revenues to pay debt service associated with Bonds used to fund approved projects. Pursuant to the Master Indenture, unless otherwise provided in a Supplemental Indenture or a certificate of the Authority, PFC revenues are excluded from the definition of Gross Revenues, and therefore, are not pledged to the payment of debt service on the Bonds. However, PFC revenues may still be applied to pay debt service on Bonds in two separate ways. First, the Authority may designate specified PFC revenues as Passenger Facility Charges Available for Debt Service. Passenger Facility Charges Available for Debt Service are transferred to the Trustee and deposited directly into an Authority-designated Debt Service Fund to be used to pay debt service on a specific Series of Bonds. Secondly, the Authority can designate specified PFC revenues as Pledged Passenger Facility Charges. Pledged Passenger Facility Charges are transferred to the Trustee and deposited directly into an Authority-designated Debt Service Fund to be used to pay debt service on a specific Series of Bonds. For purposes of the Rate Covenant, Annual Debt Service on the Bonds does not include principal or interest paid with PFC revenues that have been designated as Passenger Facility Charges Available for Debt Service and/or Pledged Passenger Facility Charges. For the purposes of the financial analysis for the Series 2024 Bonds, it is assumed that the Authority will designate certain PFC revenues as Passenger Facility Charges Available for Debt Service and such PFC revenues will be used to pay a portion of the debt service on Bonds.

As of December 31, 2023, the Authority is authorized by the FAA, to impose and use approximately \$258 million of PFC revenues (at the \$4.50 level) for various projects. The FAA's estimated charge-expiration date is April 1, 2026. As of December 31, 2023, the Authority had collected approximately \$240 million of its total approved collection and had disbursed approximately \$209 million on approved projects.

As presented in Exhibit A, the Authority has planned for approximately \$66.0 million of PFCs to fund MoreRNO project costs and Other Capital Projects on a pay-as-you-go basis. In addition, the Authority intends to fund eligible debt service on the Series 2024 Bonds and future Bonds with a significant portion of its annual PFC collections into the foreseeable future once the New Gen A&B project is operational.

### 3.6.3 Authority Funds

The Authority historically used its revenues from the operation of the Airport System to fund certain capital projects. Per the Master Indenture, any Net Revenues remaining in the General Purpose Fund, after all obligations have been satisfied, are available for use by the Authority for any lawful Airport System purpose. Per the Airline Agreements, the Authority may include in airline rates and charges a cost for the use of Authority funds (net of PFCs, CFCs, grants, and other funding sources), along with imputed interest, that pay for capital development in airline-related cost centers. This cost is referred to as Amortization Requirements in the Airline Agreements.

As presented in Exhibit A, the Authority is currently planning to apply internally generated Authority funds to the MoreRNO program of approximately \$18.7 million, of which, \$16.0 million is the Authority's contribution to the GTC project as described below. The Authority intends to use approximately \$30.9 million of Authority funds for Other Capital Projects.

### 3.6.4 Third Party Funds

As described above, the GTC project is being implemented as part of a P3. The Authority's financial commitment to this project is primarily through CFC revenues to support the financing plan of the P3, plus a commitment by the Authority to pay the developer \$16 million upon completion of the project. CFC revenues are not Gross Revenues as defined in the Master Indenture, and, therefore, are not pledged to support Bonds, including the proposed Series 2024 Bonds. As presented on Exhibit A, \$283 million of third-party funding is expected to fund the GTC project, and any increased costs are, in general, the responsibility of the developer.

### 3.6.5 Series 2024 Bonds and Future Bonds

The remaining portions of the MoreRNO program and the Other Capital Projects are planned to be funded with proceeds of Bonds. The Authority plans to issue the Series 2024 Bonds to reimburse its costs to implement the Ticketing Hall Expansion project, to pay the costs of implementing a portion of the first phase of the New Gen A&B project, and fund a portion of the costs of the Police and RTAA Headquarters project. Currently, the Authority also is planning to issue additional Bonds over the next several years to fund remaining portions of the New Gen A&B project, a project to redevelop the terminal mezzanine after the relocation of Authority offices to the new headquarters building, and a project to improve the Airport's landside facilities based on future timing and cash flow needs. As presented on Exhibit A, approximately \$207.8 million of Series 2024 Bonds are assumed to fund capital project costs, and approximately \$327.9 million of future Bonds (not including the Series 2024 Bonds) proceeds are planned to fund project costs of the capital program. Assumptions related to the issuance of the Series 2024 Bonds and future Bonds are provided in Section 4.5.

## 4 Financial Framework and Analysis

This Chapter discusses the financial framework for the Airport System, including an overview of the governing body, management structure of the Authority, financial structure including Airport System cost centers, certain obligations of the Master Trust Indenture (Master Indenture), and certain provisions contained in the Airline Airport Use and Lease Agreements for the Airport (Airline Agreements) and in other key Authority agreements. Additionally, the Authority's plan for funding sources, including the use of proceeds of the planned Series 2024 Bonds and future Bonds, along with projections of debt service operating expenses, revenues, debt service coverage, and other key financial metrics are described in this Chapter.

Exhibits contained at the end of this Chapter present actual results for FY 2023, estimates for FY 2024, and projections for the Projection Period.

### 4.1 Airport Governing Body

The Airport is owned and operated by the Authority, which was established by the Nevada State Legislature in 1977. The Authority owns and operates both the Airport, as well as RTS as an Airport System. The Authority is governed by a nine-member Board of Trustees who are appointed by the City of Reno, City of Sparks, Washoe County, and the Reno-Sparks Convention and Visitors Authority (RSCVA). The Authority receives no tax revenues, operating as an independent enterprise and relying on revenues generated at the Airport System.

### 4.2 Management Structure

The Authority employs a President/CEO and other officers, agents, employees and advisors. The President/CEO implement the policies established by the Board of Trustees. The Executive Team is comprised of the Chief Marketing & Public Affairs Officer, Chief Finance & Administration Officer, Chief People, Culture & Equity Officer, Chief Air Service Development Officer, Chief Operations & Public Safety Officer, Chief Infrastructure & Planning Officer, and Chief Legal Officer, all of whom report directly to the President/CEO.

### 4.3 Financial Structure

This section discusses the Authority's financial structure, including the cost center structure used for airline rate-setting purposes, the requirements and provisions of the Master Indenture, and a summary of the Airline Agreements between the Authority and the Signatory Airlines operating at the Airport.

#### 4.3.1 Accounting Structure

The Authority operates financially as a proprietary enterprise fund, which means its method of accounting is similar to private business. An enterprise fund is an accounting method that uses a separate fund for a specific purpose, which in this case is operating the Airport System. Enterprise funds are self-sufficient, with the enterprise's revenues paying the enterprise's expenses.

Under Generally Accepted Accounting Principles (GAAP), the Authority's annual audited financial statement and budget are prepared on the accrual basis. Under this method, the Authority records revenues when earned and expenses at the time liabilities are incurred. The Master Indenture (described later) prescribes the flow of the Authority's revenues through the trust funds and prioritizes the use of revenues.

Expenditures and revenues of the Authority are categorized into cost centers. Cost centers include those areas or functional activities of the Airport System used for the purposes of accounting for revenues, operating expenses, debt service, and required fund deposits.

Direct cost centers have revenues as well as expenditures directly attributable to them. Additional indirect expenses will be allocated to the direct cost centers. To summarize, the Authority has the following direct cost centers as part of its budgetary policies:

- **Airfield.** The Airfield cost center includes the Airport's landing areas and ramp areas, and other facilities supporting the aircraft operational activity of passenger airlines, cargo carriers, military, and general aviation.
- **Terminal Building.** The Terminal Building cost center includes the airline passenger terminal facilities at the Airport as they exist prior to and after completion of any improvements or expansion with the exception of the Baggage Handling System as described below.
- **Baggage Handling System (BHS).** The BHS cost center includes the system and equipment for the processing of outbound baggage in the Terminal.
- **Parking and Ground Transportation.** This cost center includes Airport roads, terminal access roadways, Airport parking facilities and other areas and facilities accommodating ground transportation, including the GTC, at the Airport.
- **Other Areas.** This cost center includes all other areas at the Airport not described in the Airfield, Terminal, BHS, Ground Transportation, and the indirect administration cost center. Such cost center generally includes areas and facilities for GA, cargo, freight and mail, fueling facilities, hangars, and other aviation-related and non-aviation related activities.
- **Reno-Stead Airport.** This cost center includes all existing and future areas and facilities associated with RTS.

Costs not generally attributable to the direct cost centers, such as administrative functional areas, are allocated to the direct cost centers in proportion to each direct cost center's share of expenses.

### 4.3.2 Master Indenture

The Master Trust Indenture, dated as of August 8, 2024 by and between the Authority and U.S. Bank Trust Company, National Association, as Trustee (the Master Indenture), authorizes the issuance of airport revenue bonds to pay the costs of acquiring and constructing Airport System improvements, among other items. The Series 2024 Bonds will be the first series of Bonds issued pursuant to the Master Indenture. The Series 2024 Bonds will be payable solely from the Net Revenues of the Airport System, certain funds and accounts held by the Trustee under the Master Indenture, and other amounts payable under the Master Indenture. As of the date of this Report, the Authority has no Bonds Outstanding. The Series 2024 Bonds will also be issued pursuant to the First Supplemental Indenture (the First Supplemental Indenture and, with the Master Indenture, the Indenture) by and between the Authority and the Trustee.

Pursuant to the Master Indenture, the Authority has pledged Net Revenues to the payment of the Bonds issued thereunder. Net Revenues are all Gross Revenues of the Airport System remaining after payment of Operation and Maintenance Expenses of the Airport System. Gross Revenues include, among other things, all amounts derived from all rates, tolls, fees, rentals, charges and any other payments collected, or received by the Authority in connection with the operation of the Airport System, any amounts designated as Other Pledged Revenues pursuant to the procedures in the Master Indenture, and all investment income earned by the Authority on such Revenues except as otherwise expressly provided in the Master Indenture.

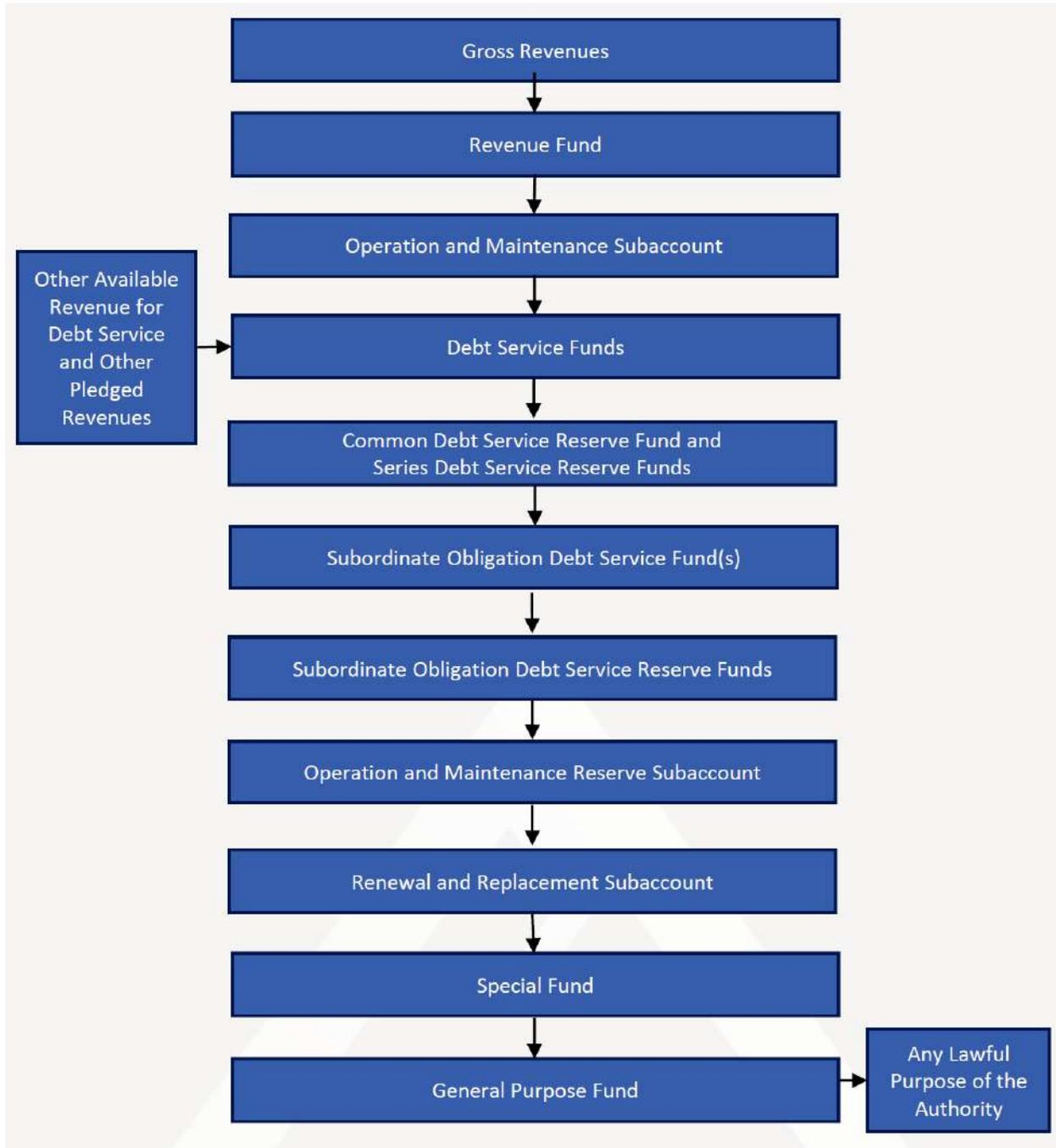
#### 4.3.2.1 *Flow of Funds*

The Master Indenture establishes certain funds and accounts and the priority for the flow of Gross Revenues and certain other amounts to such funds and accounts, as described below. **Figure 4-1** illustrates the flow of funds as set forth in the Master Indenture.

As long as there are Outstanding Bonds and Subordinate Obligations, all Gross Revenues are required to be deposited into the Revenue Account, which is administered by the Department on behalf of the City. Gross Revenues will be set aside for the payment of the following amounts or deposited or transferred to the following funds, accounts and subaccounts in the following order of priority:

1. Operation and Maintenance Subaccount
2. Debt Service Funds
3. Common Debt Service Reserve Fund and Series Debt Service Reserve Funds
4. Subordinate Obligation Debt Service
5. Subordinate Obligation Debt Service Reserve Funds
6. Operation and Maintenance Reserve Subaccount
7. Renewal and Replacement Subaccount
8. Special Fund
9. General Purpose Fund

**Figure 4-1**      **Flow of Funds**



Source: Master Indenture

#### 4.3.2.2 *Rate Covenant*

In the Master Indenture, the Authority covenants, while any Bonds are Outstanding, to establish, fix, prescribe, and collect fees, rentals, rates, and other charges in connection with the Airport System and for services rendered in connection therewith, so that Gross Revenues in each FY will be at least equal to the following amounts:

- (i) Operation and Maintenance Expenses of the Airport System due and payable during such FY;
- (ii) the Annual Debt Service on any Outstanding Bonds required to be funded by the Authority in such FY as required by the Master Indenture or any Supplemental Indenture with respect to the Outstanding Bonds;
- (iii) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund which may be established by a Supplemental Indenture;
- (iv) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture;
- (v) the interest on and principal of any Subordinate Obligations; and
- (vi) funding of any debt service reserve funds created in connection with any Subordinate Obligations.

The Authority also covenants and agrees that it shall establish, fix, prescribe and collect fees, rentals, rates and other charges in connection with the Airport System and for services rendered in connection therewith, so that during each FY the Net Revenues, together with any Transfer, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. The amount of any Transfer taken into account shall not exceed 25% of Annual Debt Service on the Outstanding Bonds in such FY, except that any amounts that are credited towards airline rates and charges under a revenue sharing or similar rate-setting approach, if deposited into the Revenue Fund in a FY are not subject to the foregoing limit of 25% of Annual Debt Service on the Outstanding Bonds. When calculating Annual Debt Service on the Outstanding Bonds for purposes of the rate covenants described above, Annual Debt Service on the Outstanding Bonds shall be reduced by the amount of principal and/or interest paid with Capitalized Interest, Other Revenues Available for Debt Service and/or Pledged Other Revenues.

#### 4.3.2.3 *Additional Bonds*

Pursuant to the Master Indenture, the Authority is authorized to issue additional Bonds, subject to meeting certain conditions. To issue such Bonds, not including the Series 2024 Bonds, the Department must provide either:

- (i) a certificate, dated as of the date of delivery of such Bonds, prepared by an Authorized Authority Representative showing that the Net Revenues for the last audited Fiscal Year or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding ; or
- (ii) a certificate, dated as of the date of delivery of such Bonds, prepared by a Consultant, nationally recognized as an expert in the area of air traffic and airport financial analysis, showing that for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof through and including the later of: (1) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (2) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if (y)

the proposed Series of Bonds were then Outstanding, and (z) any future Series of Bonds which the Authority estimates will be required to complete payment of the estimated costs of construction of such portion of the Specified Project and any other uncompleted portion of the Specified Project from which the Consultant projects additional Gross Revenues will be generated were then Outstanding.

For purposes of subparagraphs (i) and (ii) above, the amount of any Transfer taken into account shall not exceed 25% of Annual Debt Service on the Outstanding Bonds in such FY, except that any amounts that are credited towards airline rates and charges under a revenue sharing or similar rate-setting approach, if deposited into the Revenue Fund in a FY are not subject to the foregoing limit of 25% of Aggregate Annual Debt Service.

For purposes of subsections (ii)(B) above, in estimating Net Revenues, the Consultant may take into account (1) Gross Revenues from Specified Projects or other Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Gross Revenues which have been approved by the Authority and will be in effect during the period for which the estimates are provided, and (3) any other increases in Gross Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and Maintenance Expenses, (y) Operation and Maintenance Expenses associated with the Specified Projects and any other new Airport Facilities, and (z) such other factors, including inflation and changing operations or policies of the Authority, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report the calculations and assumptions made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

#### *4.3.2.4 PFC Revenues and Other Revenues used to pay Debt Service*

Gross Revenues do not include PFCs. However, PFCs may still be used to pay the principal of and interest on Bonds in two separate ways under the Master Indenture. The Authority may designate specified PFCs as Other Revenues Available for Debt Service or as Other Pledged Revenues. Any PFCs designated as Other Revenues Available for Debt Service or as Other Pledged Revenues will be deposited directly to the Debt Service Fund or Funds directed by the Authority and will be used to pay debt service on the applicable Series of Bonds. The Authority expects, to the extent approved by the FAA, to designate certain PFCs as Other Revenues Available for Debt Service and to use such PFCs to pay a portion of the debt service on the planned Series 2024 Bonds, and certain of the Bonds to be issued in the future. The Authority does not have any current plans to designate any PFCs as Other Pledged Revenues as of the date of this Report. When calculating debt service for purposes of the rate covenant set forth in the Master Indenture and the additional bonds test set forth in the Master Indenture, debt service is reduced by the amount of PFCs, whether designated as Other Pledged Revenues or Other Revenues Available for Debt Service or as Pledged Passenger Facility Charges, used or expected to be used, as applicable, to pay debt service on the Series 2024 Bonds, or any additional Bonds.

The Authority also expects to receive future other amounts payable from the operator of the future GTC. Such amounts are also considered Other Revenues Available for Debt Service and are included in the financial projections of this Report.

### 4.3.3 Airport-Airline Use and Lease Agreement

The Authority entered into 10-year Airline Agreements with the Signatory Airlines operating at the Airport effective July 1, 2023. The Airline Agreements are effective through June 30, 2033. The Airline Agreements establish, among other things, procedures for setting and adjusting rentals, rates, fees, and charges to be collected for the use of Airport facilities. The Signatory Airlines at the Airport include the following: Alaska Airlines, American Airlines, Delta Air Lines, FedEx, Southwest Airlines, United Airlines, and United Parcel Service. Together, the Signatory Airlines and their respective regional affiliates accounted for approximately 90% of enplaned passengers at the Airport in FY 2023.

The Airline Agreements establish three cost centers for the purpose of determining rates and charges payable by the Signatory Airlines and other users of Airport facilities: Airfield (landing fees), Terminal (terminal rentals), and BHS (BHS charges). The Airline Agreements, overall, are considered a “hybrid” airline rate-setting methodology with the landing fees being calculated on a residual basis, the terminal rental rates being calculated per a modified compensatory basis using airline rentable space in the calculation, and BHS charges rates established through a residual methodology. The Signatory Airlines are required to provide for break-even financial operation of the Airfield and BHS cost centers under the Airline Agreements; however, are not required to provide for break-even financial operation of the Terminal cost center.

The Airline Agreements govern airline use of certain Airport facilities, including Airfield, Terminal, BHS, baggage claim, ticket counters and gate areas and permit the Signatory Airlines to lease Preferential Use Premises and Joint Use Premises. Preferential Use Premises generally includes holdroom areas and gates, ticket counters, operations areas and office space, storage areas, and baggage service area space leased to a Signatory Airline and to which the Signatory Airline has a higher and continuous priority of use over all other air carriers. Joint Use Premises includes baggage claim areas, baggage tug drive areas, and baggage makeup equipment and areas.

Passenger airlines and cargo carriers operating at the Airport that are not Signatory Airlines or Affiliates of Signatory Airlines (the Non-Signatory Airlines) are subject to certain increases in rates and charges such as a 15% premium over the Signatory Airline landing fee rate established in the Airline Agreements.

The key provisions of the Airline Agreements are summarized in the following sections.

#### 4.3.3.1 *Airline Rate-Setting Methodology*

The Airport has been segregated into six direct cost centers for the purposes of setting airline rates and charges: three cost centers related to the airlines and three other cost centers. The airline-related cost centers include the Airfield, Terminal, and BHS cost centers, each of which are direct cost centers, plus their allocated portions of the indirect costs primarily for Authority administrative functions. The airline rate calculations include respective allocations for operating expenses, debt service, a debt service coverage charge at 10% of debt service, an amortization requirement for Authority funded capital, amounts for capital projects less than \$500,000 and various other fund deposit requirements.

Landing fees under the Airline Agreements are calculated on an Airfield cost center residual basis where the Signatory Airlines are required to assure the total cost requirement of the Airfield. Therefore, non-airline revenues and non-signatory airline revenues allocable to the Airfield are credited against the costs in the landing fee rate calculation. Capital costs allocable to the Airfield, including debt service on bonds, may be included in the calculation of landing fees subject to certain approval from the Signatory Airlines as described below.

The Terminal rental rates under the Airline Agreements are calculated on a modified compensatory basis where the airlines essentially pay rent on their share of airline rentable space. In other words, the Signatory Airlines' share of the total Terminal cost requirement is established based on the percentage of total airline space leased. Certain non-airline revenues allocable to the terminal are credited against costs in the terminal rental rate calculation including in-terminal concessions. Two terminal rental rates are charged based on whether the leased space is for conditioned space or unconditioned space. The terminal rental rate for unconditioned space is 50% of the rate for conditioned space. Capital costs allocable to the Terminal, including debt service on bonds, may be included in the calculation of terminal rents subject to certain approval from the Signatory Airlines as described below.

BHS charges under the Airline Agreements are calculated on a BHS cost center residual basis where the Signatory Airlines are required to assure the total cost requirement of the BHS. Therefore, non-signatory airline revenues allocable to the BHS are credited against the costs in the BHS charges rate calculation. Capital costs allocable to the BHS, including debt service on bonds, may be included in the calculation of BHS charges subject to certain approval from the Signatory Airlines as described below.

The Airline Agreements allow for the annual calculation and adjustment of landing fee rates, terminal rental rates, and BHS charges rates effective July 1 of each FY, using budgeted operating expenses, debt service, other recoverable capital costs, and non-airline revenues. The Airline Agreements also allow for a final adjustment of landing fees, terminal rentals, BHS charges, and revenue sharing credits (described herein) after the annual audit of Authority records and combined credits or debits are issued to each Signatory Airline for combined overpayments or underpayments made during the FY.

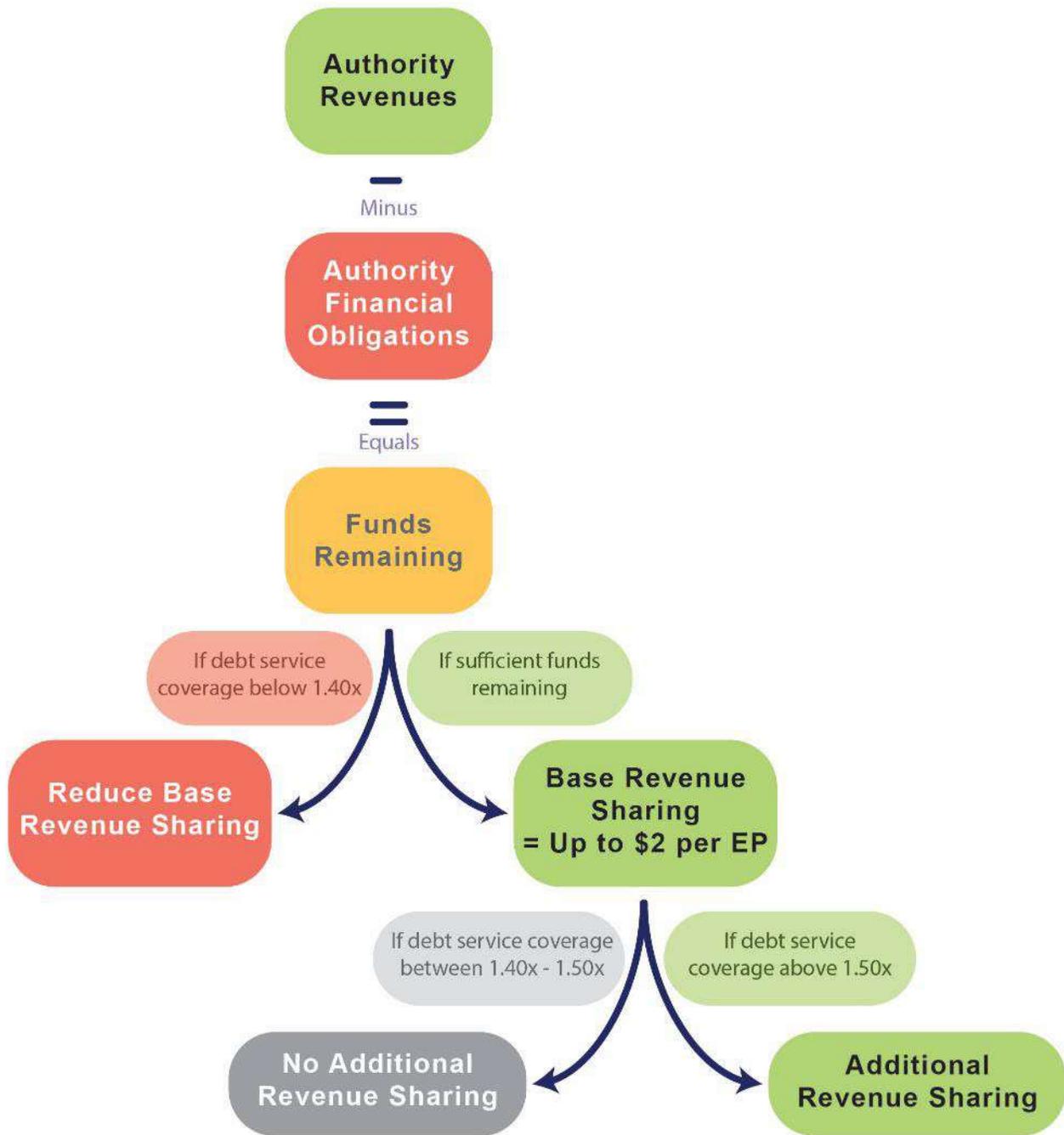
#### 4.3.3.2 *Revenue Sharing*

The Airline Agreements provide for revenue sharing with the Signatory Airlines, which consists of the following two parts. Revenue sharing is only applied to the Signatory Airlines to the extent the Authority has met its required financial obligations and has funds available for revenue sharing. Also included as part of the required financial obligations is a \$3 million annual deposit to the Authority's General Purpose Fund prior to calculating the amounts for revenue sharing with the Signatory Airlines. Revenue sharing to the Signatory Airlines may be reduced to the extent amounts are not available after satisfying required financial obligations including the \$3 million General Purpose Fund deposit. Additional reductions to revenue sharing are also described below.

1. A base amount of revenue sharing is applied directly to each Signatory Airline based upon a credit of \$2.00 per enplaned passenger (Base Revenue Share).
2. An additional amount of revenue sharing is applied to the Signatory Airlines if debt service coverage is more than 150% (Additional Revenue Sharing). The amount of Additional Revenue Sharing is 50% of the funds available for revenue sharing after subtracting the Base Revenue Share or 50% of the funds available that when subtracted would cause the debt service coverage ratio to be 150%, whichever is the lesser amount. If no debt service is outstanding, the Additional Revenue Sharing is 50% of the funds remaining after subtracting the Base Revenue Share.

If the debt service coverage ratio is calculated to be less than 140%, Base Revenue Share is reduced by an amount required for the debt service coverage ratio to equal 140% or Base Revenue Share is no longer available, whichever occurs first. This provision provides the Authority some assurance from debt service coverage decreases. **Figure 4-2** presents an illustration of the various revenue sharing provisions contained in the Airline Agreements.

Figure 4-2 Revenue Sharing Process per the Airline Agreements



Source: Landrum & Brown, Inc. from Airline Agreements

Throughout the FY, budgeted revenue sharing amounts are applied uniformly as a monthly credit to Signatory Airlines' invoices. For budgeting purposes, the Department may apply 75% or more of forecast revenue sharing amounts throughout the FY. Revenue sharing adjustments-to-actual are performed after the end of the FY during the annual settlement process described above.

#### 4.3.3.3 *Signatory Airline Approval of Gen A&B*

The Airline Agreements contemplated the implementation of the Gen A&B project. Exhibit F, Concourse Redevelopment Program, of the Airline Agreements specifies special provisions regarding the Gen A&B project including memorializing that the Signatory Airlines have approved and support the Gen A&B project at a project cost of \$570 million. Additional provisions regarding the Gen A&B project include procedures for designating an airline technical representative, a description of the project, project governance, estimated costs and potential budget overruns, change orders, and for funding the development of the project including best efforts to fund the project with federal and state grants, PFCs, and the use of Bonds.

#### 4.3.3.4 *Signatory Airline Approval of other Capital Projects*

The Signatory Airlines agreed in the Airline Agreements to a Majority-in-Interest (MII) approval process related to capital projects in the Airfield, Terminal, and BHS cost centers. Other than certain capital improvements identified in the Airline Agreements (and summarized below), any capital improvement with a net cost to the Authority in excess of the following for each airline-related cost center and funded in a manner that would directly impact the airline rate base is subject to the MII approval process.

- Airfield cost center – a single project exceeding \$1.25 million, or multiple projects up to \$2.5 million per year (subject to annual Consumer Price Index increases)
- Terminal cost center – a single project exceeding \$2.5 million, or multiple projects up to \$5.0 million per year (subject to annual Consumer Price Index increases)
- BHS cost center – a single project exceeding \$625,000, or multiple projects up to \$1.25 million per year (subject to annual Consumer Price Index increases)

In general, Signatory Airlines vote to disapprove a capital project with MII approval that meet the thresholds above. MII approval is defined in the Airline Agreements as more than 60% of Signatory Airlines in number that also account for more than 50% of certain activity measures of the Signatory Airlines for the particular cost center, during the immediately preceding 12-month period.

In the event of MII disapproval, the Authority may only proceed with the Capital Improvement Project only if the Authority confirms in writing to all Signatory Airlines that the Authority will not fund the Capital Improvement Project in any way through airline rates and charges to be paid by Signatory Airlines.

The Authority may implement, at any time, certain types of capital projects that are not subject to the MII process. These generally include the following:

- Capital Improvement Projects that will not be funded through rates and charges to be paid by Signatory Airlines
- Capital projects required by a government agency with jurisdiction over the Airport or those to repair casualty damage to Airport property
- Capital projects requested, funded, and paid for by an airline or other Airport tenant

- Capital projects of an emergency nature, which, if not made, would substantially impair the current operation of the Airport
- Capital projects in cost centers other than the Airfield, Terminal, or BHS
- Capital Improvement Projects made to satisfy judgments, comply with judicial or administrative orders, or comply with consent decrees against the Authority arising from or relating to its design, construction, ownership, maintenance or use of the Airport, provided that the Authority shall consult with Airline prior to making the determination to undertake such a Capital Improvement Project.

The Authority has secured all MII approvals necessary to complete the portions of the capital projects being funded with proceeds of the Series 2024 Bonds. For purposes of the financial analysis in this Report, it is assumed that the Authority will acquire all future MII approvals needed to complete the Authority's capital program, as required.

#### 4.3.3.5 *Extraordinary Coverage Protection*

Section 8.11 of the Airline Agreements also contains an extraordinary coverage protection provision that allows for the Authority to collect additional payments from the Signatory Airlines in any FY in which Net Revenues are projected to be less than 125% of debt service and subordinated indebtedness. These amounts collected from the Signatory Airlines, if ever required, are in addition to landing fees, terminal rentals, and BHS charges and are to be allocated to the Signatory Airlines on the basis of net requirements of the airline-related cost centers. Should extraordinary coverage payments be made, if ever, the Authority is required to refund such payments to the Signatory Airlines when uncommitted funds become available in the General Purpose Fund.

#### 4.3.4 Other Principal Non-Airline Agreements

The Authority has agreements with entities that operate, provide services, or occupy space at the Airport, including full-service restaurants, quick-serve food and beverage, newsstands, retail shops, gaming devices, and display advertising, among other specialties. In addition, several Airport tenants have executed lease agreements with the Authority governing their occupancy and use of space on Airport property. The Authority concessions program at the Airport features national and local offerings that are rich with variety and are targeted to resonate with passengers. The largest concession operators at the Airport are SSP America, The Paradies Shops, and IGT (gaming concession). The Authority also has direct leases with several local companies. In addition to the concessions above, the Authority has concession agreements for advertising, retail merchandising units, ATMs, vending services, and other passenger amenities.

There are currently nine rental car brands operating at the Airport, eight of which are on-Airport (Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty) and one that is off-Airport (Reno Tahoe Rental Car). The rental car companies operate service counters on the first floor of the terminal building across from the baggage claim. All of the on-Airport car brands have vehicles immediately available on the ground level of the parking structure. The off-Airport brands provide a free shuttle to their vehicles located off-Airport. Rental car return also occurs in the parking structure. As described previously, the future GTC will house all rental car facilities in the future. The current rental car concession and facility lease agreements expire upon either the opening of the new GTC or June 30, 2029.

The Authority also has a pick-up and drop-off fee for transportation network companies (TNCs) operating at the Airport. As of July 1, 2024, TNCs and taxis are charged by the Authority \$3 per pick up and \$2 per drop off. TNC revenue is budgeted at approximately \$882,000 for FY 2025.

#### 4.3.4.1 *Summary of Key Non-Airline Agreement Terms and Conditions*

Airport non-airline agreements have various terms and conditions. In general, the business terms of the agreements are based on industry standards and practices. Additional summaries of key non-airline agreement terms are provided below.

##### **Terminal Food and Beverage Agreements**

- Concession Fees range between 10% and 16.5% of gross revenues
- Minimum annual guarantee (MAG) equal to 85% of prior year percentage rents but never adjusted downwards.
- Total MAG amounts for 2025 are currently estimated at \$1.9 million

##### **Terminal Retail Agreements**

- Concession Fees range between 7% and 23% of gross revenues
- MAG equal to 85% of prior year percentage rents but never adjusted downwards.
- Total MAG amounts for 2025 are currently estimated at \$1.1 million

##### **Gaming Concession Agreements**

- Concession Fees range between 30 and 75% of Net Win
- No MAG

##### **Rental Car Concession Agreements**

- Concession Fees of 10% of gross revenues
- In addition to concession fees, operators pay rent for their use of ready/return spaces, the QTA lot and facility, and service facilities.
- MAG equal to 85% of prior year percentage rents but never lower than the initial MAG in the contract.
- Total MAG amounts for 2025 are currently estimated at \$8.4 million

## 4.4 **Federal Relief Grant Assistance**

The U.S. government provided assistance to U.S. airports as a result of air traffic impacts at the Airport associated with the COVID-19 pandemic. The following legislative actions were taken.

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136) was approved by the U.S. Congress and signed by the President on March 27, 2020. The CARES Act provided \$10 billion of grant assistance to airports with approximately \$31 million being allocated to the Authority.
- The Consolidated Appropriations Act, 2021 was signed by the President on December 27, 2020. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSAA). Title IV of CRRSAA provided approximately \$2 billion in economic relief to airports with approximately \$6.6 million being allocated to the Authority.
- The American Rescue Plan Act (ARP) Act of 2021, a \$1.9 trillion economic stimulus package was signed by the President on March 11, 2021. ARP Act appropriated \$8 billion to assist certain eligible airports with \$18.6 million being allocated to the Authority.

The Authority still has approximately \$7.0 million of ARP Act funds available and plans to use these amounts in FY 2025.

## 4.5 Series 2024 Bonds and Future Bonds

The Authority plans to issue the Series 2024 Bonds to (1) fund a portion of the costs of the MoreRNO program, (2) fund capitalized interest on the Series 2024 Bonds, (3) fund a deposit to the Common Debt Service Reserve Fund, (4) repay its outstanding balance on the 2022 Subordinate Bonds, and (5) pay the costs of issuance of the Series 2024 Bonds. **Table 4-1** presents the estimated sources and uses for the Series 2024 Bonds and future Bonds currently estimated to be required to fund the remaining portions of MoreRNO. The estimated sources and uses of funds and debt service for the proposed Series 2024 Bonds were prepared by the Authority’s municipal advisor, PFM Financial Advisors LLC (PFM).

**Table 4-1 Series 2024 Bonds and Future Bonds – Sources and Uses (dollars in thousands)**

Sources	Series 2024	Future Bonds	Total
Par Amount of Bonds	\$252,365	\$380,755	\$633,120
Premium	7,534	6,437	13,970
<b>Total Sources</b>	<b>259,899</b>	<b>387,192</b>	<b>647,090</b>
Uses:			
Construction Funds	207,792	327,941	535,733
Capitalized Interest	33,522	30,668	64,190
Common Debt Service Reserve Fund	17,465	26,484	43,950
Cost of Issuance	1,119	2,099	3,218
<b>Total Uses</b>	<b>259,899</b>	<b>387,192</b>	<b>647,090</b>

Source: PFM Financial Advisors LLC

**Exhibit B** presents annual debt service for the Projection Period of FY 2025 through FY 2032. Planned Series 2024 Bonds debt service and future debt service, net of capitalized interest, is projected to be approximately \$43.3 million in FY 2030 upon completion of the MoreRNO program, and approximately \$43.9 million by FY 2032. Total annual debt service, net of PFC and Other Revenues Applied to Debt Service on the planned Series 2024 Bonds, and future Bonds, is estimated to be approximately \$31.8 million by FY 2030 when all elements of MoreRNO are expected to be operational, and approximately \$32.9 million by FY 2032. Debt service estimates were provided by PFM and are based on the assumptions included in **Table 4-2**.

**Table 4-2 Assumptions for the Series 2024 Bonds and Future Bonds (dollars in millions)**

Assumption	Series 2024	Future Bonds
Issuance Date	9/3/2024	7/1/2026 & 7/1/2028
Par Amount	\$252.4	\$380.8
Project Fund Deposit	207.8	327.9
True Interest Cost	4.873%	5.194% & 5.140%
Final Maturity	7/1/2054	7/1/2056 & 7/1/2058

Source: PFM Financial Advisors LLC

## 4.6 Operating Expenses

**Table 4-3** presents historical Operating Expenses and capital outlays of the Authority for the last five FYs or for FY 2020 through FY 2024. This period has been chosen to present trends during the COVID-19 pandemic (FY 2020 and FY 2021) and trends during the recovery period (FY 2021 through FY 2024). For the period of FY 2020 through FY 2024, total Operating Expenses increased from approximately \$44.04 million in FY 2020 to approximately \$65.11 million in FY 2024, a CAGR of approximately 10.3%.

**Table 4-3 Historical Operating Expenses and Capital Outlays (dollars in millions)**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 <sup>1</sup>	CAGR		
						20-21	21-24	20-24
Personnel Services	\$30.96	\$30.47	\$33.96	\$37.62	\$41.89	(1.6%)	11.2%	7.9%
Utilities and Communications	2.88	2.45	3.16	4.19	4.54	(14.8%)	22.8%	12.1%
Purchased Services	5.43	4.93	7.70	9.66	10.20	(9.1%)	27.4%	17.1%
Materials and Supplies	2.34	2.26	2.58	2.98	3.69	(3.5%)	17.7%	12.0%
Administrative Expenses	2.43	2.09	2.85	3.77	4.80	(14.2%)	32.0%	18.5%
<b>Total Operating Expenses</b>	<b>\$44.04</b>	<b>\$42.21</b>	<b>\$50.24</b>	<b>\$58.22</b>	<b>\$65.11</b>	<b>(4.2%)</b>	<b>15.5%</b>	<b>10.3%</b>

<sup>1</sup> Estimated results

Note: Amounts presented on this table may vary from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

The primary categories for Operating Expenses include personnel services, utilities and communications, purchased services, materials and supplies, and administrative expenses. Exhibit C presents annual operating expenses of the Authority for the Airport System for the Projection Period.

Key Operating Expense categories and assumptions in projecting future growth are summarized below.

- **Personnel Services:** Personnel Services includes the cost of salaries, wages, and benefits for the Authority's employees. This expense category is the largest for the Airport System, accounting for an estimated 64% of the operating expenditures in FY 2024. The Authority kept personnel services costs relatively flat between FY 2020 and FY 2021, decreasing by 1.6%. Salary costs have increased more rapidly since then, growing at a rate of 11.2% between FY 2021 and FY 2024. Some of this cost increase is attributable to an increase in positions as well as increases to pension liability costs. Personnel Services costs are projected to grow at a CAGR of 6.0% between budget FY 2025 and FY 2032.
- **Utilities and Communications:** Utilities and communications includes the Authority's electricity, water, natural gas, and data communication services. This expense category accounted for 7% of the operating expenditures in FY 2024. This expense category decreased by 14.8% between FY 2020 and FY 2021, then increased rapidly at a CAGR of 22.8% between FY 2021 and 2024. This increase can largely be attributed to utility price increases and the significant passenger increase during this period, as well as the expansion of the ticketing hall. Utilities and Communications are projected to grow at a CAGR of 3.0% between budget FY 2025 and FY 2032.
- **Purchased Services:** Purchased Services include professional and specialized service contracts necessary to meet the support needs of RTAA as well as maintenance and repair services for specialized systems/equipment, and related equipment rental. This expense category accounted for 16% of the operating expenditures in FY 2024. This expense category decreased by 9.1% between FY 2020 and FY 2021, then increased rapidly at a CAGR of 27.4% between FY 2021 and 2024. Some of this increase is related to the use of consultants for the ongoing capital program. These expenses are projected to grow at a CAGR of 3.0% between budget FY 2025 and FY 2032.
- **Materials and Supplies:** Materials and Supplies include costs related to items needed by the maintenance staff supporting the airports, as well as office supplies used by administrative staff. This expense category accounted for 6% of the operating expenditures in FY 2024. This expense category decreased by 3.5% between FY 2020 and FY 2021, then increased at a CAGR of 17.7% between FY 2021 and 2024. These expenses are projected to grow at a CAGR of 3.0% between budget FY 2025 and FY 2032.
- **Administrative Expenses:** Administrative Expenses travel, training, air service development, insurance, and other general expenses. This expense category accounted for 7% of the operating expenditures in FY 2024. This expense category decreased by 14.2% between FY 2020 and FY 2021, then increased at a CAGR of 32.0% between FY 2021 and 2024. These expenses are projected to grow at a CAGR of 3.0% between budget FY 2025 and FY 2032.
- **CIP Impacts:** This category accounts for expected increases to Operating Expenses as a result of new construction in the Authority's CIP. As these are estimates, they have not been broken out into the above categories. These costs are expected to begin in FY 2027 with \$0.26 million and grow to \$2.78 million by FY 2032.

Overall, the projection of Operating Expenses is based on historical trend reviews, the anticipated impacts of inflation, projected activity levels, and cost impacts associated with the Capital Projects. **Exhibit C** presents Operating Expenses by category and cost center through FY 2032. Total Operating Expenses are projected to increase at a CAGR of approximately 5.5% over the period from FY 2025 to FY 2032.

## 4.7 Non-Airline Revenues

**Table 4-4** presents historical non-airline revenues along with growth rates for the Airport System for the period of FY 2020 to FY 2024 (estimated).<sup>36</sup> As shown for FY 2024, the three primary categories of non-airline revenues (e.g., auto parking, car rental, and terminal concessions) accounted for approximately 67% of the Airport System's total non-airline revenues.

**Exhibit D** presents non-airline revenues at the Airport System for the Projection Period, including assumed incremental impacts associated with the MoreRNO program. Non-airline revenues, including Airfield and Terminal offsets to airline rates and charges, are projected at approximately \$53.0 million in FY 2024 and are projected to increase to approximately \$74.6 million in FY 2032. This increase in non-airline revenues between FY 2025 and FY 2032 represents a CAGR of approximately 5.1%. In general, the projection of non-airline revenues is based on historical trend reviews, projected activity levels, and impacts associated with the MoreRNO program. Non-airline revenues are further described in the following sections.

**Table 4-4 Historical Airport Non-Airline Revenues (dollars in millions)<sup>1</sup>**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 <sup>2</sup>	CAGR		
						20-21	21-24	20-24
Auto Parking	\$9.67	\$7.16	\$13.69	\$17.57	\$18.44	(25.9%)	37.1%	17.5%
Auto Rental	6.74	6.49	10.24	10.46	10.76	(3.7%)	18.4%	12.4%
Non-Airline Rental	8.56	4.87	8.21	5.70	9.58	(43.1%)	25.3%	2.9%
Terminal/Gaming Concessions	4.08	2.70	4.55	5.70	5.72	(33.7%)	28.4%	8.8%
Other Non-Airline Revenue	6.47	4.79	6.18	7.90	8.52	(25.9%)	30.2%	13.1%
<b>Total Non-Airline Revenue</b>	<b>\$35.51</b>	<b>\$26.01</b>	<b>\$42.87</b>	<b>\$47.33</b>	<b>\$53.02</b>	<b>(26.7%)</b>	<b>28.4%</b>	<b>11.6%</b>
Enplaned Passengers (millions)	1.69	1.23	2.08	2.23	2.34	(27.1%)	23.9%	8.5%
Non-Airline Revenues per Enplaned Passenger	\$21.01	\$21.12	\$20.61	\$21.23	\$22.61	0.5%	2.3%	1.9%

<sup>1</sup> Amounts presented on this table may vary from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

<sup>2</sup> Estimated results.

<sup>36</sup> Data for FY 2024 is estimated based on partial year data as audited data is not available.

### 4.7.1 Auto Parking

Auto parking revenues historically have represented the largest component of non-airline revenues at the Airport System, accounting for approximately 32% of total non-airline revenues for FY 2024. Parking revenue fell significantly between FY 2020 and FY 2021, due to the COVID-19 pandemic, decreasing proportionately with enplanements by approximately -26%. Auto Parking revenues were quick to recover with the return of enplanements in FY 2022, growing by \$6.5 million. Parking revenues have continued to outpace enplanement growth, growing at a CAGR of 17.5% between FY 2020 and FY 2024. Auto Parking revenues are projected to increase at a CAGR of 5.0% over the projection period. The projection assumes rate increases generally in line with inflationary trends combined with passenger count growth.

### 4.7.2 Auto Rental

Rental car concessions are the second largest source of non-airline revenue at the Airport, approximately 23% in FY 2024. In FY 2021, rental car revenues decreased primarily because of the impacts associated with the COVID-19 pandemic, but only by 3.7%. Between FY 2020 and FY 2024, auto rental revenue outpaced enplanement growth somewhat, at a CAGR of 12.4%. Auto Rental revenues are projected to increase at a CAGR of 5.7% over the projection period. The projection assumes rate increases generally in line with inflationary trends combined with passenger count growth.

### 4.7.3 Non-Airline Rentals

Non-Airline Rentals include space the Authority rents out to non-airline tenants, and includes land rent, hangar rent, and building rent. These non-airline rentals accounted for approximately 17% of total non-airline revenues at the Airport System in FY 2024. These revenues decreased substantially between FY 2020 and FY 2021, from \$7.5 million to \$3.7 million, a 43% decrease. These revenues returned between FY 2021 and FY 2024, to \$9.6 million. This is a CAGR of 2.9%, which follows closely with CPI increases rather than traffic. These revenues are projected to increase at a CAGR of 5.7%. The projection assumes inflationary trends, as well as increases from new developments at the Airport System.

### 4.7.4 Terminal and Gaming Concessions

Terminal and Gaming Concessions accounted for approximately 10% of non-airline revenues in FY 2024. In FY 2021, terminal and gaming concessions decreased from \$4.1 million to \$2.7 million, a 34% reduction. Terminal concessions recovered along with traffic, with a CAGR of 8.8% between FY 2020 and FY 2024.

Given the lack of space for terminal concessions in the legacy airport, additional revenue improvements are being realized as the concessions program continues to expand along with new phases of construction. For the period of FY 2025 through FY 2032, terminal and gaming concession revenues are projected to increase at a CAGR of 6.0%. The projection assumes increases related to the opening of new concessions related to the new concourses, and inflationary trends.

### 4.7.5 Other

Other non-airline revenues primarily include ground transportation, fuel flowage fees, non-operating revenue, and other revenues. These revenues decreased from \$6.5 million to \$4.8 million between FY 2020 and FY 2021, a 26% decrease. Over the last five years between FY 2020 and FY 2024, these revenues have increased at a CAGR of 7.1%. For the period of FY 2025 through FY 2032, other revenues are projected to increase at a CAGR of 1.1%. The projection assumes increases related to inflationary trends.

## 4.8 Airline Revenues

Airline revenues at the Airport include Landing Fees, Terminal Rents, and Baggage Handling Fees. The rate-setting formulas for Landing Fees, Terminal Rents, and Baggage Handling Fees are consistent with the rate-setting methodologies set forth in the AULA and described earlier in this Chapter. **Exhibits E, F, and G** further illustrate the rate-setting methodologies for the Landing Fees, Terminal Rents, and Baggage Handling Fees respectively. In addition, projected revenue sharing consistent with the AUA is presented on **Exhibit H**. The business terms of the AULA are used as the basis for projecting airline revenues for the purposes of this Report.

### 4.8.1 Landing Fees

Exhibit E presents the calculation of Landing Fees for FY 2024 (estimate) and the Projection Period. Per the residual rate-setting methodology, the Authority fully recovers direct and allocated indirect costs for airline use of the Airfield cost center. The total requirement is reduced by estimated non-airline revenues and non-signatory landing fees projected in each FY to calculate the Signatory Airfield Revenue Requirement.

As presented in Exhibit E, the Signatory Airline Landing Fee Rate per 1,000-pound unit of landed weight is estimated at \$4.29 for FY 2024. Throughout the Projection Period, the Signatory Airline Landing Fee rate is projected to increase up to \$6.57 by FY 2032.

Total Landing Fees are projected to increase from approximately \$14.0 million in the estimate for FY 2024 to approximately \$25.6 million in FY 2032. This represents a CAGR of approximately 7.9%.

### 4.8.2 Terminal Rents

Exhibit F presents the calculation of Terminal Rents for estimated FY 2024 and the Projection Period. Per the rate-setting methodology, the Authority recovers Terminal Rents from the Signatory Airlines based on a commercial compensatory methodology per the current AULA. The conditioned terminal rental rate per square foot in FY 2024 is estimated at \$152.08. Over the Projection Period, the conditioned terminal rate is expected to increase to \$318.02 in FY 2032.

Total Terminal Rents are projected to increase from approximately \$17.7 million estimated for FY 2024 to approximately \$43.4 million in FY 2032. This represents a CAGR of approximately 11.9% as the Terminal Rents include future debt service and increased operating expense impacts associated with the MoreRNO program.

### 4.8.3 BHS Charges

Exhibit G presents the calculation of BHS Charges for estimated FY 2024 and the Projection Period. Per the residual rate-setting methodology, the Authority fully recovers direct and allocated indirect costs for airline use of the Baggage Handling System. The total requirement is reduced by the reimbursement provided by the TSA as well as non-signatory baggage fees in each FY to calculate the Signatory Baggage System Revenue Requirement. The Signatory BHS Charges rate per bag is estimated at \$1.45 for FY 2024. Over the projection period, the Signatory Airline rate per bag is projected to grow to \$1.91 in FY 2032, a CAGR of 3.5%.

Total BHS Charges are projected to increase from approximately \$2.1 million estimated for FY 2024 to \$3.2 million in FY 2032. This represents a CAGR of approximately 5.7%.

#### 4.8.4 Revenue Share

**Exhibit H** presents the calculation of Revenue Share pursuant to the AULA, which is allocated to each Signatory Airline on the basis of their enplaned passenger market share. As described above in Section 4.3.3.2 and as shown on Exhibit H, Revenue Sharing amounts for FY 2024 are estimated at approximately \$9.3 million. This includes the base revenue sharing of \$4.2 million, and \$5.2 million in additional revenue sharing. The total revenue sharing amount is currently projected to decrease over the course of the projection period to \$5.4 million in FY 2029. At the end of the projection period, this is expected to increase to approximately \$6.0 million.

On a per signatory enplanement basis, the estimated FY 2024 total effective revenue sharing credit is \$4.46. This is projected to decrease to \$2.18 in FY 2031, increasing to \$2.34 by the end of the Projection Period.

#### 4.9 Signatory Airline Cost per Enplaned Passenger

A key indicator for airline costs at an airport is the average Cost per Enplaned Passenger (CPE). **Exhibit I** presents the projection of CPE for the Signatory Airlines at the Airport. As shown, the Signatory Airline CPE includes the Signatory Landing Fees, Terminal Rents, and BHS Charges less the Revenue Sharing amounts divided by total Signatory Airline enplaned passengers. For estimated FY 2024, the CPE was \$9.81. The CPE is projected to grow over the projection period, mainly due to increases to debt service from the capital program. Once all of the debt service is online in FY 2030, the CPE is projected to increase to \$22.11. The CPE in FY 2032 is projected at \$22.98, an increase from FY 2030. As expressed in FY 2024 dollars, assuming a 3% inflation rate, Signatory Airline CPE is expected to peak at \$18.54 in FY 2031 and decrease to \$18.14 by FY 2032.

#### 4.10 Application of Airport Revenues

**Exhibit J** presents the application of revenues for the Airport System throughout the Projection Period consistent with the requirements of the Master Indenture. As presented, the Authority is expected to experience an annual net surplus (amount deposited into the General Purpose Fund) after the payment of Operating Expenses and debt service and required deposits to the Operations and Maintenance Reserve Subaccount, the Renewal and Replacement Subaccount, and the Special Fund in each year of the Projection Period. The deposit to the General Purpose Fund for FY 2024 is estimated at \$10.3 million. Over the Projection Period, the annual deposit to the General Purpose Fund is expected to decrease from FY 2024 amounts, with the lowest deposit in FY 2029 at \$6.3 million. Over the Projection period, between FY 2025 and FY 2032, total deposits to the General Purpose Fund are projected to be approximately \$67.0 million.

#### 4.11 Debt Service Coverage

**Exhibit K** presents Net Revenues and debt service coverage ratio projections throughout the Projection Period. As presented, the Net Revenue is projected to increase from \$19.6 million estimated for FY 2024 to \$50.2 million in FY 2032. This increase in Net Revenues is primarily driven by the increased revenue requirements included in airline rates and charges because of the future debt service associated with the MoreRNO program. Per the Master Indenture, the Authority is able to transfer amounts available in the General Purpose Fund to the Revenue Fund in that FY for the purposes of calculating debt service coverage. Total amounts available for debt service (e.g., Net Revenues plus Transfers of 25% of debt service) are projected to increase from approximately \$19.6 million estimated for FY 2024 to approximately \$58.4 million in FY 2032. As the Authority issues future Bonds, the debt service coverage ratio is expected to drop below current levels. The debt service coverage ratios for the Projection Period when also adding Transfers to Net Revenue range from 11.73x in FY 2025 to 1.76x in FY 2031. **Table 4-5** presents debt service coverage ratios and Signatory Airline CPE projections.

**Table 4-5 Debt Service Coverage and Passenger Airline CPE Projections**

Fiscal Year	Debt Service Coverage Ratio (with other Transfers)	Signatory Airline CPE	Signatory Airline CPE (FY 2024\$) <sup>1</sup>
2024	N/A	\$9.81	\$9.81
2025	11.73x	\$10.60	\$10.30
2026	13.47x	\$11.29	\$10.64
2027	4.03x	\$12.57	\$11.50
2028	3.35x	\$13.55	\$12.03
2029	1.93x	\$19.32	\$16.67
2030	1.80x	\$22.11	\$18.52
2031	1.76x	\$22.81	\$18.54
2032	1.78x	\$22.98	\$18.14

<sup>1</sup> Assumes an inflation rate of 3%.

Source: Landrum & Brown, Inc.

## 4.12 Financial Analysis of Pessimistic Scenario

As presented in Chapter 2, L&B prepared a pessimistic enplaned passenger sensitivity scenario in addition to the baseline projection. The pessimistic scenario assumes slower air traffic growth over the Projection Period than compared to the baseline projection. The assumptions for the sensitivity scenario are described in more detail in Section 2.5 of this Report. For the purposes of the financial analysis for the pessimistic enplaned passenger sensitivity scenario, key assumptions are as follows:

- O&M Expenses or debt service projections are the same as assumed in the baseline projection.
- Changes to enplaned passengers in the projections are assumed to have a commensurate impact on Non-Airline Revenues and PFC Revenues.
- The airline rates and charges methodology in the Signatory Airline Agreements is assumed.

**Table 4-6** presents projected airline CPE and debt service coverage pessimistic sensitivity scenario. As shown under the pessimistic sensitivity scenario, while airline CPE is projected to be somewhat higher than the baseline, the Authority is projected to continue to satisfy its obligations pursuant to the Rate Covenant.

**Table 4-6 Debt Service Coverage and Passenger Airline CPE Projections for Pessimistic Forecast**

Fiscal Year	Debt Service Coverage Ratio (with other Transfers)	Signatory Airline CPE	Signatory Airline CPE (FY 2024\$) <sup>1</sup>
2024	N/A	\$9.81	\$9.81
2025	11.73x	\$10.60	\$10.30
2026	13.15x	\$12.00	\$11.31
2027	3.94x	\$13.38	\$12.25
2028	3.27x	\$14.48	\$12.86
2029	1.88x	\$20.71	\$17.86
2030	1.77x	\$23.80	\$19.93
2031	1.71x	\$24.38	\$19.83
2032	1.73x	\$24.82	\$19.60

<sup>1</sup> Assumes an inflation rate of 3%.

Source: Landrum & Brown, Inc.

Exhibit A

CAPITAL IMPROVEMENT PROJECTS - PLAN OF FINANCE (dollars in thousands)

RENO-TAHOE AIRPORT AUTHORITY

	Estimated Project Cost	Grants	PFC Revenues PayGo	Series 2024 Bonds	Future Bonds	Authority Funds	3rd Party Funds
<b>MoreRNO</b>							
Ticketing Hall Expansion	\$32,396	\$7,237	\$0	\$22,419	\$0	\$2,740	\$0
Loop Road Improvements	13,917	3,589	10,328	0	0	0	0
Ground Transportation Center	299,000	0	0	0	0	16,000	283,000
New Gen A&B	570,000	97,304	52,382	122,373	297,941	0	0
Police and RTAA Headquarters	70,000	7,000	0	63,000	0	0	0
Subtotal	\$985,313	\$115,130	\$62,710	\$207,792	\$297,941	18,740	\$283,000
Other Capital Projects <sup>1</sup>	\$112,599	\$48,409	\$3,269	\$0	\$30,000	30,921	\$0
<b>Total MoreRNO and Other Capital Projects</b>	<b>\$1,097,912</b>	<b>\$163,539</b>	<b>\$65,979</b>	<b>\$207,792</b>	<b>\$327,941</b>	<b>\$49,661</b>	<b>\$283,000</b>

Note: Amounts may not add due to rounding.

<sup>1</sup>Includes project costs for the period of FY 2025 through FY 2031.

Source: Reno-Tahoe Airport Authority management records, July 2024 ; Landrum & Brown, Inc.  
Compiled by Landrum & Brown, Inc.

**Exhibit B**

**DEBT SERVICE REQUIREMENTS (dollars in thousands)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

		Estimate		Budget		Projected				
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<u>Existing Debt Service Requirements:</u>										
Other Debt Service <sup>1</sup>		886	\$250	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing Debt Service Requirements	[A]	\$886	\$250	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Future Debt Service Requirements:</u>										
Series 2024 Bonds		\$0	\$1,666	\$1,565	\$6,110	\$10,887	\$17,465	\$17,453	\$17,455	\$17,459
Future Debt Service		0	0	0	0	3,861	15,547	24,869	26,477	26,473
Future Debt Service Requirements	[B]	\$0	\$1,666	\$1,565	\$6,110	\$14,748	\$33,013	\$42,322	\$43,932	\$43,931
Total Debt Service Requirements	[C=A+B]	\$886	\$1,916	\$1,565	\$6,110	\$14,748	\$33,013	\$42,322	\$43,932	\$43,931
<u>Other Revenues Available for Debt Service:</u>										
PFCs Available for Debt Service		\$0	\$0	\$0	\$0	(\$6,755)	(\$9,791)	(\$9,951)	(\$10,106)	(\$10,261)
Other Revenues Available for Debt Service		0	0	0	0	0	(283)	(608)	(546)	(819)
Total Other Revenues Available for Debt Service		\$0	\$0	\$0	\$0	(\$6,755)	(\$10,074)	(\$10,559)	(\$10,652)	(\$11,080)
Net Debt Service		\$886	\$1,916	\$1,565	\$6,110	\$7,993	\$22,939	\$31,763	\$33,281	\$32,852
<u>Debt Service Requirements - Cost Center Allocation:</u>										
Airfield		\$0	\$0	\$0	\$0	\$844	\$2,987	\$4,150	\$4,151	\$4,154
Terminal		250	1,666	1,565	1,566	1,567	14,648	22,643	22,492	22,334
Baggage Handling System		0	0	0	0	0	0	0	0	0
Landside		0	0	0	0	0	0	0	1,602	1,602
Other		635	250	0	4,544	5,582	5,304	4,970	5,035	4,761
Reno Stead		0	0	0	0	0	0	0	0	0
Total Debt Service Requirements		\$886	\$1,916	\$1,565	\$6,110	\$7,993	\$22,939	\$31,763	\$33,281	\$32,852

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

(b) Amounts may not add due to rounding.

<sup>1</sup> Estimated 2022 Subordinate Bonds Debt Service

Source: Reno-Tahoe Airport Authority records (existing bonds and FY2025 Budget Debt Service for Series 2024 Bonds); PFM Financial Advisors LLC (Series 2024 Bonds and Future Bonds), July 2024

Compiled by Landrum & Brown, Inc.

**Exhibit C**

**OPERATION AND MAINTENANCE EXPENSES (dollars in thousands)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate	Budget	Projected						
	FY 2024	2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<u>By Category:</u>									
Personnel Services	\$41,886	\$45,219	\$47,932	\$50,808	\$53,857	\$57,088	\$60,513	\$64,144	\$67,993
Utilities & Communications	4,543	4,658	4,798	4,942	5,090	5,243	5,400	5,562	5,729
Purchased Services	10,195	11,281	11,620	11,968	12,327	12,697	13,078	13,470	13,874
Materials & Supplies	3,687	2,984	3,073	3,166	3,261	3,358	3,459	3,563	3,670
Administrative Expenses	4,800	4,525	4,661	4,801	4,945	5,093	5,246	5,404	5,566
CIP Impacts	0	0	0	263	964	2,088	2,538	2,657	2,781
<b>Total Operation and Maintenance Expenses</b>	<b>\$65,111</b>	<b>\$68,668</b>	<b>\$72,085</b>	<b>\$75,948</b>	<b>\$80,444</b>	<b>\$85,568</b>	<b>\$90,235</b>	<b>\$94,800</b>	<b>\$99,613</b>

Operation and Maintenance Expenses - Cost Center Allocation:

Airfield	\$14,298	\$14,176	\$15,830	\$16,620	\$17,454	\$18,332	\$19,258	\$20,235	\$21,264
Terminal	27,839	29,448	30,820	32,360	34,596	37,285	39,524	41,527	43,641
Baggage Handling System	2,094	2,407	2,318	2,434	2,556	2,684	2,820	2,963	3,113
Landside	11,855	13,004	13,124	13,780	14,471	15,334	16,106	16,920	17,778
Other	6,223	6,772	6,890	7,496	7,946	8,339	8,753	9,189	9,649
Reno Stead	2,803	2,862	3,103	3,258	3,421	3,593	3,775	3,966	4,168
<b>Total Operation and Maintenance Expenses</b>	<b>\$65,111</b>	<b>\$68,668</b>	<b>\$72,085</b>	<b>\$75,948</b>	<b>\$80,444</b>	<b>\$85,568</b>	<b>\$90,235</b>	<b>\$94,800</b>	<b>\$99,613</b>

Notes: (a) This forecast is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

(b) Amounts may not add due to rounding.

(c) Actual amounts may differ from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

Source: Reno-Tahoe Airport Authority management records, July 2024 ; Landrum & Brown, Inc.

Compiled by Landrum & Brown, Inc.

**Exhibit D**

**NON-AIRLINE REVENUES (dollars in thousands)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate	Budget	Projected						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b><u>RNO Non-Airline Revenue:</u></b>									
<b><u>Airfield Offsets:</u></b>									
Fuel Flowage Fees	\$290	\$278	\$291	\$301	\$310	\$320	\$329	\$339	\$349
Aircraft Parking	300	394	413	426	440	453	467	481	496
Fuel Farm Use Fees	649	649	650	681	681	681	681	681	715
Fixed Base Operators	30	31	31	31	31	31	31	31	31
<b>Total Airfield Offsets</b>	<b>\$1,269</b>	<b>\$1,351</b>	<b>\$1,384</b>	<b>\$1,439</b>	<b>\$1,462</b>	<b>\$1,485</b>	<b>\$1,508</b>	<b>\$1,532</b>	<b>\$1,591</b>
<b><u>Terminal Offsets:</u></b>									
50% of Gaming Concessions	\$711	\$724	\$770	\$801	\$853	\$909	\$945	\$981	\$1,018
In-Terminal Concessions	4,294	4,637	4,917	5,107	5,710	6,351	6,591	6,835	7,087
<b>Total Terminal Offsets</b>	<b>\$5,005</b>	<b>\$5,361</b>	<b>\$5,686</b>	<b>\$5,908</b>	<b>\$6,564</b>	<b>\$7,260</b>	<b>\$7,536</b>	<b>\$7,816</b>	<b>\$8,105</b>
<b><u>Other RNO Non-Airline Revenue:</u></b>									
Auto Parking	\$18,440	\$19,022	\$20,354	\$20,713	\$21,679	\$22,040	\$25,339	\$25,737	\$26,853
Auto Rental	10,764	10,319	10,962	11,406	11,861	12,330	14,095	14,639	15,199
Ground Transportation	962	1,300	1,380	1,436	1,494	1,553	1,614	1,676	1,740
50% of Gaming Concessions	711	724	770	801	853	909	945	981	1,018
Other Terminal Rental	1,093	1,130	1,154	1,189	1,288	1,329	1,369	1,410	1,452
Non-Terminal Rental	7,210	7,937	8,175	8,420	8,673	9,839	10,113	10,236	10,360
Ground Handling Services	650	693	730	754	779	804	829	855	881
Security Services	130	168	177	183	189	195	201	208	214
GTC Administration Fee	1,950	0	0	0	0	0	0	0	0
Reimbursed Services	1,230	46	47	47	48	49	49	50	51
Misc. Revenue	113	100	102	103	104	106	107	109	111
Non-Operating Revenue	2,140	2,992	3,037	3,082	3,129	3,175	3,223	3,271	3,321
<b>Total Other RNO Non-Airline Revenue</b>	<b>\$45,393</b>	<b>\$44,432</b>	<b>\$46,888</b>	<b>\$48,135</b>	<b>\$50,096</b>	<b>\$52,329</b>	<b>\$57,885</b>	<b>\$59,171</b>	<b>\$61,200</b>
<b>Total RNO Non-Airline Revenue</b>	<b>\$51,667</b>	<b>\$51,143</b>	<b>\$53,959</b>	<b>\$55,482</b>	<b>\$58,122</b>	<b>\$61,074</b>	<b>\$66,929</b>	<b>\$68,520</b>	<b>\$70,896</b>
<b><u>RTS Non-Airline Revenue:</u></b>									
Fuel Flowage Fees	\$23	\$23	\$23	\$23	\$23	\$23	\$23	\$23	\$23
Landing Fees	2	2	2	2	2	2	2	2	2
Rental Revenue	1,280	1,405	1,447	2,389	2,461	2,534	2,587	3,539	3,621
Fixed Base Operator & Other Concessions	49	50	51	51	52	53	54	55	55
<b>Total RTS Non-Airline Revenue</b>	<b>\$1,354</b>	<b>\$1,479</b>	<b>\$1,522</b>	<b>\$2,464</b>	<b>\$2,537</b>	<b>\$2,611</b>	<b>\$2,665</b>	<b>\$3,617</b>	<b>\$3,700</b>
<b>Total Airport System Non-Airline Revenues</b>	<b>\$53,021</b>	<b>\$52,622</b>	<b>\$55,480</b>	<b>\$57,946</b>	<b>\$60,659</b>	<b>\$63,685</b>	<b>\$69,594</b>	<b>\$72,137</b>	<b>\$74,596</b>

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

(b) Amounts may not add due to rounding.

(c) Actual amounts may differ from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

Source: Reno-Tahoe Airport Authority management records; Landrum & Brown, Inc., July 2024

Compiled by Landrum & Brown, Inc.

**Exhibit E**

**LANDING FEE RATES AND REVENUES (dollars in thousands, except for rates)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate		Budget		Projected				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<u>Airfield Requirement:</u>									
O&M Expenses	\$14,298	\$14,176	\$15,830	\$16,620	\$17,454	\$18,332	\$19,258	\$20,235	\$21,264
Debt Service	0	0	0	0	844	2,987	4,150	4,151	4,154
Debt Service Coverage Charge (10%)	0	0	0	0	84	299	415	415	415
O&M Reserve Requirement	267	122	276	132	139	146	154	163	172
Amortization	697	634	718	683	660	660	480	320	320
Fixed Assets	256	238	265	291	320	352	370	388	408
Capital Projects	0	516	448	448	448	448	432	432	445
<b>Total Airfield Requirement</b>	<b>\$15,518</b>	<b>\$15,687</b>	<b>\$17,536</b>	<b>\$18,174</b>	<b>\$19,950</b>	<b>\$23,224</b>	<b>\$25,260</b>	<b>\$26,104</b>	<b>\$27,178</b>
<u>Airfield Credits:</u>									
Airfield Non-Airline Revenues	\$1,269	\$1,351	\$1,384	\$1,439	\$1,462	\$1,485	\$1,508	\$1,532	\$1,591
Non-Signatory Landing Fees	1,499	1,284	1,421	1,471	1,621	1,906	2,305	2,624	2,981
Federal Relief Grants	300	0	0	0	0	0	0	0	0
<b>Total Airfield Credits</b>	<b>\$3,068</b>	<b>\$2,635</b>	<b>\$2,806</b>	<b>\$2,910</b>	<b>\$3,083</b>	<b>\$3,391</b>	<b>\$3,814</b>	<b>\$4,156</b>	<b>\$4,572</b>
<b>Net Signatory Airfield Requirement</b>	<b>\$12,450</b>	<b>\$13,052</b>	<b>\$14,730</b>	<b>\$15,264</b>	<b>\$16,867</b>	<b>\$19,834</b>	<b>\$21,447</b>	<b>\$21,948</b>	<b>\$22,606</b>
Sig Airline Landed Weight (thousand-lb units)	2,900	3,112	3,223	3,278	3,330	3,382	3,404	3,422	3,438
Signatory Airline Landing Fee Rate (per 1,000-lbs)	\$4.29	\$4.19	\$4.57	\$4.66	\$5.06	\$5.86	\$6.30	\$6.41	\$6.57
Non-Signatory Airline Landing Fee Rate (per 1,000-lbs) (115%)	\$4.59	\$4.82	\$5.26	\$5.36	\$5.82	\$6.74	\$7.25	\$7.37	\$7.56
<u>Landing Fee Revenue:</u>									
Signatory Airline Landed Weight - Passenger	2,404	2,444	2,552	2,602	2,652	2,702	2,722	2,738	2,743
Signatory Airline Landed Weight - Cargo	496	668	672	675	678	680	682	684	695
Non-Signatory Airline Landed Weight	327	266	270	275	279	283	318	355	395
<b>Total Landed Weight (1,000-lb units)</b>	<b>3,226</b>	<b>3,378</b>	<b>3,494</b>	<b>3,552</b>	<b>3,609</b>	<b>3,665</b>	<b>3,722</b>	<b>3,777</b>	<b>3,833</b>
Signatory Airline Landing Fee Revenue - Passenger	\$10,314	\$10,240	\$11,661	\$12,128	\$13,421	\$15,835	\$17,148	\$17,548	\$18,024
Signatory Airline Landing Fee Revenue - Cargo	2,127	2,799	3,070	3,146	3,430	3,986	4,299	4,385	4,566
Non-Signatory Airline Landing Fee Revenue	1,499	1,284	1,421	1,471	1,621	1,906	2,305	2,620	2,981
<b>Total Landing Fee Revenue</b>	<b>\$13,939</b>	<b>\$14,323</b>	<b>\$16,152</b>	<b>\$16,744</b>	<b>\$18,472</b>	<b>\$21,727</b>	<b>\$23,752</b>	<b>\$24,553</b>	<b>\$25,572</b>

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

(b) Amounts may not add due to rounding.

(c) Actual amounts may differ from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

Exhibit F

**TERMINAL RENTAL RATE AND REVENUES (dollars in thousands, except for rates)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate	Budget	Projected						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<u>Terminal Requirement:</u>									
O&M Expenses	\$27,839	\$29,448	\$30,820	\$32,360	\$34,596	\$37,285	\$39,524	\$41,527	\$43,641
Debt Service	0	1,666	1,565	1,566	1,567	14,648	22,643	22,492	22,334
Debt Service Coverage Charge (10%)	0	167	156	157	157	1,465	2,264	2,249	2,233
Other Debt Service	250	0	0	0	0	0	0	0	0
O&M Reserve Requirement	512	254	229	257	373	448	373	334	352
Amortization	346	599	534	470	470	338	338	338	338
Fixed Assets	348	283	265	291	320	352	370	388	408
Capital Projects	578	84	1,021	1,021	1,021	1,021	912	912	939
<b>Total Terminal Requirement</b>	<b>\$29,873</b>	<b>\$32,500</b>	<b>\$34,590</b>	<b>\$36,122</b>	<b>\$38,504</b>	<b>\$55,557</b>	<b>\$66,424</b>	<b>\$68,241</b>	<b>\$70,246</b>
<u>Terminal Credits:</u>									
Reimbursed Services - Disposal Fees	\$362	\$351	\$365	\$371	\$377	\$384	\$390	\$396	\$402
Gaming Concession (50%)	711	724	770	801	853	909	945	981	1,018
In-Terminal Concessions	4,294	4,637	4,917	5,107	5,710	6,351	6,591	6,835	7,087
<b>Total Reimbursements</b>	<b>\$5,367</b>	<b>\$5,712</b>	<b>\$6,051</b>	<b>\$6,279</b>	<b>\$6,941</b>	<b>\$7,644</b>	<b>\$7,926</b>	<b>\$8,212</b>	<b>\$8,507</b>
<b>Net Terminal Requirement</b>	<b>\$24,506</b>	<b>\$26,788</b>	<b>\$28,539</b>	<b>\$29,843</b>	<b>\$31,563</b>	<b>\$47,914</b>	<b>\$58,498</b>	<b>\$60,028</b>	<b>\$61,738</b>
<b>Total Airline Rentable Space (s.f.)</b>	<b>170,553</b>	<b>171,275</b>	<b>171,275</b>	<b>171,275</b>	<b>179,849</b>	<b>196,666</b>	<b>204,908</b>	<b>204,908</b>	<b>204,908</b>
<b>Average Terminal Rental Rate (per s.f.)</b>	<b>\$143.68</b>	<b>\$156.40</b>	<b>\$166.63</b>	<b>\$174.24</b>	<b>\$175.50</b>	<b>\$243.63</b>	<b>\$285.48</b>	<b>\$292.95</b>	<b>\$301.30</b>
<b>Signatory Airline Leased Terminal Space (s.f.)</b>	<b>123,177</b>	<b>123,899</b>	<b>123,899</b>	<b>123,899</b>	<b>129,043</b>	<b>139,133</b>	<b>144,079</b>	<b>144,079</b>	<b>144,079</b>
<b>Airline Terminal Rental Requirement</b>	<b>\$17,699</b>	<b>\$19,378</b>	<b>\$20,645</b>	<b>\$21,588</b>	<b>\$22,647</b>	<b>\$33,897</b>	<b>\$41,132</b>	<b>\$42,208</b>	<b>\$43,411</b>
<u>Airline Leased Terminal Space:</u>									
Conditioned Space (s.f.)	109,580	110,302	108,748	108,748	113,892	123,982	128,928	128,928	128,928
Unconditioned Space (s.f.)	13,597	13,597	15,151	15,151	15,151	15,151	15,151	15,151	15,151
<b>Total Airline Leased Space (s.f.)</b>	<b>123,177</b>	<b>123,899</b>	<b>123,899</b>	<b>123,899</b>	<b>129,043</b>	<b>139,133</b>	<b>144,079</b>	<b>144,079</b>	<b>144,079</b>
<u>Weighted Airline Leased Terminal Space:</u>									
Conditioned Space (s.f.)	109,580	110,302	108,748	108,748	113,892	123,982	128,928	128,928	128,928
Unconditioned Space (s.f.)	6,799	6,799	7,576	7,576	7,576	7,576	7,576	7,576	7,576
<b>Total Weighted Airline Leased Space (s.f.)</b>	<b>116,379</b>	<b>117,101</b>	<b>116,324</b>	<b>116,324</b>	<b>121,468</b>	<b>131,558</b>	<b>136,503</b>	<b>136,503</b>	<b>136,503</b>
<u>Terminal Rental Rates:</u>									
Conditioned	\$152.08	\$165.49	\$177.48	\$185.59	\$186.44	\$257.66	\$301.33	\$309.21	\$318.02
Unconditioned	\$76.04	\$82.74	\$88.74	\$92.79	\$93.22	\$128.83	\$150.66	\$154.60	\$159.01
<u>Terminal Rental Revenue</u>									
Conditioned	\$16,665	\$18,253	\$19,300	\$20,182	\$21,234	\$31,945	\$38,849	\$39,866	\$41,001
Unconditioned	\$1,034	\$1,125	\$1,344	\$1,406	\$1,412	\$1,952	\$2,283	\$2,342	\$2,409
<b>Total Airline Terminal Rents</b>	<b>\$17,699</b>	<b>\$19,378</b>	<b>\$20,645</b>	<b>\$21,588</b>	<b>\$22,647</b>	<b>\$33,897</b>	<b>\$41,132</b>	<b>\$42,208</b>	<b>\$43,411</b>

Note: Amounts may not add due to rounding

Source: Reno-Tahoe Airport Authority management records; Landrum & Brown, Inc., July 2024

Compiled by Landrum & Brown, Inc.

**Exhibit G**

**BHS Charges (dollars in thousands, except for rates)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate	Budget	Projected						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b><u>BHS Requirement:</u></b>									
O&M Expenses	\$2,094	\$2,407	\$2,318	\$2,434	\$2,556	\$2,684	\$2,820	\$2,963	\$3,113
Debt Service	0	0	0	0	0	0	0	0	0
Debt Service Coverage Charge (10%)	0	0	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0	0	0
O&M Reserve Requirement	39	21	(15)	19	20	21	23	24	25
Amortization	0	0	0	0	0	0	0	0	0
Fixed Assets	0	0	23	26	28	31	32	34	36
Capital Projects	0	0	100	100	100	100	96	96	99
<b>Total BHS Requirement</b>	<b>2,132</b>	<b>\$2,427</b>	<b>\$2,426</b>	<b>\$2,578</b>	<b>\$2,704</b>	<b>\$2,836</b>	<b>\$2,971</b>	<b>\$3,117</b>	<b>\$3,273</b>
<b><u>BHS Credits:</u></b>									
TSA Reimbursement	\$65	\$46	\$47	\$47	\$48	\$49	\$49	\$50	\$51
Non-Signatory Airline BHS Charges	169	155	156	165	173	182	190	199	210
<b>Total Credits</b>	<b>\$234</b>	<b>\$201</b>	<b>\$202</b>	<b>\$213</b>	<b>\$221</b>	<b>\$230</b>	<b>\$239</b>	<b>\$249</b>	<b>\$261</b>
<b>Net BHS Requirement</b>	<b>\$1,898</b>	<b>\$2,226</b>	<b>\$2,224</b>	<b>\$2,366</b>	<b>\$2,483</b>	<b>\$2,606</b>	<b>\$2,732</b>	<b>\$2,867</b>	<b>\$3,012</b>
Signatory Airline Bags Processed	1,309	1,377	1,430	1,456	1,480	1,505	1,530	1,554	1,578
Signatory Airline BHS Charges Rate (per Bag Processed)	\$1.45	\$1.62	\$1.55	\$1.63	\$1.68	\$1.73	\$1.79	\$1.85	\$1.91
Non-Signatory Airline BHS Charges Rate (110%)	\$1.52	\$1.78	\$1.71	\$1.79	\$1.85	\$1.90	\$1.97	\$2.04	\$2.10
<b><u>Revenue:</u></b>									
Signatory Airline BHS Charges	\$1,898	\$2,231	\$2,217	\$2,373	\$2,487	\$2,604	\$2,738	\$2,874	\$3,013
Non-Signatory Airline BHS Charges	169	155	156	165	173	182	190	199	210
<b>Total Baggage Handling Fee Revenue</b>	<b>\$2,067</b>	<b>\$2,386</b>	<b>\$2,373</b>	<b>\$2,538</b>	<b>\$2,660</b>	<b>\$2,785</b>	<b>\$2,928</b>	<b>\$3,074</b>	<b>\$3,224</b>

Note: Amounts may not add due to rounding

Source: Reno-Tahoe Airport Authority management records; Landrum & Brown, Inc., July 2024

Compiled by Landrum & Brown, Inc.

**Exhibit H**

**REVENUE SHARING CALCULATION (dollars in thousands)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate	Budget	Projected						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Revenues:</b>									
Landing Fee Revenue	\$13,939	\$14,323	\$16,152	\$16,744	\$18,472	\$21,727	\$23,752	\$24,553	\$25,572
Air Service Incentives	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Airline Terminal Rental Revenue	17,699	19,378	20,645	21,588	22,647	33,897	41,132	42,208	43,411
Terminal Per Use Fees	2,590	2,204	2,340	2,488	2,598	3,664	4,730	4,917	5,123
Baggage Handling System Charge Revenue	2,067	2,386	2,373	2,538	2,660	2,785	2,928	3,074	3,224
Adjusted Non-Airline Revenue <sup>1</sup>	52,713	53,036	55,379	57,843	60,554	63,579	69,487	72,028	74,485
<b>Total Revenue before Revenue Sharing</b>	<b>\$88,807</b>	<b>\$91,127</b>	<b>\$96,688</b>	<b>\$101,002</b>	<b>\$106,732</b>	<b>\$125,453</b>	<b>\$141,828</b>	<b>\$146,581</b>	<b>\$151,615</b>
<b>Less:</b>									
Adjusted O&M Expenses <sup>2</sup>	\$64,041	\$67,005	\$71,382	\$75,210	\$79,669	\$85,568	\$90,235	\$94,800	\$99,613
Total Debt Service (net of PFC Revenue)	(0)	1,666	1,565	6,110	7,993	22,939	31,763	33,281	32,852
Other Debt Service	886	250	0	0	0	0	0	0	0
O&M Reserve Requirement	1,202	593	569	644	749	854	778	761	802
Fixed Assets, Capital Projects, and Amortization	5,622	5,951	6,895	6,739	6,808	6,197	5,691	5,166	5,295
Special Fund	498	507	770	801	833	866	900	934	970
Renewal and Replacement Fund	0	0	177	30	31	32	33	34	35
General Purpose Fund Requirement	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Federal Relief Grants	(935)	0	0	0	0	0	0	0	0
<b>Total Deductions</b>	<b>\$74,313</b>	<b>\$78,972</b>	<b>\$84,358</b>	<b>\$92,534</b>	<b>\$99,083</b>	<b>\$119,455</b>	<b>\$132,400</b>	<b>\$137,975</b>	<b>\$142,566</b>
<b>Funds Remaining</b>	<b>\$14,493</b>	<b>\$12,155</b>	<b>\$12,330</b>	<b>\$8,468</b>	<b>\$7,649</b>	<b>\$5,998</b>	<b>\$9,428</b>	<b>\$8,606</b>	<b>\$9,048</b>
Revenue Share per Enplaned Passenger	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Signatory Airline Enplaned Passengers	2,097	2,221	2,307	2,348	2,388	2,428	2,467	2,506	2,545
<b>Base Revenue Share</b>	<b>\$4,194</b>	<b>\$4,442</b>	<b>\$4,614</b>	<b>\$4,696</b>	<b>\$4,775</b>	<b>\$4,855</b>	<b>\$4,935</b>	<b>\$5,012</b>	<b>\$5,089</b>
<b>Net Funds Remaining</b>	<b>\$10,299</b>	<b>\$7,713</b>	<b>\$7,716</b>	<b>\$3,772</b>	<b>\$2,874</b>	<b>\$1,143</b>	<b>\$4,493</b>	<b>\$3,594</b>	<b>\$3,959</b>
<b>Initial Debt Service Coverage Ratio:</b>									
Total Revenue before Revenue Sharing	\$88,807	\$91,127	\$96,688	\$101,002	\$106,732	\$125,453	\$141,828	\$146,581	\$151,615
<b>Less:</b>									
Adjusted O&M Expenses <sup>2</sup>	\$64,041	\$67,005	\$71,382	\$75,210	\$79,669	\$85,568	\$90,235	\$94,800	\$99,613
Special Fund	498	507	770	801	833	866	900	934	970
<b>Net Revenues for Debt Service Coverage Ratio</b>	<b>\$24,268</b>	<b>\$23,614</b>	<b>\$24,537</b>	<b>\$24,991</b>	<b>\$26,230</b>	<b>\$39,020</b>	<b>\$50,693</b>	<b>\$50,847</b>	<b>\$51,032</b>
Debt Service	\$886	\$1,916	\$1,565	\$6,110	\$7,993	\$22,939	\$31,763	\$33,281	\$32,852
<b>Initial Debt Service Coverage Ratio</b>	<b>27.41</b>	<b>12.33</b>	<b>15.68</b>	<b>4.09</b>	<b>3.28</b>	<b>1.70</b>	<b>1.60</b>	<b>1.53</b>	<b>1.55</b>
Amounts over 1.50 coverage	\$22,940	\$20,741	\$22,190	\$15,826	\$14,241	\$4,611	\$3,048	\$926	\$1,754
Amounts needed to increase to 1.40 coverage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Revenue Sharing</b>	<b>\$5,150</b>	<b>\$3,857</b>	<b>\$3,858</b>	<b>\$1,886</b>	<b>\$1,437</b>	<b>\$571</b>	<b>\$1,524</b>	<b>\$463</b>	<b>\$877</b>
<b>Total Airline Revenue Sharing Credit</b>	<b>\$9,344</b>	<b>\$8,298</b>	<b>\$8,472</b>	<b>\$6,582</b>	<b>\$6,212</b>	<b>\$5,427</b>	<b>\$6,459</b>	<b>\$5,475</b>	<b>\$5,967</b>

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

(b) Amounts may not add due to rounding.

(c) Actual amounts may differ from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

<sup>1</sup> Adjusted for Aviation Fuel Tax Revenue

<sup>2</sup> Adjusted for CFC Operating Expenses, Fuel Tax Expenses, and CBP Additional Staffing Expenses

Source: Reno-Tahoe Airport Authority management records; Landrum & Brown, Inc., July 2024

Compiled by Landrum & Brown, Inc.

**Exhibit I**

**SIGNATORY AIRLINE COST PER ENPLANED PASSENGER (dollars and enplanements in thousands, except for rates)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate	Budget	Projected						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Signatory Passenger Airline Revenue:</b>									
Passenger Airline Landing Fee Revenue	\$10,314	\$10,240	\$11,661	\$12,128	\$13,421	\$15,835	\$17,148	\$17,548	\$18,024
Terminal Rental Revenue	17,699	19,378	20,645	21,588	22,647	33,897	41,132	42,208	43,411
BHS Charges	1,898	2,231	2,217	2,373	2,487	2,604	2,738	2,874	3,013
Total Revenue Sharing	(9,344)	(8,298)	(8,472)	(6,582)	(6,212)	(5,427)	(6,459)	(5,475)	(5,967)
<b>Total Signatory Passenger Airline Revenue</b>	<b>\$20,566</b>	<b>\$23,551</b>	<b>\$26,050</b>	<b>\$29,507</b>	<b>\$32,343</b>	<b>\$46,909</b>	<b>\$54,559</b>	<b>\$57,156</b>	<b>\$58,482</b>
Signatory Airline Enplaned Passengers	2,097	2,221	2,307	2,348	2,388	2,428	2,467	2,506	2,545
Signatory Passenger Airline CPE	\$9.81	\$10.60	\$11.29	\$12.57	\$13.55	\$19.32	\$22.11	\$22.81	\$22.98
Signatory Passenger Airline CPE (FY24\$) <sup>1</sup>	\$9.81	\$10.30	\$10.64	\$11.50	\$12.03	\$16.67	\$18.52	\$18.54	\$18.14

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

(b) Amounts may not add due to rounding.

(c) Actual amounts may differ from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

<sup>1</sup> Assumes 3% rate of inflation

Source: Reno-Tahoe Airport Authority management records; Landrum & Brown, Inc., July 2024

Compiled by Landrum & Brown, Inc.

**Exhibit J**

**APPLICATION OF REVENUES (dollars in thousands)**

**RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate	Budget	Projected						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Revenue:</b>									
Landing Fee Revenue	\$13,957	\$14,323	\$16,152	\$16,744	\$18,472	\$21,727	\$23,752	\$24,553	\$25,572
Terminal Rental Revenue	17,698	19,378	20,645	21,588	22,647	33,897	41,132	42,208	43,411
Terminal Per Use Fees	2,590	2,204	2,340	2,488	2,598	3,664	4,730	4,917	5,123
BHS Charges	2,067	2,386	2,373	2,538	2,660	2,785	2,928	3,074	3,224
Adjusted Non-Airline Revenue <sup>1</sup>	52,713	53,036	55,379	57,843	60,554	63,579	69,487	72,028	74,485
Air Service Incentives	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Airline Revenue Share	(9,344)	(8,298)	(8,472)	(6,582)	(6,212)	(5,427)	(6,459)	(5,475)	(5,967)
<b>Total Revenue</b>	<b>\$79,481</b>	<b>\$82,828</b>	<b>\$88,216</b>	<b>\$94,420</b>	<b>\$100,520</b>	<b>\$120,027</b>	<b>\$135,369</b>	<b>\$141,106</b>	<b>\$145,648</b>
<b>Application of Revenue:</b>									
1. Operation and Maintenance Subaccount <sup>2</sup>	\$66,633	\$69,672	\$74,555	\$78,460	\$83,004	\$88,997	\$93,716	\$98,334	\$103,276
2. Debt Service Funds <sup>3</sup>	0	1,666	1,565	6,110	7,993	22,939	31,763	33,281	32,852
3. Common Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0
4. Subordinate Obligation Debt Service	886	250	0	0	0	0	0	0	0
5. Subordinate Obligation Debt Service Reserve Funds	0	0	0	0	0	0	0	0	0
6. Operation and Maintenance Reserve Subaccount	1,202	593	569	644	749	854	778	761	802
7. Renewal and Replacement Subaccount	0	0	177	30	31	32	33	34	35
8. Special Fund	498	507	770	801	833	866	900	934	970
9. General Purpose Fund	10,263	10,140	10,580	8,375	7,910	6,340	8,180	7,762	7,714
	\$79,481	\$82,828	\$88,216	\$94,420	\$100,520	\$120,027	\$135,369	\$141,106	\$145,648

Note: Amounts may not add because of rounding and may differ from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

<sup>1</sup> Adjusted for Aviation Fuel Tax Revenue

<sup>2</sup> Includes capital expenses and fixed assets under \$500,000; Adjusted for CFC Operating Expenses, Fuel Tax Expenses, and CBP Additional Staffing Expenses

<sup>3</sup> Net of PFCs and Other Revenues Available for Debt Service

Source: Reno-Tahoe Airport Authority management records; Landrum & Brown, Inc., July 2024

Compiled by Landrum & Brown, Inc.

**Exhibit K****DEBT SERVICE COVERAGE (dollars in thousands)****RENO-TAHOE AIRPORT AUTHORITY**

(Fiscal Years Ending June 30)

	Estimate	Budget	Projected						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Total Revenues:</b>									
Airline Revenue	\$36,094	\$38,091	\$41,310	\$43,158	\$46,178	\$61,874	\$72,341	\$74,552	\$77,129
Adjusted Non-Airline Revenue <sup>1</sup>	52,713	53,036	55,379	57,843	60,554	63,579	69,487	72,028	74,485
Airline Revenue Share	(9,344)	(8,298)	(8,472)	(6,582)	(6,212)	(5,427)	(6,459)	(5,475)	(5,967)
<b>Total Revenues</b>	<b>\$79,463</b>	<b>\$82,828</b>	<b>\$88,216</b>	<b>\$94,420</b>	<b>\$100,520</b>	<b>\$120,027</b>	<b>\$135,369</b>	<b>\$141,106</b>	<b>\$145,648</b>
<b>Less:</b>									
Adjusted O&M Expenses <sup>2</sup>	\$64,519	\$67,642	\$71,382	\$75,210	\$79,669	\$85,568	\$90,235	\$94,800	\$99,613
Special Fund	498	507	770	801	833	866	900	934	970
Federal Relief Grants	(935)	0	0	0	0	0	0	0	0
Airline Transfers (Base Revenue Share)	(4,194)	(4,442)	(4,614)	(4,696)	(4,775)	(4,855)	(4,935)	(5,012)	(5,089)
<b>Net Revenue</b>	<b>\$19,576</b>	<b>\$19,121</b>	<b>\$20,679</b>	<b>\$23,105</b>	<b>\$24,793</b>	<b>\$38,448</b>	<b>\$49,169</b>	<b>\$50,384</b>	<b>\$50,155</b>
Other Transfers <sup>3</sup>	0	416	391	1,527	1,998	5,735	7,941	8,320	8,213
<b>Net Revenue plus Transfers</b>	<b>\$19,576</b>	<b>\$19,538</b>	<b>\$21,070</b>	<b>\$24,632</b>	<b>\$26,791</b>	<b>\$44,183</b>	<b>\$57,110</b>	<b>\$58,704</b>	<b>\$58,368</b>
<b>Total Debt Service Requirement<sup>4</sup></b>	<b>\$0</b>	<b>\$1,666</b>	<b>\$1,565</b>	<b>\$6,110</b>	<b>\$7,993</b>	<b>\$22,939</b>	<b>\$31,763</b>	<b>\$33,281</b>	<b>\$32,852</b>
Debt Service Coverage Ratio (without other Transfers)	N/A	11.48	13.22	3.78	3.10	1.68	1.55	1.51	1.53
Debt Service Coverage Ratio (with other Transfers)	N/A	11.73	13.47	4.03	3.35	1.93	1.80	1.76	1.78

Notes: (a) This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

(b) Amounts may not add due to rounding.

(c) Actual amounts may differ from the Authority's audited financial statements for various reasons, including the treatment of non-cash items.

<sup>1</sup> Adjusted for Aviation Fuel Tax Revenue<sup>2</sup> Adjusted for CFC Operating Expenses, Fuel Tax Expenses, and CBP Additional Staffing Expenses<sup>3</sup> Other Transfers are 25% of Debt Service<sup>4</sup> Net of Passenger Facility Charges and Other Revenues Available for Debt Service

Source: Reno-Tahoe Airport Authority management records; Landrum &amp; Brown, Inc., July 2024

Compiled by Landrum &amp; Brown, Inc.

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**APPENDIX C**  
**FORM OF MASTER INDENTURE AND SUMMARY OF THE FIRST SUPPLEMENTAL INDENTURE**

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**MASTER TRUST INDENTURE**

by and between

**RENO-TAHOE AIRPORT AUTHORITY**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,**  
as Trustee

Dated as of August 8, 2024

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## MASTER TRUST INDENTURE

**THIS MASTER TRUST INDENTURE** (this “*Indenture*”), dated as of August 8, 2024, is by and between the **RENO-TAHOE AIRPORT AUTHORITY**, (the “*Authority*”), a body corporate and politic and a quasi-municipal corporation, the geographical boundaries of which are conterminous with the boundaries of Washoe County, Nevada (the “*County*” and the “*State*”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “*Trustee*”).

### RECITALS

WHEREAS, pursuant to chapter 474, Statutes of Nevada 1977, cited in Section 1 thereof as the Reno-Tahoe Airport Authority Act, as amended by chapter 668, Statutes of Nevada 1979 and chapter 369, Statutes of Nevada 2005, and all laws amendatory thereof (collectively, the “*Authority Act*”), the Authority was created; and

WHEREAS, the Authority Act provides in effect, among other provisions, that the board of trustees of the Authority (herein the “*Board*”) has the authority to control, operate, and maintain its airports (collectively, the “*Airport System*”) located within the County for the use and benefit of the public; and

WHEREAS, the Authority is a body corporate and politic and a quasi-municipal corporation, the geographical boundaries of which are conterminous with the boundaries of the County, and the Authority is a political subdivision for purposes of Section 103 of the Internal Revenue Code of 1986, as amended (the “*Code*”) and Treasury Regulation Section 1.103-1; and

WHEREAS, the Authority and its Board are organized and operating under the Authority Act and all laws supplemental thereto; and

WHEREAS, pursuant to the Authority Act, as supplemented by the Local Government Securities Law and all laws amendatory thereof (herein the “*Bond Act*”), cited as Nevada Revised Statutes (“*NRS*”) 350.500 through 350.720, and all laws supplemental thereto, the Authority has the power to issue revenue bonds secured by a lien on the Net Revenues (as hereinafter defined) of the Airport System which constitute special obligations of the Authority, for the purpose of acquiring, constructing, improving and equipping facilities and certain supplemental facilities within the Airport System, including, without limitation, terminals, concourses, hangars, runways and taxiways, aprons, roads, parking lots and other structures, an airport police station, administration headquarters and office buildings, and additional facilities thereat, which are necessary or convenient to the development of the Airport System and paying related costs (each, a “*Project*”); and

WHEREAS, the Authority hereby elects to have the provisions of NRS Chapter 348 (the “*Supplemental Bond Act*”) apply to the Bonds (as hereinafter defined); and

WHEREAS, the Authority has determined that it is necessary and advisable to issue, from time to time, Bonds (as hereinafter defined) for the purposes set forth in the Authority Act and this Indenture and that such Bonds be payable from and secured by Net Revenues (as hereinafter defined) and such other funds and accounts established pursuant to this Indenture and any Supplemental Indenture (as hereinafter defined); and

WHEREAS, the Authority wishes to provide in this Indenture for the issuance and payment of its Bonds and the pledge of the Net Revenues thereto, and the Trustee is willing to accept the trusts provided in this Indenture; and

NOW, THEREFORE, the Authority and the Trustee agree as follows, each for the benefit of the other and/or the benefit of holders of the Bonds secured by this Indenture:

### **GRANTING CLAUSE**

To secure the payment of the principal and Accreted Value of, premium, if any, and interest on the Bonds and the performance and observance by the Authority of all the covenants, agreements and conditions expressed or implied herein or contained in the Bonds, the Authority hereby pledges and assigns to the Trustee and grants to the Trustee a lien on and security interest in all right, title and interest of the Authority in and to all of the following and provides that such lien and security interest shall be prior in right to any other pledge, lien or security interest created by the Authority in the following: (a) the Net Revenues, (b) except as otherwise provided in this Indenture and any Supplemental Indenture, all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Trustee under this Indenture, and to the extent provided in any Supplemental Indenture moneys and securities held in any Construction Fund whether or not held by the Trustee, (c) earnings on amounts included in clauses (a) and (b) of this Granting Clause (except to the extent excluded from the definition of "Gross Revenues"), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, irrevocably committed, mortgaged, granted or delivered to or deposited with the Trustee as additional security hereunder, for the equal and proportionate benefit and security of all Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall, with respect to the security provided by this Granting Clause, be of equal rank without preference, priority or distinction as to any Bond over any other Bond or Bonds, except as to the timing of payment of the Bonds.

The Common Debt Service Reserve Fund, any Series Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy, as hereinafter defined, provided at any time in satisfaction of all or a portion of the Reserve Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Bonds, a specific Series of Bonds or one or more Series of Bonds may, as provided by a Supplemental Indenture, secure only such specific Bonds, Series of Bonds or one or more Series of Bonds and, therefore, shall not be included as security for all Bonds under this Indenture unless otherwise provided by a Supplemental Indenture and moneys and

securities held in trust as provided in Section 4.13 hereof exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under Article VII hereof shall be held solely for the payment of such specific Bonds.

## ARTICLE I

### DEFINITIONS; INTERPRETATION

The capitalized terms used in this Indenture and in any Supplemental Indenture shall, for all purposes of this Indenture, have the meanings specified in this Article I, unless a different definition is given such term in said Supplemental Indenture or unless the context clearly requires otherwise.

“*Account*” shall mean any account established pursuant to this Indenture or any Supplemental Indenture.

“*Accreted Value*” shall mean with respect to any Capital Appreciation Bonds:

(a) the amount set forth in an appendix to the Supplemental Indenture authorizing such Capital Appreciation Bond as the Accreted Value as of such compounding date; and

(b) as of any date (for purposes of this paragraph (b), such “Calculation Date”) that is not a compounding date, the sum of (i) the Accreted Value determined under paragraph (a) above as of the most recent compounding date plus (ii) the amount determined pursuant to the following formula:

$$(A-B)(X/180),$$

where “A” is the Accreted Value determined under paragraph (a) above as of the compounding date immediately following such Calculation Date; “B” is the Accreted Value determined under paragraph (a) above as of the most recent compounding date; and “X” is the number of days such Calculation Date follows the most recent compounding date, determined assuming that each month in such period contains 30 days.

Notwithstanding the foregoing, the Accreted Value shall be determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond. All references herein to “principal” shall include Accreted Value, as applicable.

“*Aggregate Annual Debt Service*” shall mean, for any Fiscal Year or other applicable period, the aggregate amount of Annual Debt Service on all Outstanding Bonds calculated as described in Section 2.11(c) hereof.

“*Aggregate Annual Debt Service For Reserve Requirement*” shall mean the computation of Aggregate Annual Debt Service with respect to all Outstanding Bonds participating in the Common Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Series of Balloon Indebtedness, Tender Indebtedness or Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in clauses (ii) and (iii), (iv) or (v) of Section 2.11(c) hereof, respectively, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series.

“*Airport Facilities*” or “*Airport Facility*” shall mean a facility or group of facilities or category of facilities which constitute or are part of the Airport System.

“*Airline Use Agreements*” shall mean, collectively, each Airline Use Agreement for Reno-Tahoe International Airport and Reno Stead Airport, if any, between the Authority and each airline named therein, as from time to time amended and supplemented, and any substitute agreement or any other document, ordinance or resolution governing the use of the Airport System by the airlines.

“*Airport System*” means the following airport facilities:

(a) The presently existing:

(i) Reno-Tahoe International Airport, and

(ii) Reno Stead Airport;

(b) All land, buildings, structures, and other facilities of such airports or related thereto of whatsoever character and wherever situated, within the boundaries of the Authority, and all future enlargements thereof and other improvements thereto, however financed and wherever located, and including, without limitation, any independent airport of the Authority for use by scheduled commercial air carriers and charter airlines or by like companies and located elsewhere in the County, in substitution for the presently existing Reno-Tahoe International Airport or being complementary thereto; and

(c) All properties, real, personal, mixed, or otherwise, now owned or hereafter acquired by the Authority, through purchase, construction, or otherwise, and used in connection with such airports designated in subparagraph (a) of this paragraph and any additional airport permitted above by subparagraph (b) of this paragraph and in any way pertaining thereto, but excluding Special Facilities pertaining to any such airport facilities until the end of the respective terms of the Net Rent Leases pertaining to such Special Facilities.

*“Annual Debt Service”* shall mean, with respect to any Bond, the aggregate amount required to be on deposit in the respective Debt Service Fund or such other Fund or Account during the Fiscal Year to satisfy the funding requirements for the payment of principal and interest becoming due and payable during such Fiscal Year, plus any amount payable by the Authority (or the Trustee) under a Qualified Swap in accordance with the terms thereof, less any amount to be received by the Authority from a Qualified Swap Provider pursuant to a Qualified Swap; provided, however, for the purposes of this definition a payment made on July 1 shall be considered part of the prior Fiscal Year.

*“Authority”* shall mean the Reno-Tahoe Airport Authority, a body corporate and politic and a quasi-municipal corporation established and existing pursuant to the Authority Act, the geographical boundaries of which are conterminous with the boundaries of the County, and the Authority is a political subdivision for purposes of Section 103 of the Code and Treasury Regulation Section 1.103-1. Any action required or authorized to be taken by the Authority in this Indenture may be taken by an Authorized Authority Representative with such formal approvals by the Authority as are required by the policies and practices of the Authority and applicable laws; provided, however, that any action taken by an Authorized Authority Representative in accordance with the provisions of this Indenture shall conclusively be deemed by the Trustee and the Owners, as applicable, to be an authorized action of the Authority without further evidence of the authorization thereof by the Authority.

*“Authority Act”* shall mean chapter 474, Statutes of Nevada 1977, cited in Section 1 thereof as the Reno-Tahoe Airport Authority Act, as amended by chapter 668, Statutes of Nevada 1979 and chapter 369, Statutes of Nevada 2005, and all laws amendatory thereof.

*“Authorized Authority Representative”* shall mean the Authority’s President/CEO, the Chief Finance & Administration Officer, the Chair, the Treasurer, the Secretary or any person authorized from time to time in writing by the Authority, or its successors and assigns, to perform a designated act or execute a designated document. The Trustee shall receive written notice of any such designation.

*“Balloon Indebtedness”* shall mean, with respect to any Series of Bonds, 25% or more of the principal of which matures on the same date or within a Fiscal Year, such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the Authority must designate such Series of Bonds as Balloon Indebtedness. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Commercial Paper shall not be considered to be Balloon Indebtedness.

*“Board”* means the Board of Trustees of the Authority, or the Board’s successor in functions, if any.

“*Bond*” or “*Bonds*” shall mean any debt obligation of the Authority issued under and in accordance with the provisions of Article II hereof, including, but not limited to, bonds, notes, bond anticipation notes, Commercial Paper, non-revolving lines of credit and other instruments creating an indebtedness of the Authority, obligations incurred pursuant to an any interest rate swap agreement entered into in connection with Bonds, obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein, and Repayment Obligations to the extent provided in Section 2.12 hereof. The term “*Bond*” or “*Bonds*” does not include any Subordinate Obligation; provided, however, the Authority may provide in a Supplemental Indenture that Subordinate Obligations may be thenceforth issued pursuant to this Indenture having the terms applicable to the Bonds, except that such Subordinate Obligations shall be secured by a pledge of and lien on and payable from Net Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof.

“*Bond Act*” shall mean the Local Government Securities Law and all laws amendatory thereof, cited as NRS 350.500 through 350.720.

“*Bond Counsel*” shall mean Sherman & Howard L.L.C., or any other firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under this Indenture and which are acceptable to the Authority.

“*Bondholder*,” “*Holder*,” “*holder*,” “*Owner*,” “*owner*” or “*registered owner*” shall mean the person in whose name any Bond or Bonds are registered on the books maintained by the Registrar and shall include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of Section 2.12 hereof.

“*Book-Entry Bonds*” means those Bonds held by DTC (or its nominee) as the Bondholder thereof pursuant to the terms and provisions of Section 2.06 hereof.

“*Business Day*” shall mean a day on which banks located in New York, New York, and in Reno, Nevada, in which the principal corporate trust office of the Trustee is located are open, provided that such term may have a different meaning for any specified Series of Bonds if so provided by a Supplemental Indenture. For purposes of payments and other actions relating to security or liquidity enhanced Bonds, “*Business Day*” shall mean a day upon which any Credit Provider or Liquidity Provider at which demands for payment under the Credit Facility or Liquidity Facility are to be presented is authorized to be open.

“*Capital Appreciation Bonds*” shall mean Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Indenture and is payable only upon redemption or on the maturity date of such Bonds. Bonds which are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically shall be Capital Appreciation Bonds until the conversion date and from and after such

conversion date shall no longer be Capital Appreciation Bonds but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

“*Capitalized Interest*” shall mean proceeds of Bonds or other monies not included in Gross Revenues that are deposited with the Trustee in a Debt Service Fund as shall be described in a Supplemental Indenture upon issuance of such Bonds that are to be used to pay interest on Bonds. Proceeds of Bonds shall not be used to pay interest on Bonds beyond the period of time set forth in the Bond Act.

“*Cede & Co.*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“*Chair*” shall mean the de jure or de facto chair of the Board and the Authority, and means the de jure or de facto vice chair of the Board and the Authority whenever the chair of the Board and the Authority is unable to act in such capacity, and the defined term means such officer’s successor in functions, if any.

“*Chief Finance & Administration Officer*” means the de jure or de facto chief financial officer of the Authority, designated as such by the Authority (and presently the Chief Finance & Administration Officer), and means the de jure or de facto chief financial officer or acting chief financial officer, if any, of the Authority whenever the chief financial officer is unable to act in such capacity, or the successor of the chief financial officer in functions, if any.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

“*Commercial Paper*” shall mean debt obligations of the Authority authorized by the Authority to be incurred through the issuance, from time to time, of taxable or tax-exempt notes of the Authority under and in accordance with the provisions of Article II hereof and the Bond Act, with maturities of not to exceed 270 days. The term “Commercial Paper” does not include any notes issued as Subordinate Obligations.

“*Common Debt Service Reserve Fund*” shall mean the “Common Debt Service Reserve Fund” created by the Authority and held and maintained by the Trustee pursuant to Section 4.06 hereof.

“*Completion Bonds*” shall mean Bonds issued to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Bonds originally issued for such Project. Notwithstanding the foregoing, the Initial Bonds and any additional Bonds issued to finance the costs of a Project for the Authority’s MoreRNO program shall not constitute Completion Bonds under this Master Trust Indenture.

“*Construction Fund*” shall mean any Construction Fund created in accordance with Section 4.11 hereof.

“*Consultant*” shall mean any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by the Authority to perform acts and carry out the duties provided for such consultant in this Indenture.

“*Costs*” or “*Costs of the Project*” shall mean means the cost of the Project, or an interest in the improvements being acquired, or any project or any improvements to which additional Bonds pertain, which cost, at the option of the Board (except as limited by law), may include all or any part of the incidental costs pertaining to the Project or such other project, as the case may be, including, without limitation:

(a) Preliminary expenses advanced by the Authority from funds available for use therefor or any other source, so including any intrafund or interfund loan of the Authority, or advanced with the approval of the Authority from funds available therefor or from any other source by the State, any city, the Federal Government, or by any other Person, or any combination thereof;

(b) The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(c) The costs of premiums on builders’ risk insurance and performance bonds, or a reasonably allocable share thereof;

(d) The costs of appraising, printing, estimates, advice, services of engineers, architects, financial consultants, attorneys at law, clerical help or other agents or employees;

(e) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with a Project, the filing or recordation of instruments, the taking of options, the issuance of Bonds and other securities, and bank fees and expenses;

(f) The costs of contingencies;

(g) The costs of the capitalization with proceeds of Bonds or other securities issued hereunder of any operation and maintenance expenses appertaining to any facilities to be acquired as a Project and of any interest on Bonds or other securities for any period not exceeding the period estimated by the Board to effect the Project plus 1 year, of any discount on Bonds or other securities, and of any reserves for the payment of the principal

of and interest on the Bonds or other securities, of any replacement expenses, and of any other cost of issuance of the Bonds or other securities;

(h) The costs of amending any ordinance, resolution or other instrument authorizing the issuance of or otherwise appertaining to Outstanding Bonds or other securities of the Authority;

(i) The costs of funding any short-term financing, construction loans, and other temporary loans of not exceeding 5 years pertaining to the Project and of the incidental expenses incurred in connection with such loans;

(j) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements, and franchises;

(k) The costs of demolishing, removing or relocating any buildings, structures or other facilities on land acquired for any Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated; and

(l) All other expenses necessary or desirable and appertaining to a Project, as estimated or otherwise ascertained by the Board.

“*Credit Facility*” shall mean a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Debt Service Reserve Fund Surety Policy or other financial instrument which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal of and/or interest on Bonds whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Authority fails to do so.

“*Credit Provider*” shall mean the party obligated to make payment of principal of and/or interest on the Bonds under a Credit Facility.

“*Customer Facility Charge*” or “*CFC*” shall mean the charge per transaction day imposed by the Authority on rental car companies operating at the Airport collected from a rental car customer pursuant to a rental car contract between such customer and a rental car company operating at the Airport System, which is required to be remitted to or at the direction of the Authority, and any interest, profits or other income derived from the investment thereof.

“*Debt Service*” shall mean, for any period, principal of, redemption premium, if any, and interest paid or payable on Bonds issued by the Authority pursuant to this Indenture for such period.

“*Debt Service Fund*” or “*Debt Service Funds*” shall mean any Debt Service Fund or Debt Service Funds required to be created as provided by Section 4.05 hereof.

“*Debt Service Reserve Fund Surety Policy*” shall mean an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for credit to the Common Debt Service Reserve Fund or a Series Debt Service Reserve Fund in lieu of or partial substitution for cash or securities on deposit therein. Except as otherwise provided in a Supplemental Indenture, the entity providing such Debt Service Reserve Fund Surety Policy shall be rated, at the time such instrument is provided, in one of the three highest long-term Rating Categories by one or more Rating Agencies.

“*Designated Debt*” shall mean a specific indebtedness, designated by the Authority, in which such debt shall be offset with a Swap, such specific indebtedness to include all or any part of a Series of Bonds.

“*DTC*” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*Event of Default*” shall mean any occurrence or event specified in Section 8.01 hereof.

“*Federal Direct Payments*” shall mean amounts payable by the federal government to the Authority pursuant to Sections 54AA and 6431 of the Code, and any amendments thereto or any new or similar federal program providing payments or credits to the Authority, in connection with the Authority’s issuance of Bonds or Subordinate Obligations, in lieu of any credit otherwise available to the bondholders of such Bonds or Subordinate Obligations.

“*Federal Government*” means the United States, or any agency, instrumentality or corporation thereof.

“*Federal Securities*” shall mean 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.

“*Fiscal Year*” shall mean the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other similar period as the Authority designates as its fiscal year.

“*Fitch*” shall mean Fitch Ratings, Inc. and its successors and assigns, and, if Fitch Ratings Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, “Fitch” shall be deemed to refer to any nationally recognized statistical rating organization designated by the Authority.

“*Force Majeure Event*” shall mean an occurrence that is beyond the control of the Authority or the Trustee and could not have been avoided by exercising due care and shall include acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities,

sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Authority or the Trustee.

“*Fund*” shall mean any fund established pursuant to this Indenture or any Supplemental Indenture.

“*GAAP*” means accounting principles generally accepted in the United States of America as applicable to governmental units.

“*General Counsel*” shall mean the Authority’s general counsel, associate general counsel or designee.

“*General Purpose Fund*” shall mean the “General Purpose Fund” created, held and maintained by the Authority for the purpose described in Section 4.10 hereof.

“*Gross Revenues*” shall mean means all income and revenues received or accrued under GAAP by the Authority derived directly or indirectly from the operation and use of and otherwise pertaining to the Airport System or any portion thereof, including, without limitation, all fees, rentals, rates and other charges for the use of the Airport System, or for any service rendered by the Authority in the operation thereof, revenues from any gaming at the Airport System, any loss-of-use insurance proceeds, any grants or other aid pertaining to the Airport System not restricted to a particular purpose and any surplus proceeds of Bonds or other unrestricted surplus moneys credited to the Revenue Fund, but

(a) Excluding any moneys borrowed and used for the acquisition of capital improvements;

(b) Excluding 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 System, except to the extent any such moneys shall be received as payments for the use of the Airport System;

(c) Excluding any revenues derived from any Special Facilities, including additional rentals reimbursing the Authority for Operation and Maintenance Expenses paid by the Authority under a Net Rent Lease, other than ground lease rentals pertaining to such Special Facilities located at the Airport System and any moneys paid to the Authority in lieu of such ground rentals, so long as the Special Facilities Obligations pertaining thereto are outstanding;

(d) Excluding the proceeds of any Passenger Facility Charges (including Pledged Passenger Facility Charges and Passenger Facility Charges included as any portion of Other Revenues Available for Debt Service), except to the extent the applicable laws or regulations pursuant to which such charge is levied permit its use in a manner consistent with the use of Gross Revenues or Net Revenues hereunder and the Authority hereafter determines to include all or a portion of such proceeds in Gross Revenues, in which case the designated portion of such revenues shall thereafter be included in Gross Revenues;

(e) Excluding the proceeds of any Customer Facility Charge (including, without limitation, any Customer Facility Charge in connection with the GTC Project) unless the Authority hereafter determines to include all or a portion of such proceeds in Gross Revenues, in which case the designated portion of such revenues shall thereafter be included in Gross Revenues; and

(f) Excluding revenues received by the Authority as variable rent in return for its contributions to the GTC Project unless the Authority hereafter determines to include all or a portion of such revenues in Gross Revenues, in which case the designated portion of such revenues shall thereafter be included in Gross Revenues.

“*GTC Project*” means the Ground Transportation Center (GTC) public-private partnership project that had its financial closing completed in May 2024.

“*Indenture*” shall mean this Master Trust Indenture, dated as of August 8, 2024, by and between the Authority and the Trustee, as amended or supplemented from time to time as provided herein.

“*Independent*” shall mean, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Authority, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Authority as an official, officer or employee.

“*Initial Bonds*” shall mean the Reno-Tahoe Airport Authority, Airport Revenue Bonds, Series 2024A (AMT) and the Reno-Tahoe Airport Authority, Airport Revenue Bonds, Series 2024B (Non-AMT).

“*Investment Agreement*” shall have the meaning set forth in Section 6.02(b) hereof.

“*Kroll*” shall mean Kroll Bond Rating Agency, Inc. and its successors and assigns, and, if Kroll Bond Rating Agency, Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, “Kroll” shall be deemed to refer to any nationally recognized statistical rating organization designated by the Authority.

“*Liquidity Facility*” shall mean a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Bonds.

“*Liquidity Provider*” shall mean the entity which is obligated to provide funds to purchase Bonds under the terms of a Liquidity Facility.

“*Mail*” shall mean by first-class United States mail, postage prepaid.

“*Maximum Aggregate Annual Debt Service*” shall mean the maximum amount of Aggregate Annual Debt Service on all Outstanding Bonds in the current or any future Fiscal Year.

“*Maximum Aggregate Annual Debt Service For Reserve Requirement*” shall mean the computation of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds participating in the Common Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Series of Balloon Indebtedness, Tender Indebtedness or Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in clauses (ii) and (iii), (iv) or (v) of Section 2.11(c) hereof, respectively, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series.

“*Moody’s*” shall mean Moody’s Investors Service, Inc. and its successors and assigns, and, if Moody’s Investors Service, Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, “*Moody’s*” shall be deemed to refer to any nationally recognized statistical rating organization designated by the Authority.

“*Net Rent Lease*” means a lease of property or facilities pertaining to the Airport System or Special Facilities entered into by the Authority pursuant to which the lessee or licensee agrees to pay to the Authority rentals during the term thereof, and to pay in addition all Operation 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*” means the Gross Revenues remaining after the deduction of the “Operation and Maintenance Expenses,” of the Airport System, or any other facilities in connection with which the defined term is used.

“*Net Proceeds*” shall mean insurance proceeds received as a result of damage to or destruction of Airport Facilities or any condemnation award or amounts received by the Authority from the sale of Airport Facilities under the threat of condemnation less expenses (including

attorneys' fees and expenses and any fees and expenses of the Trustee) incurred in the collection of such proceeds or award.

“Notes” shall mean Bonds issued under the provisions of Article II hereof which have a maturity of one year or less from their date of original issuance and which are not Commercial Paper.

“*Operation and Maintenance Expenses*” shall mean, for any given period, all reasonable and necessary current expenses of the Authority, paid or accrued (and calculated in accordance with GAAP), 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 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 taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the Authority, the Airport System, revenues therefrom, or the Authority'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 any trustee, paying agent, registrar, any other depository bank, any receiver, or other fiduciary under the Bond Act pertaining to bonds, loans or any securities payable from Net Revenues or otherwise pertaining to the Airport System;

(f) Commitment fees, unused fees or similar charges owed to pursuant to a Credit Facility or Liquidity Facility as required by a Supplemental Indenture pertaining to bonds, loans or any securities payable from Net Revenues or otherwise pertaining to the Airport System;

(g) 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 Bonds or any other securities relating to the Airport System;

- (h) The costs incurred by the Board in the collection and any refunds of all or any part of Gross Revenues;
- (i) Any costs of utility services furnished to the Airport System;
- (j) Any lawful refunds of any Net Revenues;
- (k) The cost of funding any amount due the United States as rebate payments under Section 148(f), of the Code, and the cost of calculating and verifying the amount of such rebate payments; and
- (l) All other administrative, general, and commercial expenses pertaining to the Airport System; but
  - (i) Excluding any allowance for depreciation;
  - (ii) Excluding any costs of extensions, enlargements, betterments, and other improvements, or any combination thereof;
  - (iii) Excluding any reserves for major capital replacements, other than normal repairs;
  - (iv) Excluding any reserves for operation, maintenance, or repair of the Airport System;
  - (v) Excluding any allowance for the redemption of any Bond or other security evidencing a loan or other obligation, or the payment of any interest thereon, or any prior redemption premium due in connection therewith;
  - (vi) Excluding 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, or otherwise;
  - (vii) Excluding any expenses incurred by lessees or licensees under Net Rent Leases pertaining to the Airport System; and
  - (viii) Excluding any Operation and Maintenance Expenses as hereinabove delineated in this paragraph but pertaining to Special Facilities.

*“Operation and Maintenance Reserve Subaccount”* shall mean the “Operation and Maintenance Reserve Subaccount” created, held and maintained by the Authority within the Revenue Account pursuant to Section 4.07 hereof.

*“Operation and Maintenance Reserve Subaccount Requirement”* shall mean, as of any date of calculation, an amount equal to at least one-sixth (1/6) of the current annual budget of the Authority for Operation and Maintenance Expenses or such other additional amount that the Authority determines, in its sole discretion, to be the requirement hereunder, provided that such amount does not violate the provisions of this Indenture, or the provisions of any other contracts or agreements of the Authority or any legal requirements otherwise applicable to this provision.

*“Operation and Maintenance Subaccount”* shall mean the “Operation and Maintenance Subaccount” created, held and maintained by the Authority within the Revenue Account pursuant to Section 4.04 hereof.

*“Other Pledged Revenues”* shall mean moneys, not previously constituting Gross Revenues or previously designated as or included in “Other Pledged Revenues,” that are designated as and included in, for any period, “Other Pledged Revenues” pursuant to a Supplemental Indenture or a certificate of an Authorized Authority Representative filed with the Trustee, which Supplemental Indenture or certificate also shall (a) include a representation by the Authority that such moneys may be validly designated as and included in “Other Pledged Revenues” under the Indenture and may be pledged to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds, and (b) specify the source and amount of such moneys and the time period during which such moneys will be designated as and included in “Other Pledged Revenues.” Other Revenues Available for Debt Service and Pledged Passenger Facility Charges shall not be treated as or constitute “Other Pledged Revenues.”

*“Other Revenues Available for Debt Service”* shall mean moneys, not previously constituting Gross Revenues or previously designated as or included in “Other Pledged Revenues,” that are designated as and included in, for any period, “Other Revenues Available for Debt Service” pursuant to a Supplemental Indenture or a certificate of an Authorized Authority Representative filed with the Trustee, which moneys may be legally applied to the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds, including, without limitation, Passenger Facility Charges, CFCs, or variable rent payable under the ground lease for the GTC Project, made available to pay Debt Service on one or more Series of Bonds during any period pursuant to Section 4.15 hereof.

*“Outstanding”* when used with respect to Bonds shall mean all Bonds which have been authenticated and delivered under this Indenture, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds deemed to be paid in accordance with Article VII hereof;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.05 or 2.07 hereof;

(d) Bonds that have become due (at maturity or on redemption or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee, a Paying Agent or such other fiduciary or agent;

(e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Repayment Obligations deemed to be Bonds under Section 2.12 hereof to the extent such Repayment Obligation arose under the terms of a Credit Facility or a Liquidity Facility and are secured by a pledge of Outstanding Bonds acquired by the Credit Provider or the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under this Indenture, Bonds held by or for the account of the Authority or by any person controlling, controlled by or under common control with the Authority, unless such Bonds are pledged to secure a debt to an unrelated party.

“*Participants*” means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“*Passenger Facility Charges*” or “*PFCs*” shall mean charges collected by the Authority pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 (49 U.S.C. Section 40117), and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“*Paying Agent*” or “*Paying Agents*” shall mean, with respect to the Bonds or any Series of Bonds, the banks, trust companies, other financial institutions or other entities designated in a Supplemental Indenture or a resolution of the Authority as the place where such Bonds shall be payable and which bank, trust company, other financial institution or other entity has accepted the position in accordance with Section 9.11 hereof.

“*Payment Date*” shall mean, with respect to any Bonds, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

“*Permitted Investments*” shall have the meaning set forth in Section 6.02 hereof.

“*Pledged Passenger Facility Charges*” shall mean such amount of Passenger Facility Charges that are designated as and included in, for any period, “Pledged Passenger Facility Charges” pursuant to a Supplemental Indenture, which Supplemental Indenture shall include (a) a representation by the Authority that such Passenger Facility Charges, when received by the Authority, may be validly designated as and included in “Pledged Passenger Facility Charges” under the Indenture and may be pledged to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds, (b) a specific statement that such Passenger Facilities Charges are being pledged and assigned to the Trustee and that the Authority is granting the Trustee a lien on and security interest in all right, title and interest of the Authority in and to such Passenger Facility Charges, (c) the Series of Bonds that are being granted a lien on and security interest in such Pledged Passenger Facility Charges, (d) the amount of Passenger Facility Charges that are being designated as and included in “Pledged Passenger Facility Charges,” and (e) the time period during which such Passenger Facility Charges will be designated as and included in “Pledged Passenger Facility Charges.” Any Pledged Passenger Facility Charges shall not be deposited to the Revenue Account, but shall be deposited by the Authority with the Trustee who shall in turn deposit such Pledged Passenger Facility Charges to the Debt Service Fund or Funds as directed pursuant to the applicable Supplemental Indenture.

“*Principal Amount*” or “*principal amount*” shall mean, as of any date of calculation, (a) with respect to any Capital Appreciation Bond, the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest, and (b) with respect to any other Bonds, the principal amount of such Bond payable at maturity.

“*Project*” shall mean acquiring, constructing, improving and equipping a facility or certain supplemental facilities within the Airport System, including, without limitation, a terminal, concourse, hangar, runway and taxiway, apron, road, parking lot and other structures, an airport police station, administration headquarters and office buildings, and additional facilities thereat, which are necessary or convenient to the development of the Airport System and paying related costs.

“*Qualified Self-Insurance*” has the meaning set forth in Section 5.10(b) hereof.

“*Qualified Swap*” shall mean any Swap (a) whose Designated Debt is all or part of a particular Series of Bonds; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Bonds.

“*Qualified Swap Provider*” shall mean a financial institution whose senior long-term debt obligations, or whose obligations under any Qualified Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are

rated at least A (or equivalent) from at least two Rating Agencies, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in clauses (ii) or (iii) of the definition of Permitted Investments which are (w) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (x) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (y) subject to a perfected first lien on behalf of the Trustee, and (z) free and clear from all third-party liens.

“*Rating Agency*” and “*Rating Agencies*” shall mean any of Fitch, Kroll, Moody’s or S&P, or any other nationally recognized statistical rating organization.

“*Rating Category*” and “*Rating Categories*” shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“*Rebate Fund*” shall mean any Fund created by the Authority or the Trustee pursuant to a Supplemental Indenture in connection with the issuance of any Series of Bonds for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

“*Record Date*” shall mean, with respect to any Series of Bonds, the record date as specified in the Supplemental Indenture which provides for the issuance of such Series.

“*Refunding Bonds*” shall mean any Bonds issued pursuant to Section 2.10 hereof to refund and/or defease all or a portion of any Series of Outstanding Bonds.

“*Registrar*” shall mean the bank, trust company, other financial institution or other entity designated in a Supplemental Indenture or a resolution of the Authority to perform the function of Registrar under this Indenture or any Supplemental Indenture, and which bank, trust company, other financial institution or other entity has accepted the position in accordance with Section 9.12 hereof.

“*Regularly Scheduled Swap Payments*” shall mean the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

“*Renewal and Replacement Subaccount*” shall mean the “Renewal and Replacement Subaccount” created, held and maintained by the Authority within the Revenue Account pursuant to Section 4.08 hereof.

*“Renewal and Replacement Subaccount Requirement”* shall mean, beginning in the first full Fiscal Year following adoption of this Master Trust Indenture, a balance of not less than \$1,000,000, increasing each year thereafter by three percent (3%), or such other amount as shall be established by the Authority from time to time.

*“Repayment Obligations”* shall mean an obligation arising under a written agreement of the Authority and a Credit Provider pursuant to which the Authority agrees to reimburse the Credit Provider for amounts paid through a Credit Facility used to pay debt service on any Bonds, or an obligation arising under a written agreement of the Authority and a Liquidity Provider pursuant to which the Authority agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility used to purchase Bonds.

*“Representation Letter”* means the Blanket Issuer Letter of Representations dated July 21, 2005 from the Authority to DTC.

*“Reserve Requirement”* shall mean, except as otherwise set forth in a Supplemental Indenture, an amount equal to the Maximum Aggregate Annual Debt Service For Reserve Requirement for all Outstanding Bonds participating in the Common Debt Service Reserve Fund. The Reserve Requirement with respect to any Series Debt Service Reserve Fund shall be set forth in the Supplemental Indenture establishing such Series Debt Service Reserve Fund.

*“Responsible Officer”* , when used with respect to the Trustee, any officer within the corporate trust department of such Trustee, including any vice president, assistant vice president, trust officer or any other officer of such Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers who shall have direct responsibility for the administration of this Indenture, or any other officer of such Trustee to whom any corporate trust matter is referred because of such Person’s knowledge of and familiarity with the particular subject.

*“Revenue Account”* shall mean the “Revenue Account” created, held and maintained by the Authority within the Revenue Fund pursuant to Section 4.03(a) hereof.

*“Revenue Fund”* shall mean the “Revenue Fund” created, held and maintained by the Authority for the purpose of depositing all Gross Revenues.

*“Secretary”* shall mean the de jure or de facto secretary of the Board and the Authority, and means the de jure or de facto assistant secretary or acting secretary, if any, of the Board and the Authority whenever the secretary is unable to act in such capacity, the individual designated as secretary may be (but is not necessarily) a member of the Board and may be (but is not necessarily) the same individual as the Treasurer, and the defined term means such officer’s successor in functions, if any.

*“Series”* shall mean Bonds designated as a separate Series by a Supplemental Indenture.

“*Series Debt Service Reserve Fund*” shall mean a Fund or Funds (other than the Common Debt Service Reserve Fund) created by the Authority or the Trustee pursuant to a Supplemental Indenture in connection with the issuance of any Series of Bonds and that is required to be funded for the purpose of providing additional security for such Series of Bonds and under certain circumstances to provide additional security for such other designated Series of Bonds issued pursuant to the terms of this Indenture and as specified in any Supplemental Indenture.

“*Significant Portion*” shall mean any Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the Authority at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Revenues for such annual period of more than 10% when the actual Net Revenues for such annual period are decreased by the Net Revenues directly attributable to such Airport Facilities and increased by the Operation and Maintenance Expenses of the Authority directly attributable to such Airport Facilities. The Authority shall notify each of the Rating Agencies that the Authority has requested ratings from and who are then maintaining a rating on any of the Bonds prior to the selling or disposing of a Significant Portion of any Airport Facilities or portions thereof.

“*S&P*” shall mean S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and its successors and assigns, and if S&P Global Ratings shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, “*S&P*” shall be deemed to refer to any nationally recognized statistical rating organization designated by the Authority.

“*Special Fund*” shall mean the “*Special Fund*” created, held and maintained by the Authority within the Revenue Fund pursuant to Section 4.09 hereof.

“*Special Facilities*” or “*Special Facility*” shall mean a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the provisions of Section 5.07 hereof. The GTC Project during construction, and following substantial completion thereof, only the consolidated rental car facility portion thereof (otherwise known as the ConRAC), is hereby designated as a Special Facility.

“*Special Facilities Revenue*” shall mean the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the Authority from a Special Facility which are pledged to secure Special Facility Obligations.

“*Special Facility Obligations*” shall mean bonds or other debt instruments issued pursuant to an indenture other than this Indenture to finance Special Facilities and which are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities. Such Special Facility Obligations, however, may be secured by a pledge of Net Revenues expressly subordinate to the pledge of Net Revenues provided herein and

may be payable from Net Revenues only after provision has been made for payments of debt service on the Bonds as provided herein.

“*Specified Project*” shall mean a Project or a group of alternative Projects which are described in a certificate of an Authorized Authority Representative, which is delivered to the Consultant preparing the certificate described in Section 2.11 hereof, if applicable, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing the certificate under Section 2.11(a)(ii).

“*State*” shall mean the State of Nevada.

“*Subaccount*” shall mean any subaccount established pursuant to this Indenture or any Supplemental Indenture.

“*Subordinate Obligation*” shall mean any bond, note or other debt instrument issued or otherwise entered into by the Authority which is secured by a pledge of and lien on and payable from Net Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof. “Subordinate Obligations” are not Bonds for purposes of this Indenture; provided, however, the Authority may henceforth by Supplemental Indenture elect to have the provisions of this Indenture applicable to the Bonds apply to the Subordinate Obligations issued thereunder, except that such Subordinate Obligations shall be secured by a pledge of and lien on Net Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof. No bond, note or other instrument of indebtedness shall be deemed to be a “Subordinate Obligation” for purposes of this Indenture and payable from Net Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof unless specifically designated by the Authority as a “Subordinate Obligation” in a Supplemental Indenture or other written instrument. In connection with any Subordinate Obligation with respect to which a Swap is in effect or proposes to be in effect, the term “Subordinate Obligation” includes, collectively, both such Subordinate Obligation and either such Swap or the obligations of the Authority under each such Swap, as the context requires. The term “Subordinate Obligations” also includes a Swap or the obligations of the Authority under such Swap which has been entered into in connection with a Subordinate Obligation, as the context requires, although none of the Subordinate Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Bonds with respect to which a Qualified Swap is in effect or proposed to be in effect, the term “Subordinate Obligation” includes any Swap Termination Payment if designated as a Subordinate Obligation in a Supplemental Indenture.

“*Subordinate Obligation Trustee*” shall mean the entity named and serving as the trustee under a Subordinate Obligation Trust Indenture, until a successor replaces it and, thereafter, shall mean such successor.

“*Subordinate Obligation Trust Indenture*” shall mean a separate trust indenture entered into by the Authority with a Subordinate Obligation Trustee which provides for the issuance of Subordinate Obligations.

“*Supplemental Bond Act*” shall mean NRS Chapter 348.

“*Supplemental Indenture*” shall mean any document supplementing and/or amending this Indenture or providing for the issuance of Bonds and entered into as provided in Article X hereof.

“*Swap*” shall mean any financial arrangement between the Authority and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued shall reflect the time value of such funds; and (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

“*Swap Provider*” shall mean a party to a Swap with the Authority.

“*Swap Termination Payment*” shall mean an amount payable by the Authority 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 an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

“*Synthetic Fixed Rate Debt*” shall mean indebtedness issued by the Authority which is combined, as Designated Debt, with a Qualified Swap and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities.

“*Tender Indebtedness*” shall mean any Bonds or portions of Bonds a feature of which is an obligation on the part of the Bondholders, under the terms of such Bonds, to tender all or a portion of such Bonds to the Authority, the Trustee, the Paying Agent or other fiduciary or agent or Credit Provider or Liquidity Provider for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

“*Term Bonds*” shall mean Bonds of a Series which are payable on or before their specified maturity dates from sinking fund installment payments established pursuant to the Supplemental

Indenture for such Series for that purpose and calculated to retire the Bonds on or before their specified maturity dates.

“*Transfer*” means an amount determined by the Authority for any Fiscal Year which is transferred by the Authority from the General Purpose Fund into the Revenue Fund in that Fiscal Year. In no event shall the amount of Transfers taken into account in any Fiscal Year under the rate maintenance covenant of Section 5.04 herein or the additional bonds tests of Section 2.11 herein exceed an amount equal to 0.25 times the amount of the Aggregate Annual Debt Service taken into account in computing compliance with the rate maintenance covenant or Sections 2.11(a)(i) or 2.11(a)(ii) of the additional bonds tests, as applicable, except that any amounts that are credited toward airline rates and charges, under a revenue sharing or similar rate setting approach, if deposited into the Revenue Fund in a Fiscal Year are not subject to the foregoing limit of 0.25 times the amount of the Aggregate Annual Debt Service.

“*Treasurer*” shall mean the de jure or de facto treasurer of the Board and the Authority, and means the de jure or de facto assistant treasurer or acting treasurer, if any, of the Board and the Authority whenever the treasurer is unable to act in such capacity, the individual designated as treasurer may be (but is not necessarily) a member of the Board and may be (but is not necessarily) the same individual as the Secretary, and the defined term means such officer’s successor in functions, if any.

“*Trustee*” shall mean the entity named as such in the introductory paragraph of this Indenture until a successor replaces it in accordance with Article IX hereof and, thereafter, shall mean such successor.

“*United States Bankruptcy Code*” shall mean Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

“*Variable Rate Indebtedness*” shall mean any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity, excluding any Commercial Paper.

Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Indenture. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

## ARTICLE II

### FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

**Section 2.01 Issuance of Bonds; Form; Dating.** Either taxable or tax-exempt Bonds may be issued by the Authority under the terms of this Indenture for any purpose for which the

Authority, at the time of such issuance, may incur debt which may include issuing Bonds and loaning the proceeds to other entities (if it is determined to be legally permissible for the Authority to do so at such time), provided that if the proceeds of the Bonds are loaned to other entities, the loan repayments and interest thereon shall be included as Gross Revenues. Bonds may be issued under this Indenture only if the provisions of Section 2.09 hereof are satisfied. The total principal amount of Bonds of each Series Outstanding may not exceed the amount specified in the Supplemental Indenture providing for the issuance of such Bonds, except as provided in Section 2.05 hereof with respect to replacement of mutilated, lost or stolen or destroyed Bonds. The Bonds may be in certificated or uncertificated form, and Bonds which are issued in certificated form may be freely transferable or may be immobilized and held by a custodian for the beneficial owners, all as shall be set forth or permitted in the Supplemental Indenture providing for the issuance of such Bonds. The Bonds may have notations, legends or endorsements required by law or usage.

Bonds will be numbered and dated as provided in the applicable Supplemental Indenture.

Pursuant to NRS 350.628, all Bonds shall recite that they are issued pursuant to the Authority Act, to the Bond Act, to the Supplemental Bond Act, and to any other act supplemental thereto or in lieu thereof, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance. The Bonds shall also state the following:

Pursuant to Section 27 of the Authority Act, the Bonds and the income therefrom are exempt from all State, County, and municipal taxation, 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 Bonds constitute special obligations of the Authority, payable solely from and secured by a pledge of Net Revenues derived by the Authority from the operations of the Airport System and certain funds and accounts. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Bonds, and neither the full faith and credit nor the taxing power of the Authority, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

**Section 2.02 Terms, Medium and Place of Payment.** The Bonds shall be issued in the principal amount, shall bear interest at a rate or rates, including a rate of 0% and including variable or adjustable rates, or determined by such other methods as the Authority may from time to time determine, and such interest may be payable periodically, in whole or in part, or may be accumulated and paid at maturity or at such other time or times as the Authority shall determine. Bonds shall mature and shall be subject to redemption prior to their respective maturities, all as shall be set forth in a Supplemental Indenture and permitted under the Bond Act. The Bonds of each Series shall state that they are issued under and are secured by this Indenture and the pledge of Net Revenues and state that regardless of the form thereof, they are “Bonds” issued hereunder and within the meaning of this Indenture.

Payments with respect to the Bonds shall be made as provided in the Supplemental Indenture providing for the issuance of such Bonds or as provided in the Bonds, and unless otherwise specified, all payments with respect to the Bonds shall be made in lawful money of the United States of America.

**Section 2.03 Execution and Authentication.** The Bonds, if in certificated form, will be signed for the Authority as provided in the Supplemental Indenture or in the resolution authorizing such Bonds, as follows:

(a) Filings with Secretary of State. Pursuant to NRS 350.638 and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, cited NRS Chapter 351, and prior to the execution of any Bonds of any Series, except as provided herein or in any such amendatory or supplemental instrument, the Chair, the Treasurer, and the Secretary shall each file with the Secretary of State of the State of Nevada such officer's manual signature certified by such officer under oath.

(b) Manner of Execution. Pursuant to NRS 350.636, each Bond shall be signed and executed in the name of and on behalf of the Authority, except as provided herein or in any such amendatory or supplemental instrument, with the manual or the engraved, imprinted, stamped, or otherwise reproduced facsimile of the signature of the Chair, and, except as otherwise so provided, shall be countersigned, manually subscribed, and executed by the Treasurer; each Bond shall be authenticated with the manual or the printed, engraved, stamped, or otherwise placed thereon facsimile of the official seal of the Authority; and, except as otherwise so provided, each Bond shall be signed, executed, and attested with such a manual or facsimile signature of the Secretary.

(c) Use of Predecessor's Signature. The Bonds of each Series, including, without limitation, any certificates whether or not pertaining to a book entry system of obligations, bearing the signatures of the officers of the Authority or any officer of the Trustee, Registrar or any transfer agent other than the Registrar in office at the time of the signing thereof shall be the valid and binding obligations of the Authority or such other financial institution, as the case may be, notwithstanding that before the delivery thereof and the payment therefor any or all of the individuals whose signatures appear thereon shall have ceased to fill their respective offices. Each the Chair, the Treasurer, and the Secretary, and any officer of the Trustee, Registrar, or any transfer agent, at the time of the execution of the Bonds and of a signature certificate pertaining thereto by the Chair, the Treasurer, and the Secretary, and any officer of the Trustee, Registrar, or any transfer agent, respectively, may adopt as and for his own facsimile signature the facsimile signature of his predecessor in office if such facsimile signature appears upon any of the Bonds.

Except as otherwise provided in a Supplemental Indenture, a Bond in certificated form will not be valid until the Trustee or its agent or an authenticating agent designated by the Authority

manually signs the certificate of authentication on the Bond. Such signature will be conclusive evidence that the Bond has been authenticated under this Indenture.

The Authority may appoint an authenticating agent or the Trustee may appoint an authenticating agent acceptable to the Authority to authenticate Bonds or different authenticating agents may be appointed for different Series of Bonds. An authenticating agent may authenticate Bonds whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent.

Bonds issued under this Indenture may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Indenture, and neither the provisions of this Section 2.03 nor any other provision of this Indenture shall be deemed to prohibit or restrict the issuance of uncertificated Bonds.

**Section 2.04 Bond Register.** Bonds of each Series may be presented at the principal corporate trust office of the Trustee or such other Registrar, unless a different office has been designated for such purpose, for registration, transfer and exchange. The Trustee or a Registrar will keep a register of each Series of Bonds and of their transfer and exchange.

**Section 2.05 Mutilated, Lost, Stolen or Destroyed Bonds.**

(a) In the event any Bond is mutilated or defaced but identifiable by number and description, the Authority shall execute and the Trustee shall authenticate and deliver a new Bond of like Series, date, maturity and denomination as such Bond, upon surrender thereof to the Trustee; provided that there shall first be furnished to the Trustee and the Authority clear and unequivocal proof satisfactory to the Trustee that the Bond is mutilated or defaced. The Bondholder shall accompany the above with a deposit of money required by the Trustee for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The Trustee shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond is lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate and deliver a new Bond of like Series, date, maturity and denomination as that Bond lost, stolen or destroyed, provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it and the Authority.

(c) Except as limited by any Supplemental Indenture, the Trustee may charge the holder of any such Bond all governmental charges and transfer taxes, if any, and its reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section 2.05 shall be issued as a substitute and numbered, if

numbering is provided for by the Supplemental Indenture or the Trustee, as determined by the Trustee. In the event any such Bond has matured or been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same at its maturity or redemption without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

#### **Section 2.06 Book-Entry Bonds.**

(a) Except as provided in subparagraph (c) of this Section or a Supplemental Indenture, the Bondholder of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal and redemption price of and interest on any Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Bonds shall be initially issued in the form of separate single authenticated fully registered bonds for each separate stated maturity and interest rate for each Series of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of paying the principal and redemption price of and interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture or a Supplemental Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal and redemption price of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under this Indenture or a Supplemental Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; any consent given or other action taken by DTC as Bondholder; or any other purpose. Except as provided in subparagraph (c) of this Section or a Supplemental Indenture, the Trustee shall pay all principal and redemption price of and interest on the Bonds only to or “upon the order of” (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority’s obligations with respect to the principal and

redemption price of and interest on the Bonds to the extent of the sum or sums so paid. Except as provided in subparagraph (c) of this Section or a Supplemental Indenture, no person other than DTC shall receive an authenticated Bond evidencing the obligation of the Authority to make payments of principal, redemption price and interest pursuant to this Indenture or a Supplemental Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word “Cede & Co.” in this Indenture and any Supplemental Indenture shall refer to such new nominee of DTC.

(c) In the event the Authority determines that it is in the best interest of the beneficial owners that they be able to obtain bond certificates, and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee shall be obligated to deliver bond certificates as described in this Indenture. In the event bond certificates are issued, the provisions of this Indenture or a Supplemental Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and redemption price of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Indenture or a Supplemental Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and redemption price of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or a Supplemental Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder. Notwithstanding the foregoing, all such notices

shall be posted to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC TO ANY PARTICIPANT OF THE PRINCIPAL AND REDEMPTION PRICE OF OR INTEREST ON THE BONDS; THE PROVIDING OF NOTICE TO PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, OR ANY PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER OF THE BONDS.

**Section 2.07 Registration and Transfer or Exchange of Bonds; Persons Treated as Owners.** Unless otherwise provided by a Supplemental Indenture, all Bonds shall be issued in fully registered form.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Trustee or Registrar, the Trustee or Registrar shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of authorized denominations of the same Series and same maturity for the same aggregate principal amount.

Bondholders may present Bonds at the principal corporate trust office of the Registrar, or such other place as designated by the Registrar, for exchange for Bonds of different authorized denominations and, upon such presentation, the Trustee or Registrar shall deliver to the Bondholder a new fully authenticated and registered Bond or Bonds of the same Series and same maturity for the same aggregate principal amount.

All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee or Registrar, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Indenture, the Trustee or Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

Supplemental Indentures may designate certain limited periods during which Bonds will not be exchanged or transferred.

Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 2.05 hereof, shall be valid special obligations of the Authority, evidencing the same debt

as the Bond or Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bond or Bonds surrendered.

The Authority, the Trustee, the Registrar and the Paying Agent shall treat the Bondholder of a Bond, as shown on the registration books kept by the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest on such Bond and as the party entitled to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the Record Date, is the Bondholder.

**Section 2.08 Destruction of Bonds.** Whenever any Bonds shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2.05 hereof or exchange or transfer pursuant to Section 2.07 hereof, such Bond shall be cancelled and destroyed by the Trustee or the Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Authority.

**Section 2.09 Issuance of Series of Bonds; Supplemental Indenture; Application of Bond Proceeds.** Bonds may be issued, from time to time, subject to the conditions of this Section 2.09.

Bonds shall be dated, shall mature, shall bear interest, shall be subject to redemption and shall be amortized and shall be issued and reissued from time to time, all as authorized under the Authority Act, the Bond Act and provided for in the Supplemental Indenture relating to such Series of Bonds. In addition, each such Supplemental Indenture may provide for the appointment of a Registrar or Registrars and a Paying Agent or Paying Agents and such other agents as the Authority shall determine to be necessary in addition to or in place of the Trustee.

Each Series of the Bonds, upon execution by the Authority, shall be deposited with the Trustee or an agent for authentication and delivery, but prior to or simultaneously with the original delivery of such Series of Bonds, there shall be filed with the Trustee the following:

- (a) a copy, as executed and certified by the Secretary of the Authority, of this Indenture, together with all Supplemental Indentures;
- (b) a copy, as executed and certified by the Secretary of the Authority, of the Supplemental Indenture or Supplemental Indentures providing for the issuance of such Series of Bonds and setting forth the terms of such Series of Bonds;
- (c) except with respect to the issuance of any Refunding Bonds, a certificate of an Authorized Authority Representative listing those Projects or undertakings which the Authority expects to finance with proceeds of the sale of such Series of Bonds or providing a list from which the Authority expects to select those Projects which will be financed with

proceeds of the sale of such Series of Bonds and such certificate shall, with respect to each item on the list include an estimated cost of such Projects or undertaking;

(d) except with respect to the issuance of the Initial Bonds, the certificate of the Authorized Authority Representative or the Consultant or Consultants, as the case may be, required by Section 2.11(a) and/or (b) hereof;

(e) a certificate of an Authorized Authority Representative stating that (i)(A) none of the Events of Default set forth in Sections 8.01 hereof have occurred and remain uncured or (B) upon issuance of such Series of Bonds, all Events of Default set forth in Section 8.01 hereof that have occurred and are continuing, shall be cured, and (ii) the Authority is in full compliance with the terms of Section 5.04 hereof;

(f) an opinion of Bond Counsel to the effect that the issuance of such Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, and that the Bonds are valid and binding obligations of the Authority in accordance with their terms;

(g) the opinion of Bond Counsel required by Section 10.02 hereof; and

(h) written instructions from the Authority to authenticate the Bonds and, upon receipt of the purchase price, to deliver the Bonds to or upon the order of the purchasers named in such instructions.

When the documents mentioned in clauses (a) through (h), inclusive, of the immediately preceding paragraph shall have been filed with the Trustee and when such Bonds shall have been executed and authenticated (if applicable), the Trustee or authenticating agent shall deliver such Bonds to or upon the order of the purchasers thereof, but only upon payment by the purchasers of the purchase price of such Bonds.

**Section 2.10 Refunding Bonds.** Refunding Bonds may be issued under and secured by this Indenture. Such Refunding Bonds shall be issued in accordance with the provisions of Sections 2.09 and 2.11(b)(i) hereof.

**Section 2.11 Additional Bonds Test.**

(a) Subject to the provisions of Section 2.11(b) hereof and excepting the Initial Bonds, as a condition to the issuance of any Series of Bonds, there shall be delivered to the Trustee either:

(i) a certificate, dated as of the date of delivery of such Bonds, prepared by an Authorized Authority Representative showing that the Net Revenues for the last audited Fiscal Year or any 12 consecutive months out of the most recent 18

consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; or

(ii) a certificate, dated as of the date of delivery of such Bonds, prepared by a Consultant, nationally recognized as an expert in the area of air traffic and airport financial analysis, showing that for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof through and including the later of: (1) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (2) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if (y) the proposed Series of Bonds were then Outstanding, and (z) any future Series of Bonds which the Authority estimates will be required to complete payment of the estimated costs of construction of such portion of the Specified Project and any other uncompleted portion of the Specified Project from which the Consultant projects additional Gross Revenues will be generated were then Outstanding.

For purposes of subparagraphs (i) and (ii) above, the amount of any Transfer taken into account shall not exceed 0.25 times the amount of the Aggregate Annual Debt Service on the Outstanding Bonds, the proposed Series of Bonds and any future Series of Bonds included pursuant to subparagraph (ii)(B)(z) of the previous paragraph, except that any amounts that are credited toward airline rates and charges, under a revenue sharing or similar rate setting approach, if deposited into the Revenue Fund in a Fiscal Year are not subject to the foregoing limit of 0.25 times the amount of the Aggregate Annual Debt Service.

For purposes of subsection (ii) above, in estimating Net Revenues, the Consultant may take into account (1) Gross Revenues from Specified Projects or other Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Gross Revenues which have been approved by the Authority and will be in effect during the period for which the estimates are provided, and (3) any other increases in Gross Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and Maintenance

Expenses, (y) Operation and Maintenance Expenses associated with the Specified Projects and any other new Airport Facilities, and (z) such other factors, including inflation and changing operations or policies of the Authority, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report the calculations and assumptions made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or the Authorized Authority Representative may rely upon financial information provided by the Authority.

(b) Neither of the certificates described above under subsection (a) shall be required if:

(i) the Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to the Trustee, instead, a certificate of an Authorized Authority Representative or a Consultant showing that Maximum Aggregate Annual Debt Service after the issuance of such Refunding Bonds will not exceed Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding Bonds; or

(ii) the Bonds being issued constitute Notes and there is delivered to the Trustee, instead, a certificate prepared by an Authorized Authority Representative or a Consultant showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes; or

(iii) the Bonds being issued are Completion Bonds and the following written certificates are delivered to the Trustee: (A) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed, and (B) a certificate of an Authorized Authority Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Construction Fund established for the Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Construction Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose).

(c) For purposes of calculating Aggregate Annual Debt Service, the following components of debt service shall be computed as follows:

(i) in determining the amount of principal to be funded in each Fiscal Year, payment shall (unless a different clause of this subsection (c) applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule established by the applicable Supplemental Indenture setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds maturing or scheduled for redemption in such Fiscal Year; in determining the amount of interest to be funded in each Fiscal Year, interest payable at a fixed rate shall (except to the extent clause (ii) or (iii) of this subsection (c) applies) be assumed to be made at such fixed rate and on the required funding dates as provided in the applicable Supplemental Indenture; provided, however, that interest payable on the Bonds shall be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year;

(ii) if all or any portion or portions of Outstanding Bonds or any Bonds which are then proposed to be issued constitute Balloon Indebtedness, then, for purposes of determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless clause (iii) of this subsection (c) then applies, be treated as if it were to be amortized over a term of not more than 30 years with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was, or is to be, issued; the interest rate used for such computation shall be 1) if fixed rate Balloon Indebtedness, the current interest rate(s) on such Balloon Indebtedness, or 2) if Balloon Indebtedness constituting Variable Rate Indebtedness, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to any Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in clause (i) of this subsection (c) or such other provision of this subsection (c) as will be applicable and;

(iii) any maturity of Outstanding Bonds or any Bonds which are proposed to be issued that constitutes Balloon Indebtedness and for which the stated maturity date occurs within 72 months from the date such calculation of Aggregate Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date unless there is delivered to the entity making the calculation of Aggregate Annual Debt Service a certificate of an Authorized Authority Representative stating that the Authority intends to refinance such maturity and stating the probable terms of such refinancing, including the anticipated interest rate (which shall be a rate determined by a Consultant equal to the then current

market rate assuming that such maturity were being refinanced on the date of such certificate) and the final maturity date of such refinancing (provided that such refinanced maturity shall be amortized over a term of not more than 30 years from the date of refinancing), and that the debt capacity of the Authority is sufficient to successfully complete such refinancing as determined by a Consultant; upon the receipt of such certificate, such Balloon Indebtedness shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Aggregate Annual Debt Service;

(iv) if any Outstanding Bonds or any Bonds which are then proposed to be issued constitute Tender Indebtedness (but excluding Balloon Indebtedness for which clause (ii) of this subsection (c) applies, or Bonds as to which a Qualified Swap is in effect and to which clause (vii) of this subsection (c) applies), then, for purposes of determining Aggregate Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Annual Debt Service payments; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all funding requirements of principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in clause (i) of this subsection (c) unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in clause (v) of this subsection (c);

(v) if any Outstanding Bonds or any Bonds which are then proposed to be issued constitute Variable Rate Indebtedness, including obligations described in clause (vii)(B) of this subsection (c) to the extent it applies (except to the extent clause (ii) of this subsection (c) relating to Balloon Indebtedness or clause (iii) of this subsection (c) relating to Tender Indebtedness or clause (vii)(A) of this subsection (c) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Bonds shall be that rate determined by a Consultant to be a reasonable market rate for variable rate Bonds of a corresponding term and structure issued under this Indenture on the date of such calculation, with credit enhancement (taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes), plus the costs of the credit enhancement;

(vi) debt service on Repayment Obligations, to the extent such obligations constitute Bonds under Section 2.12 hereof, shall be calculated as provided in Section 2.12 hereof;

(vii) (A) for purposes of computing the Aggregate Annual Debt Service of Bonds which constitute Synthetic Fixed Rate Debt, the interest rate on such Bonds shall be that rate as provided for by the terms of the Swap;

(B) for purposes of computing the Aggregate Annual Debt Service of Bonds with respect to which a Swap has been entered into whereby the Authority has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included in the calculation of Aggregate Annual Debt Service, and the interest rate with respect to such Bonds shall be the sum of that rate as determined in accordance with clause (iv) of this subsection (c) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider; and

(viii) with respect to Commercial Paper, the principal and interest thereon shall be calculated as if the entire maximum principal amount of such Commercial Paper authorized by a resolution or a Supplemental Indenture were to be amortized over a term of 30 years commencing in the year in which such program authorizing Commercial Paper is implemented and with substantially level Annual Debt Service payments; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes.

When calculating Aggregate Annual Debt Service for purposes of this subsection (c), Aggregate Annual Debt Service shall be reduced by the amount of principal and/or interest paid or to be paid with Capitalized Interest, Other Revenues Available for Debt Service and/or Pledged Passenger Facility Charges.

**Section 2.12 Repayment Obligations Afforded Status of Bonds.** If a Credit Provider or Liquidity Provider makes payment of principal of and interest on a Bond or advances funds to purchase or provide for the purchase of Bonds and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Authority, but is not reimbursed, the Authority's Repayment Obligation, or portion thereof, under such written agreement may, if so provided in the written agreement, be afforded the status of a Bond issued under this Article II, and, if afforded such status, the Credit Provider or Liquidity Provider shall be the Bondholder and such Bond shall be deemed to have been issued at the time of the original Bond for which the Credit Facility or

Liquidity Facility was provided and will not be subject to the provisions of Sections 2.09 through 2.11 hereof; provided, however, for purposes of Section 2.11(c)(vi) hereof, notwithstanding the stated terms of the Repayment Obligation, the payment terms of the Bond held by the Credit Provider or Liquidity Provider hereunder shall be as follows (unless otherwise provided in the written agreement with the Authority or a Supplemental Indenture pursuant to which the Bonds are issued): (a) interest shall be due and payable semiannually and (b) principal shall be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Bonds or (B) if longer, the final maturity of the Repayment Obligation under the written agreement, and providing substantially level Annual Debt Service payments. The principal amortized as described in the prior sentence shall bear interest in accordance with the terms of the Repayment Obligation. The Authority may provide that any amount which comes due on the Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Bond may be treated as a Subordinate Obligation of the Authority or payable from amounts on deposit in the General Purpose Fund. This provision shall not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Indenture. The Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Repayment Obligation is to be afforded the status of a Bond under this Indenture.

### **Section 2.13 Obligations Under Qualified Swap.**

(a) The obligation of the Authority to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a Series of Bonds may be on a parity with the obligation of the Authority to make payments with respect to such Series of Bonds and other Bonds under this Indenture, except as otherwise provided herein or in a Supplemental Indenture. The Authority may provide in any Supplemental Indenture that Regularly Scheduled Swap Payments under a Qualified Swap shall be secured by a pledge of or lien on Net Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding. The Trustee shall take all action consistent with the other provisions hereof as shall be requested in writing by the Qualified Swap Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the Authority with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence shall require the Trustee either to exercise the remedies granted in this Indenture or to institute any action, suit or proceeding in its own name, the Qualified Swap Provider shall provide to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

(b) In the event that a Swap Termination Payment or any other amounts other than as described in clause (a) above are due and payable by the Authority under a Qualified

Swap, such Swap Termination Payment and any such other amounts shall constitute a Subordinate Obligation hereunder.

### ARTICLE III

#### REDEMPTION OF BONDS

Bonds may be subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Indenture providing for the issuance of such Bonds. The Authority may provide for the redemption of Bonds from any funds available to the Authority and not obligated for other purposes.

In connection with the partial early redemption of any Term Bonds of a Series, the Authority may, in any Supplemental Indenture, provide that the principal amount of Bonds of such Series being redeemed shall be allocated against its scheduled sinking fund redemption and modify its scheduled sinking fund installments payable thereafter as to the Outstanding Term Bonds of such Series in any manner the Authority may determine. The Authority may provide in any Supplemental Indenture that, prior to notice of redemption for any Bonds of a Series, moneys in the Debt Service Fund, the Common Debt Service Reserve Fund, and any Series Debt Service Reserve Fund relating to such Series of Bonds may be applied at the direction of the Authority to the purchase of Bonds of such Series and, if any such purchased Bonds are Term Bonds, the Authority may allocate the principal amount of Bonds of such Series being redeemed against its scheduled sinking fund redemption for such Bonds and may modify its scheduled sinking fund installment payments thereafter payable with respect to Bonds of such Series in any manner the Authority may determine.

### ARTICLE IV

#### REVENUES; FUNDS AND ACCOUNTS

**Section 4.01 Bonds Secured by a Pledge and Lien on Net Revenues.** Bonds authorized and issued under the provisions of this Indenture shall be secured as provided in the Granting Clauses of this Indenture and the granting clause(s) set forth in any Supplemental Indenture. Other than any Outstanding Subordinate Obligations, the Authority hereby represents and states that it has not previously created any charge or lien on or any security interest in the Gross Revenues or the Net Revenues and the Authority covenants that, until all the Bonds authorized and issued under the provisions of this Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as otherwise provided under this Indenture, grant any prior or parity pledge of or any security interest in the Net Revenues or any other security which is pledged pursuant to the Granting Clauses of this Indenture, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge or lien of the Bonds from time to time Outstanding under this Indenture. The Authority may, as provided in and as limited by Section 5.06 hereof, grant a lien on or security interest in the Net Revenues

remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof to secure Subordinate Obligations.

#### **Section 4.02 Perfection of Security Interest.**

(a) This Indenture creates a valid and binding pledge and assignment of and security interest in all of the Net Revenues pledged under this Indenture in favor of the Trustee as security for payment of the Bonds, enforceable by the Trustee in accordance with the terms thereof.

(b) Under the laws of the State, this pledge shall be valid and binding from and after the date of the first delivery of any such Bonds of any Series, and the Net Revenues hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority, except for any Bonds hereafter authorized, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

#### **Section 4.03 Receipt, Deposit and Use of Gross Revenues—Revenue Account.**

(a) The Authority hereby covenants and agrees to hold and maintain the Revenue Fund. The Authority hereby covenants and agrees to establish, hold and maintain an Account designated as the “Revenue Account” within the Revenue Fund. The Authority hereby further covenants and agrees that, as long as there are any Bonds Outstanding, all Gross Revenues, when and as received, shall be deposited by the Authority in the Revenue Account.

(b) All Gross Revenues in the Revenue Account shall be set aside for the payment of the following amounts or deposited or transferred to the following Funds, Accounts and Subaccounts in the following order of priority:

(i) *First - Operation and Maintenance Subaccount.* On or prior to the third (3rd) Business Day of each month, the Authority shall deposit Gross Revenues to the Operation and Maintenance Subaccount in an amount equal to one-twelfth (1/12th) of the estimated Operation and Maintenance Expenses for the then current Fiscal Year as set forth in the budget of the Authority for such Fiscal Year as finally approved by the Authority. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom due and payable between the third (3rd) Business Day of the then current

month and the second (2nd) Business Day of the immediately succeeding month, additional Gross Revenues at least sufficient to make such payments shall immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account (or sufficient amounts shall be drawn from the Operation and Maintenance Reserve Subaccount in accordance with Section 4.07 hereof).

(ii) *Second - Debt Service Funds.* On or prior to the third (3<sup>rd</sup>) business Day of each month, a sufficient amount of Net Revenues shall be transferred by the Authority, without priority and on an equal basis, except as to timing of payment, to the Trustee for deposit to the Debt Service Funds in the amounts, at the times and in the manner provided in Section 4.05 hereof to provide for the payment of principal and interest to become due on the Outstanding Bonds.

In addition to the deposit of Net Revenues to the Debt Service Funds, the Authority shall deposit any applicable Pledged Passenger Facility Charges and/or Other Revenues Available for Debt Service with the Trustee for deposit to the applicable Debt Service Fund(s) in accordance with the provisions of the applicable Supplemental Indenture and/or the applicable certificate described in Section 4.15 hereof.

(iii) *Third - Common Debt Service Reserve Fund and Series Debt Service Reserve Funds.* On or prior to the third (3<sup>rd</sup>) Business Day of each month, a sufficient amount of Net Revenues shall be transferred by the Authority, without priority and on an equal basis, to the Trustee for deposit to the Common Debt Service Reserve Fund at the times and in the amounts provided in Sections 4.06 hereof, and to any Series Debt Service Reserve Fund at the times and in the amounts set forth in the Supplemental Indenture pursuant to which such Series Debt Service Reserve Fund is created.

(iv) *Fourth - Subordinate Obligation Debt Service.* On or prior to the third (3<sup>rd</sup>) Business Day of each month, a sufficient amount of Net Revenues, to the extent available after making deposits required under (i) through (iii) above, shall be transferred by the Authority to the Subordinate Obligation Trustee, in such amounts and at such times (as specified by the Authority), as shall be necessary to make all payments and deposits required to be made during the following month on all Subordinate Obligations.

(v) *Fifth - Subordinate Obligation Debt Service Reserve Funds.* On or prior to the third (3<sup>rd</sup>) Business Day of each month, a sufficient amount of Net Revenues shall be transferred or caused to be transferred by the Authority to the Subordinate Obligation Trustee (in such amounts and at such times as specified in the Subordinate Obligation Trust Indenture) to fund any deficiency in any debt service reserve fund established by or for the benefit of the Authority in connection

with any Subordinate Obligations issued pursuant to the terms of a Subordinate Obligation Trust Indenture, provided, however, no Net Revenues shall be transferred by the Authority to the Subordinate Obligation Trustee for deposit to any debt service reserve fund established by or for the benefit of the Authority in connection with any Subordinate Obligations if amounts (including any Debt Service Reserve Fund Surety Policy) in the Common Debt Service Reserve Fund are not sufficient to meet the Reserve Requirement or amounts (including any Debt Service Reserve Fund Surety Policy) in any Series Debt Service Reserve Fund are not sufficient to meet the applicable Reserve Requirement for such Series Debt Service Reserve Fund.

(vi) *Sixth - Operation and Maintenance Reserve Subaccount.* On or prior to the third (3rd) Business Day of each month, sufficient Net Revenues shall be deposited to the Operation and Maintenance Reserve Subaccount to fund any deficiency in the Operation and Maintenance Reserve Subaccount in accordance with Section 4.07 hereof.

(vii) *Seventh - Renewal and Replacement Subaccount.* On or prior to the third (3rd) Business Day of each month, sufficient Net Revenues shall be deposited to the Renewal and Replacement Subaccount to fund any deficiency in the Renewal and Replacement Subaccount in accordance with Section 4.08 hereof.

(viii) *Eighth - Special Fund.* On or prior to the third (3rd) Business Day of each month, at the discretion of the Authority, Net Revenues may be deposited to the Special Fund in an amount determined by the Authority to fund the Special Fund in accordance with Section 4.09 hereof.

(ix) *Ninth – General Purpose Fund.* After all deposits and payments have been made as described in clauses (i) through (viii) above, the Authority, may from time to time, at its discretion, deposit all or a portion of the remaining Net Revenues in the Revenue Account to the General Purpose Fund and apply such Net Revenues to the purposes set forth in Section 4.10 hereof.

(c) The Authority reserves the right to make modifications to the application of the funds as provided in subsections (b)(vi) through (b)(ix) above and to create additional funds and accounts to be inserted below subsection (b)(v) above. The Authority covenants that no such modifications will violate the provisions and order of payment set forth in subsections (b)(i) through (b)(v) above or the provisions of any other contracts or agreements of the Authority or any legal requirements otherwise applicable to the use of such moneys.

**Section 4.04 Operation and Maintenance Subaccount.** The Authority shall create and maintain, within the Revenue Account, a special Subaccount to be designated as the “Operation

and Maintenance Subaccount.” All amounts in the Operation and Maintenance Subaccount shall be used and applied by the Authority to pay Operation and Maintenance Expenses as the same may become due. Moneys in the Operation and Maintenance Subaccount do not constitute Net Revenues and are not pledged to the payment of, nor shall they be applied to pay, the principal of and/or interest on the Bonds. Amounts on deposit in the Operation and Maintenance Subaccount may be invested in Permitted Investments and earnings on such amounts shall be retained in the Operation and Maintenance Subaccount and used to pay Operation and Maintenance Expenses.

**Section 4.05 Debt Service Funds.** At the time of issuance of each Series of Bonds, the Authority shall create or shall cause to be created a Debt Service Fund for such Series, which Debt Service Fund shall be held and maintained by the Trustee or any agent of the Trustee, and amounts to be used to pay the principal and redemption price, if any, of and interest on such Series, as received by the Trustee or its agent, shall be deposited therein and used for such purpose. Accounts and Subaccounts shall be created in the various Debt Service Funds and shall be held and maintained by the Trustee or such agents as shall be provided in a Supplemental Indenture.

The moneys in the Debt Service Funds shall be held in trust and applied as provided in the Supplemental Indenture with regard to each such Fund, and pending such application on the applicable Payment Date, such amounts shall be subject to a lien on and security interest in favor of the holders of the Bonds issued and Outstanding under this Indenture.

The Trustee shall, at least fifteen (15) Business Days prior to each Payment Date on any Bond, give the Authority notice by telephone, promptly confirmed in writing, of the amount, if any, (after taking into account any Capitalized Interest, Pledged Passenger Facility Charges, Other Revenues Available for Debt Service and other amounts on deposit in the Debt Service Fund) required to be deposited with the Trustee to make each required payment of principal and interest due on such Payment Date. With respect to any Series of Bonds, the Supplemental Indenture under which such Bonds are issued may provide for different times and methods of notifying the Authority of Payment Dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Indenture shall control.

Except as otherwise provided in a Supplemental Indenture, so long as any Bonds are Outstanding, not later than the third (3rd) Business Day of each month, the Authority shall pay to the Trustee (a) Net Revenues to be withdrawn from the Revenue Account, (b) Pledged Passenger Facility Charges, if any, and/or (c) Other Revenues Available for Debt Service, if any, in an aggregate amount equal to: (i) one-sixth (1/6) of the full amount required to pay the next maturing installment of interest on each Series of Outstanding Bonds, as it becomes due, so that at least the full amount of the next maturing installment of interest on each such Series of Outstanding Bonds shall be set aside in the applicable Debt Service Fund by not later than the fifteenth (15th) day of the month prior to the date each installment of interest becomes due; (ii) one-twelfth (1/12) of the full amount required to pay, as it becomes due at maturity, the next installment of Principal Amount of each Series of Outstanding Bonds, so that at least the full amount of the next installment of Principal Amount of each such Series of Outstanding Bonds shall be set aside in the applicable

Debt Service Fund by not later than the fifteenth (15th) day of the month prior to the date such next installment of Principal Amount becomes due; and (iii) one-twelfth (1/12) of the full amount required to pay, as it becomes due, the sinking fund installment payment, if any, due with respect each Series of Outstanding Term Bonds, so that at least the full amount of the sinking fund installment payment of each such Series of Outstanding Term Bonds shall be set aside in the applicable Debt Service Fund by not later than the fifteenth (15th) day of the month prior to the date such sinking fund installment payment becomes due.

No such transfer need be made in respect of any Series of Outstanding Bonds prior to the actual delivery of that Series of Outstanding Bonds to the purchasers thereof; provided, however, that notwithstanding the previous paragraph, if the first interest payment date for a Series of Bonds occurs less than six months after the issuance of such Series of Bonds, the Authority shall pay to the Trustee (a) Net Revenues to be withdrawn from the Revenue Account, (b) Pledged Passenger Facility Charges, if any, and/or (c) Other Revenues Available for Debt Service, if any, for deposit in the Debt Service Fund established for that Series of Bonds, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the third (3rd) Business Day of the month immediately succeeding the issuance of such Series of Bonds, so that interest due on such Series of Bonds on the first interest payment date to occur after the issuance of such Series Bonds shall be fully funded when the first installment of interest is due on such Series of Bonds, and, if the first principal payment or sinking fund installment of such Series of Bonds is due less than twelve months after the issuance of such Series of Bonds, the Authority shall pay to the Trustee (a) Net Revenues to be withdrawn from the Revenue Account, (b) Pledged Passenger Facility Charges, if any, and/or (c) Other Revenues Available for Debt Service, if any, for deposit in the Debt Service Fund established for that Series of Bonds, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the third (3rd) Business Day of the month immediately succeeding the issuance of such Series of Bonds, so that principal or sinking fund installments of such Series of Bonds due on the first principal payment date to occur after the issuance of such Series of Bonds shall be fully funded when the first principal payment or sinking fund installment is due on such Series of Bonds.

Notwithstanding any of the foregoing provisions of the previous two paragraphs, the Authority shall not be required to pay to the Trustee, for deposit to the Debt Service Fund(s) for each Series of Outstanding Bonds (a) Net Revenues from the Revenue Account, (b) Pledged Passenger Facility Charges, if any, and/or (c) Other Revenues Available for Debt Service, if any, for the payment of principal or sinking fund installments or interest, respectively, if the amount already on deposit in such Debt Service Fund(s) and available for such purpose is sufficient to pay in full the amount of principal or sinking fund installment and/or interest, respectively, coming due on such Bonds on the next succeeding Payment Date.

On any day on which the Trustee receives funds from the Authority to be used to pay principal of or interest on Bonds, the Trustee shall, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit

such amounts into the respective Debt Service Funds for the Series of Bonds for which such payments were made and any excess shall be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. If, on any Payment Date, the Trustee does not have sufficient amounts in the Debt Service Funds (without regard to any amounts which may be available from the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable) to pay in full all amounts of principal and/or interest due on such date, the Trustee shall allocate the total amount which is available to make payment on such day (without regard to any amounts in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable) as follows: first to the payment of interest then due on the Bonds and, if the amount available shall not be sufficient to pay in full all interest on the Bonds then due, then pro rata among the Series according to the amount of interest then due, and second to the payment of principal then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal on the Bonds then due, then pro rata among the Series according to the Principal Amount then due on the Bonds.

Notwithstanding the foregoing, the Authority may, in the Supplemental Indenture authorizing such Series of Bonds, provide for different provisions and timing of deposits with the Trustee and different methods of paying principal of or interest on such Bonds depending upon the terms of such Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Debt Service Fund created for the Series of Bonds for which such Credit Facility is provided. The Authority may provide in any Supplemental Indenture that, as to any Series of Bonds Outstanding, any amounts required to be transferred to and paid into a Debt Service Fund may be prepaid, in whole or in part, by being earlier transferred to and paid into that Debt Service Fund, and in that event any subsequently scheduled monthly transfer, or any part thereof, which has been so prepaid need not be made at the time appointed therefor.

On each Payment Date for any Outstanding Bonds, the Trustee shall pay to the Owners of the Bonds of a given Series from the appropriate Debt Service Fund or Debt Service Funds, an amount equal to the principal and/or interest becoming due on such Series of Bonds.

The payments made by the Trustee in this Section shall be made solely to the extent that moneys are on deposit in the appropriate Debt Service Fund.

If Net Revenues, Pledged Passenger Facility Charges, if any, and/ Other Revenues Available for Debt Service, if any, are at any time insufficient to make the required deposits to the Debt Service Funds to make payments on the Bonds, the Authority may, at its election, pay to the Trustee funds from any available sources with the direction that such funds be deposited into the Debt Service Funds or into a specified Account or Accounts or Subaccount or Subaccounts therein.

**Section 4.06 Common Debt Service Reserve Fund and Series Debt Service Reserve Funds.**

(a) The Authority shall create or shall cause to be created the Common Debt Service Reserve Fund, which Common Debt Service Reserve Fund shall be held and maintained by the Trustee or any agent of the Trustee. The Common Debt Service Reserve Fund shall secure each Series of Bonds that the Authority elects, pursuant to a Supplemental Indenture, to have participate in the Common Debt Service Reserve Fund. The Authority reserves the right, in its discretion, (i) to allow any Series of Bonds to participate in the Common Debt Service Reserve Fund, or (ii) to create, pursuant to Supplemental Indentures, separate Series Debt Service Reserve Funds and allow one or more Series of Bonds to participate in such Series Debt Service Reserve Funds, or (iii) to provide that a Series of Bonds not participate in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund. Any Series Debt Service Reserve Fund established under a Supplemental Indenture shall be funded in an amount equal to the applicable Reserve Requirement set forth in such Supplemental Indenture. Additionally, such Supplemental Indenture shall provide for the manner of funding and replenishing of such Series Debt Service Reserve Fund and establish such other terms with respect to such Series Debt Service Reserve Fund as the Authority may deem to be appropriate, including providing a Debt Service Reserve Fund Surety Policy in lieu thereof.

(b) (i) Except as otherwise provided herein, with respect to Bonds participating in the Common Debt Service Reserve Fund, each Supplemental Indenture providing for the issuance such Bonds shall require as a condition of issuance that at the time of issuance of such Bonds an amount be deposited in the Common Debt Service Reserve Fund so that, together with any Debt Service Reserve Fund Surety Policy provided pursuant to clause (c) below, the amount on deposit in the Common Debt Service Reserve Fund will be equal to the Reserve Requirement for the Common Debt Service Reserve Fund. Any cash to be deposited in the Common Debt Service Reserve Fund may be derived from proceeds of Bonds or any other legally available source of funds. In the event that federal tax law in the opinion of Bond Counsel would prohibit the Reserve Requirement with respect to the Common Debt Service Reserve Fund or any portion thereof from being satisfied with proceeds of any issue of tax-exempt Bonds, the Authority shall be permitted to satisfy the portion of the Reserve Requirement for the Common Debt Service Reserve Fund not permitted to be funded with tax-exempt Bond proceeds with Net Revenues as described in Section 4.03(b)(iii) hereof, to the extent permissible under federal tax laws, in equal monthly installments within sixty (60) months from the date of issuance of said Series of Bonds.

(ii) Moneys held in the Common Debt Service Reserve Fund shall be used for the purpose of paying principal of and interest on the Bonds participating in the Common Debt Service Reserve Fund on a basis *pari passu* with all Bonds then participating in the Common Debt Service Reserve Fund. If, on any Payment Date for Bonds participating in the Common Debt Service Reserve Fund, the amounts in the Debt Service Funds for such Bonds are insufficient to pay in full the

amount then due on such Bonds, moneys held in the Common Debt Service Reserve Fund shall be used for the payment of the principal of and/or interest thereon as provided in Section 4.05 hereof. If amounts in the Common Debt Service Reserve Fund consist of both cash and one or more Debt Service Reserve Fund Surety Policies, the Trustee shall make any required payments of amounts in the Common Debt Service Reserve Fund first from any cash on deposit in the Common Debt Service Reserve Fund, prior to making a draw upon any of such Debt Service Reserve Fund Surety Policy. Moneys held in the Common Debt Service Reserve Fund also may be used to make any deposit required to be made to the Rebate Fund created for the Bonds participating in the Common Debt Service Reserve Fund at the written direction of the Authority if the Authority does not have other funds available from which such deposit can be made.

(iii) Subject to the provisions of subsection (b)(i) above, the Trustee shall annually, prior to March 1 of each year and at such other times as the Authority shall request, value the Common Debt Service Reserve Fund on the basis of the cost thereof, plus accrued interest, adjusted for any amortization of premium or discount on the investment thereof. For purposes of determining the amount on deposit in the Common Debt Service Reserve Fund, any Debt Service Reserve Fund Surety Policy held by, or the benefit of which is available to, the Trustee as security for the Bonds participating in the Common Debt Service Reserve Fund shall be deemed to be a deposit in the face amount of such Debt Service Reserve Fund Surety Policy or the stated amount of such Debt Service Reserve Fund Surety Policy provided, except that, if the amount available under a Debt Service Reserve Fund Surety Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Debt Service Reserve Fund Surety Policy and not reinstated or another Debt Service Reserve Fund Surety Policy provided, then, in valuing the Common Debt Service Reserve Fund, the value of such Debt Service Reserve Fund Surety Policy shall be reduced accordingly. Upon each such valuation, the Trustee shall prepare a written certificate setting forth the Reserve Requirement with respect to the Common Debt Service Reserve Fund as of such valuation date and the value of the Common Debt Service Reserve Fund and deliver a copy thereof to the Chief Finance & Administration Officer. If, upon any valuation of the Common Debt Service Reserve Fund, the value of the Common Debt Service Reserve Fund exceeds the Reserve Requirement with respect to the Common Debt Service Reserve Fund, the excess amount may be withdrawn and paid to the Authority to be used for any lawful purpose; provided that, if such amounts are used for a purpose other than payment of the principal of Bonds participating in the Common Debt Service Reserve Fund, there shall be delivered to the Trustee with the request for such funds an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used by the Authority and that

such use shall not result in the inclusion of interest on any tax-exempt Bonds in gross income of the recipient thereof for federal income tax purposes. If, upon any valuation of the Common Debt Service Reserve Fund, the value is less than the Reserve Requirement with respect to the Common Debt Service Reserve Fund, the Authority shall replenish such amounts within thirty-six (36) months after the date of such valuation, in accordance with subsection (f) below.

(c) A Debt Service Reserve Fund Surety Policy shall be acceptable in lieu of a deposit of cash or securities into the Common Debt Service Reserve Fund, or may be substituted for amounts on deposit in the Common Debt Service Reserve Fund, only if at the time of such deposit (i) such Debt Service Reserve Fund Surety Policy extends to the maturity of the Series of Bonds of the longest maturity then Outstanding and participating in the Common Debt Service Reserve Fund, or the Authority has agreed, pursuant to a Supplemental Indenture, that the Authority will replace such Debt Service Reserve Fund Surety Policy prior to its expiration with another Debt Service Reserve Fund Surety Policy which shall have no adverse effect on the ratings, if any, then in effect on the Bonds participating in the Common Debt Service Reserve Fund, or with cash, and (ii) the face amount of the Debt Service Reserve Fund Surety Policy, together with amounts on deposit in the Common Debt Service Reserve Fund, including the face amount of any other Debt Service Reserve Fund Surety Policy, is at least equal to the Reserve Requirement with respect to the Common Debt Service Reserve Fund.

(d) Moneys in the Common Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of the Authorized Authority Representative in Permitted Investments. Investments in the Common Debt Service Reserve Fund shall not have maturities which extend beyond five years. Earnings on the Common Debt Service Reserve Fund shall be paid pro rata to the Debt Service Funds for the Bonds participating in the Common Debt Service Reserve Fund to be applied as a credit against the Authority's obligation to make its next interest payments unless an amount has been withdrawn from the Common Debt Service Reserve Fund as a result of a deficiency in the Debt Service Funds and such withdrawal has not been repaid or, as of the most recent valuation of the Common Debt Service Reserve Fund, the amount therein was valued at less than the Reserve Requirement with respect to the Common Debt Service Reserve Fund and the deficiency has not yet been restored, in either of which events the earnings shall be retained in the Common Debt Service Reserve Fund until the deficiency therein has been eliminated.

(e) All money remaining in the Common Debt Service Reserve Fund on the final Payment Date of the Bonds participating in the Common Debt Service Reserve Fund in excess of the amount required to make provisions for the payment in full of the interest and/or the principal of the Bonds of all Outstanding Series participating in the Common

Debt Service Reserve Fund shall be transferred to the Authority for deposit in the Revenue Account.

(f) If the Common Debt Service Reserve Fund or a separately created Series Debt Service Reserve Fund (or Debt Service Reserve Fund Surety Policy provided in lieu thereof) have been used to make payments on Bonds secured thereby, then the Authority may be required to replenish the Common Debt Service Reserve Fund and such Series Debt Service Reserve Fund or reimburse the Credit Provider from Net Revenues as provided in Section 4.03(b)(iii) hereof, the full amount so withdrawn, together with interest, if any, required under the terms of the Debt Service Reserve Fund Surety Policy, or so much as shall be required to restore the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund to the Reserve Requirement with respect to the Common Debt Service Reserve Fund or such Series Debt Service Reserve Fund and to pay such interest, if any provided that (i) no amount from Net Revenues may be used for such purpose until all payments of principal of and/or interest on all Bonds which have become due and payable shall have been paid in full, (ii) the required payments to replenish the Common Debt Service Reserve Fund or any such Series Debt Service Reserve Fund or reimburse the Credit Provider shall be due in no more than thirty-six (36) substantially equal monthly installments commencing in the month following any such withdrawal, and (iii) if the aggregate amount of payments due on any date to replenish the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund exceeds the amount available for such purpose, the payments made to the Trustee for such purpose shall be allocated among the Common Debt Service Reserve Fund and any Series Debt Service Reserve Funds pro rata on the basis of the Outstanding Principal Amount of Bond secured thereby. If such repayment is with respect to a draw under a Debt Service Reserve Fund Surety Policy, the Trustee shall pay to the provider of such Debt Service Reserve Fund Surety Policy the amount received by the Trustee from the Authority which is designated to be used to reimburse the provider of such Debt Service Reserve Fund Surety Policy. The Trustee shall immediately notify the paying agent for the Debt Service Reserve Fund Surety Policy, if any, of such reimbursement.

**Section 4.07 Operation and Maintenance Reserve Subaccount.** The Authority shall create, hold and maintain, within the Revenue Account, a special Subaccount to be designated as the "Operation and Maintenance Reserve Subaccount." Upon adoption of the annual budget of the Authority for Operation and Maintenance Expenses, the Authority shall calculate the Operation and Maintenance Reserve Subaccount Requirement. To the extent amounts on deposit in the Operation and Maintenance Reserve Subaccount exceed the Operation and Maintenance Reserve Subaccount Requirement on the date of any such calculation, the Authority may transfer such excess to the Revenue Account. Except in the case of a Force Majeure Event, to the extent amounts on deposit in the Operation and Maintenance Reserve Subaccount on the date of any such calculation are less than the Operation and Maintenance Reserve Subaccount Requirement, the Authority shall deposit monthly in the Operation and Maintenance Reserve Subaccount an amount

equal to one-twelfth (1/12th) of the difference between the amount on deposit in the Operation and Maintenance Reserve Subaccount and the Operation and Maintenance Reserve Subaccount Requirement. The Authority shall deposit such additional amount monthly into the Operation and Maintenance Reserve Subaccount until the balance in the Subaccount is at least equal to the Operation and Maintenance Reserve Subaccount Requirement.

In the event of any withdrawal from the Operation and Maintenance Reserve Subaccount, other than a withdrawal of excess deposits as permitted pursuant to the immediately preceding paragraph and except in the case of a Force Majeure Event, the Authority shall deposit monthly in the Operation and Maintenance Reserve Subaccount an amount equal to one-twelfth (1/12th) of the aggregate amount of such withdrawal until the balance in the Operation and Maintenance Reserve Subaccount is at least equal to the Operation and Maintenance Reserve Subaccount Requirement.

All amounts in the Operation and Maintenance Reserve Subaccount shall be used and applied by the Authority (a) to pay Operation and Maintenance Expenses, (b) to make any required payments or deposits to pay or secure the payment of the principal of and/or interest on the Bonds, and (c) to pay the costs of any additions, improvements, repairs, renewals or replacements to the Airport System, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient.

**Section 4.08 Renewal and Replacement Subaccount.** The Authority shall create, hold and maintain, within the Revenue Account, a special Subaccount to be designated as the “Renewal and Replacement Subaccount.” The Authority shall fund the Renewal and Replacement Subaccount in an amount equal to the Renewal and Replacement Subaccount Requirement. To the extent amounts on deposit in the Renewal and Replacement Subaccount on the date of any calculation are less than the Renewal and Replacement Subaccount Requirement, the Authority shall deposit monthly in the Renewal and Replacement Subaccount an amount equal to one-twelfth (1/12th) of the aggregate amount of any such deficiency until the balance in the Renewal and Replacement Subaccount is at least equal to the Renewal and Replacement Subaccount Requirement.

All amounts in the Renewal and Replacement Subaccount shall be used and applied by the Authority (a) to pay the costs of any extraordinary repairs, renewals or replacements to the Airport System, and (b) to make any required payments or deposits to pay or secure the payment of the principal of and/or interest on the Bonds, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient.

**Section 4.09 Special Fund.** The Authority shall create, hold and maintain, within the Revenue Fund, a special fund to be designated as the “Special Fund.” Beginning in the first full Fiscal Year following adoption of this Master Trust Indenture, the Authority shall deposit to the Special Fund fifty percent (50%) of concession revenues derived from gaming concessions for each applicable Fiscal Year, in substantially equal monthly installments. Such amounts shall be

used for expenditure from time to time for any lawful purpose or purposes of the Authority pertaining to the Authority's Airport System and any other airport facilities of the Authority, and to be held as a reserve therefor. Expenditures from the Special Fund shall be in accordance with an annual budget for the account established by the Authority. At the beginning of each Fiscal Year any moneys accounted for in the Special Fund, whether or not encumbered to pay obligations accrued and to accrue under any existing contract made by the Authority prior to such Fiscal Year, shall remain in the Special Fund for the purposes of the account designated above in this Section, until expended for any such purposes.

**Section 4.10 General Purpose Fund.** The Authority hereby covenants and agrees to, create, hold and maintain the General Purpose Fund. Moneys deposited to the General Purpose Fund shall be used for any lawful purpose of the Authority, but only to the extent any such purposes relate to the Airport System.

**Section 4.11 Construction Funds.** Proceeds of each Series of Bonds which are to be used to pay the Costs of a Project shall be deposited into a Fund (each, respectively, a "*Construction Fund*") to be created by the Authority for such Series of Bonds and held and maintained either by the Authority or the Trustee or part by the Authority and part by the Trustee, all as provided by this Indenture or a Supplemental Indenture. All moneys in each Construction Fund shall be held and disbursed as provided in the Supplemental Indenture under which such Fund was created. Notwithstanding this provision, no Construction Fund shall be required for a given Series of Bonds if all of the proceeds thereof (except those deposited into the Common Debt Service Reserve Fund or a Series Debt Service Reserve Fund or a Debt Service Fund) are spent at the time of issuance of such Series or are used to refund and/or defease Bonds or otherwise the Authority determines that there is no need to create a Construction Fund for such Series.

**Section 4.12 Additional Funds, Accounts and Subaccounts.** In addition to the Funds, Accounts and Subaccounts described in this Article, the Authority may, pursuant to a Supplemental Indenture, create additional Funds, Accounts and Subaccounts for such purposes as the Authority deems appropriate, including separate Funds, Accounts and Subaccounts available only for specified Bonds or Series of Bonds.

**Section 4.13 Moneys Held in Trust for Matured Bonds; Unclaimed Moneys.** All moneys which shall have been withdrawn from a Debt Service Fund and set aside or deposited with a Paying Agent for the purpose of paying any of the Bonds, either at the maturity thereof or upon call for redemption, or which are set aside by the Trustee for such purposes and for which Bonds the maturity date or redemption date shall have occurred, shall be held in trust for the respective holders of such Bonds. But any moneys which shall be so set aside or deposited and which shall remain unclaimed by the holders of such Bonds for a period of one (1) year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the Authority, and thereafter the holders of such Bonds shall look only to the Authority for payment and the Authority shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and neither the

Trustee nor any Paying Agent shall have any responsibility with respect to any of such moneys. The Authority hereby recognizes that while any Bonds are Outstanding in book-entry only form there should be no unclaimed moneys.

**Section 4.14 Additional Security.** The pledge of Net Revenues and the other security provided in the Granting Clauses hereof, secures all Bonds issued under the terms of this Indenture on an equal and ratable basis, except as to the timing of such payments. The Authority may, however, in its discretion, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

**Section 4.15 Other Revenues Available for Debt Service.** The Authority may for any period elect to designate any available moneys, not previously constituting Gross Revenues or previously designated as or included in “Other Pledged Revenues,” as “Other Revenues Available for Debt Service” by filing with the Trustee a certificate signed by an Authorized Authority Representative that includes (a) a representation by the Authority that such Other Revenues Available for Debt Service, when received by the Authority, may be validly designated as and included in “Other Revenues Available for Debt Service” under the Indenture and are legally available to pay the principal of, premium, if any, and interest on all or a portion of the Bonds, (b) the amount of Other Revenues Available for Debt Service that are being designated as and included in “Other Revenues Available for Debt Service,” (c) the Debt Service Fund(s) such Other Revenues Available for Debt Service are to be deposited to, and (d) the time period during which such Other Revenues Available for Debt Service will be designated as and included in “Other Revenues Available for Debt Service.” After the filing of such certificate with the Trustee, the Authority shall cause the Other Revenues Available for Debt Service designated therein to be deposited to the applicable Debt Service Fund(s) and used to pay debt service on the applicable Series of Bonds. Notwithstanding any other provision hereof, if such Other Revenues Available for Debt Service are subject to any prior pledge or lien or irrevocable commitment, the application thereof to the payment of debt service on the Bonds shall be subordinate to the terms of such pledge or lien or irrevocable commitment and the certificate of the Authorized Authority Representative designating the Other Revenues Available for Debt Service shall indicate the amount of the obligation payable in such Fiscal Year from the Other Revenues Available for Debt Service pursuant to such pledge or lien or irrevocable commitment.

## ARTICLE V

### COVENANTS OF THE AUTHORITY

**Section 5.01 Payment of Principal and Interest.** The Authority hereby covenants and agrees that it will duly and punctually pay or cause to be paid from the Net Revenues and to the extent thereof the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein, in the Supplemental Indentures and in the Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all

covenants and agreements herein and in the Bonds contained, provided that the Authority's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be limited to payment from the Net Revenues, the funds and accounts pledged therefor in the Granting Clauses of this Indenture and any other source which the Authority may specifically provide for such purpose and no Bondholder shall have any right to enforce payment from any other funds of the Authority.

**Section 5.02 Performance of Covenants by Authority; Due Execution.** The Authority hereby covenants that it will faithfully perform at all times any and all covenants and agreements contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Authority hereby represents that it is duly authorized under the Constitution and laws of the State, the Authority Act and the Bond Act to issue Bonds and pledge and grant a security interest in the Net Revenues and other security pledged thereto or in which a security interest is granted and that the Authority has not previously pledged Net Revenues or other assets to secure other obligations.

**Section 5.03 Senior Lien Obligations Prohibited.** The Authority hereby covenants and agrees that so long as any Bonds are Outstanding under this Indenture, it will not issue any bonds or other obligations with a lien on or security interest in nor grant any lien or security interest in Net Revenues which is senior to the Bonds.

**Section 5.04 Rate Covenant.**

(a) The Authority hereby covenants and agrees that, while any of the Bonds remain Outstanding (but subject to all existing contracts and legal obligations of the Authority as of the date of execution of this Indenture setting forth restrictions relating thereto), it shall establish, fix, prescribe and collect fees, rentals, rates and other charges in connection with the Airport System and for services rendered in connection therewith, so that Gross Revenues in each Fiscal Year will be at least equal to the following amounts:

- (i) Operation and Maintenance Expenses due and payable during such Fiscal Year;
- (ii) the Annual Debt Service on any Outstanding Bonds required to be funded by the Authority in such Fiscal Year as required by this Indenture or any Supplemental Indenture with respect to the Outstanding Bonds;
- (iii) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund which may be established by a Supplemental Indenture;
- (iv) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture;

(v) the interest on and principal of any Subordinate Obligations; and

(vi) funding of any debt service reserve funds created in connection with any Subordinate Obligations.

(b) The Authority hereby further covenants and agrees that it shall establish, fix, prescribe and collect fees, rentals, rates and other charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Transfer, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. For purposes of this subsection (b), the amount of any Transfer taken into account shall not exceed 0.25 times the amount of the Annual Debt Service on the Outstanding Bonds in such Fiscal Year, except that any amounts that are credited toward airline rates and charges, under a revenue sharing or similar rate setting approach, if deposited into the Revenue Fund in a Fiscal Year are not subject to the foregoing limit of 0.25 times the amount of the Annual Debt Service.

(c) When calculating Annual Debt Service on the Outstanding Bonds for purposes of the rate covenants set forth in subsections (a) and (b) above, Annual Debt Service on the Outstanding Bonds shall be reduced by the amount of principal and/or interest paid with Capitalized Interest, Other Revenues Available for Debt Service and/or Pledged Passenger Facility Charges.

(d) The Authority hereby further covenants and agrees that if Gross Revenues and Net Revenues, together with any Transfer (only as applied in subsection (b) above) in any Fiscal Year are less than the amounts specified in subsections (a) and (b) above, the Authority will retain and direct a Consultant to make recommendations as to the revision of the Authority's business operations and its schedule of fees, rentals, rates and other charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority shall take all lawful measures to revise the schedule of fees, rentals, rates and other charges as may be necessary to produce Gross Revenues and Net Revenues, together with any Transfer (only as applied in subsection (b) above) in the amounts specified in subsections (a) and (b) above in the next succeeding Fiscal Year.

(e) In the event that Gross Revenues or Net Revenues for any Fiscal Year are less than the amounts specified in subsections (a) or (b) above, but the Authority has, prior to or during the next succeeding Fiscal Year, promptly taken all lawful measures to revise the schedule of fees, rentals, rates and other charges as required by subsection (d) above, such deficiency in Gross Revenues or Net Revenues shall not constitute an Event of Default under the provisions of Section 8.01(d) hereof. Nevertheless, if after taking the measures required by subsection (d) above to revise the schedule of fees, rentals, rates and other

charges, Gross Revenues or Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Authority for such Fiscal Year) are less than the amounts specified in subsections (a) or (b) above, such deficiency in Gross Revenues or Net Revenues shall constitute an Event of Default under the provisions of Section 8.01(d) hereof.

**Section 5.05 No Inconsistent Contract Provisions.** The Authority hereby covenants that no contract or contracts will be entered into or any action taken by the Authority which shall be inconsistent with the provisions of this Indenture. The Authority hereby further covenants that it will not take any action which, in the Authority's judgment at the time of such action, will substantially impair or materially adversely affect the Net Revenues, or will substantially impair or materially adversely affect in any manner the pledge of, lien on or security interest granted in the Net Revenues herein or the rights of the holders of the Bonds. The Authority shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to pay from the Net Revenues the principal of and interest on the Bonds and to make the other payments provided for herein.

**Section 5.06 Subordinate Obligations.** The Authority may, from time to time, incur indebtedness which is subordinate to the Bonds and which indebtedness is, in this Indenture, referred to as Subordinate Obligations. Such indebtedness shall be incurred at such times and upon such terms as the Authority shall determine, provided that:

(a) any Supplemental Indenture authorizing the issuance of any Subordinate Obligations shall specifically state that such lien on or security interest granted in the Gross Revenues and the Net Revenues is junior and subordinate to the lien on and security interest in such Gross Revenues and Net Revenues and other assets granted to secure the Bonds; and

(b) payment of principal of and interest on such Subordinate Obligations shall be permitted, provided that all deposits required to be made pursuant to Sections 4.03(b)(i) through (iii) hereof, if any, are then current in accordance with Section 4.03(b) hereof.

**Section 5.07 Special Facilities and Special Facility Obligations.**

(a) The Authority shall be permitted to designate new or existing Airport Facilities as Special Facilities as permitted in this Section 5.07. The Authority may, from time to time, and subject to the terms and conditions of this Section 5.07, (i) designate a separately identifiable existing facility or planned facility as a "Special Facility," (ii) pursuant to an indenture other than this Indenture and without a pledge of any Net Revenues (except on a subordinate basis), incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to third parties to acquire, construct, renovate or improve, such facility, (iii) provide that certain of the contractual payments derived from or related to such Special Facility, together with other

income and revenues available to the Authority from such Special Facility to the extent necessary to make the payments required by clause (i) of Subsection (c) below, be “Special Facilities Revenue” and not included as Gross Revenues and unless on terms provided in any supplemental indenture, and (iv) provide that the debt so incurred shall be a “Special Facility Obligation” and the principal of and interest thereon shall be payable solely from the Special Facilities Revenue and the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligation (except the Authority may, in its sole discretion, determine to make Gross Revenues or such other moneys not included in Gross Revenues available (through a specific pledge or otherwise and subject to any covenants or other provisions of this Indenture (including, but not limited to Sections 2.09 and 5.04 hereof) or such other resolution, indentures or agreements of the Authority). The Authority may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations. Additionally, Special Facility Obligations may be secured by a pledge of Gross Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof.

(b) Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from (i) Special Facilities Revenue, which shall include contractual payments derived by the Authority under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the Authority and one or more additional persons, firms or corporations, either public or private, as shall undertake the operation of a Special Facility, (ii) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, and (iii) such Gross Revenues or other moneys not included in Gross Revenues made available by the Authority as provided in clause (iv) of subsection (a) above, if any.

(c) No Special Facility Obligations shall be issued by the Authority unless there shall have been filed with the Trustee a certificate of an Authorized Authority Representative stating that:

(i) the estimated Special Facilities Revenue pledged to the payment of the Special Facility Obligations, the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligation, if any, and such Gross Revenues or other moneys made available by the Authority pursuant to clause (iv) of subsection (a) above, if any, will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Authority and all sinking fund installment, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(ii) no Event of Default then exists under Article VIII hereof.

(d) To the extent Special Facilities Revenue received by the Authority during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (i) of subsection (c) above for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted in connection with such Special Facilities Revenue financing, shall constitute Gross Revenues.

**Section 5.08 Maintenance of Powers.** The Authority hereby covenants that it will at all times use its commercially reasonable efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to the Authority Act, the Constitution of the State and all other laws and that it will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to delay either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants herein contained.

**Section 5.09 Operation and Maintenance of Airport System.** Subject to the transfer of any Airport Facilities pursuant to Section 5.12 hereof, the Authority hereby covenants that the Airport System shall at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises shall be complied with (provided the Authority shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System shall be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System shall be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities pursuant to Section 5.12 hereof, the Authority shall, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Authority, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Gross Revenues or Net Revenues, when the same shall become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Gross Revenues or Net Revenues or the Airport System or any part thereof constituting part of the Airport System.

**Section 5.10 Insurance; Application of Insurance Proceeds.**

(a) Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(i) the Authority shall procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Authority, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports; and

(ii) the Authority shall place on file with the Trustee, annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Authority Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to the Airport System and the operations of the Authority related to the Airport System. The Trustee may conclusively rely upon such certificate and shall not be responsible for the sufficiency or adequacy of any insurance required herein or obtained by the Authority.

(b) “*Qualified Self Insurance*” shall mean insurance maintained through a program of self insurance or insurance maintained with a fund, company or association in which the Authority may have a material interest and of which the Authority may have control, either singly or with others. Each plan of Qualified Self Insurance shall be established in accordance with law, shall provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Authority determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self-insurance program shall be reviewed at least once every 12 months by a Consultant who shall deliver to the Authority a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, they shall make a recommendation as to the amount of reserves that should be established and maintained, and the Authority shall comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Authority.

(c) If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the Authority shall create within the Revenue Account a special Subaccount and shall credit the Net Proceeds received as a result of such event of damage or destruction to such Subaccount and such Net Proceeds shall, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which was damaged or destroyed, (ii) provide additional revenue-producing Airport Facilities, (iii) redeem Bonds, or (iv) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII hereof.

**Section 5.11 Accounts.** The Authority hereby covenants that it will keep and provide accurate books and records of account showing all Gross Revenues received and all expenditures of the Authority relating to the Airport System and that it will keep or cause to be kept accurate books and records of account showing all moneys, Gross Revenues, accounts and funds (including the Revenue Account and all Funds, Accounts and Subaccounts provided for in this Indenture) which are or shall be in the control or custody of the Authority; and that all such books and records

pertaining to the Airport System shall be open upon reasonable notice during business hours to the Trustee and to the Owners of not less than 10% of the Principal Amount of Bonds then Outstanding, or their representatives duly authorized in writing.

**Section 5.12 Transfer of Airport Facility or Airport Facilities.** The Authority shall not, except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. For purposes of this Section 5.12, any transfer of an asset over which the Authority retains substantial control in accordance with the terms of such transfer, shall not, for so long as the Authority has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

The Authority may transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

- (a) the property being disposed of is inadequate, obsolete or worn out; or
- (b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Revenue Account to be used as described below and the Authority believes that such disposal will not prevent it from fulfilling its obligations under this Indenture; or
- (c) if the property being transferred, sold or disposed of does not constitute all of the Airport Facilities that comprise the Reno-Tahoe International Airport and Reno Stead Airport, the Authority receives fair market value for the property, the proceeds are deposited in the Revenue Account to be used as described below, and prior to the disposition of such property, there is delivered to the Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Authority as evidenced by a certificate of an Authorized Authority Representative, the Consultant estimates that the Authority will be in compliance with Section 5.04(a) and (b) hereof during each of the first five (5) Fiscal Years immediately following such disposition; or
- (d) if the property being transferred, sold or disposed of constitutes all of the Airport Facilities that comprise the Reno-Tahoe International Airport and Reno Stead Airport, the proceeds received by the Authority from such transfer, sale or disposition shall be sufficient (along with any other available moneys of the Authority) to cause all Bonds then Outstanding to be deemed to be paid as provided in Article VII hereof and the proceeds (along with any other available moneys of the Authority) shall be deposited to an escrow fund pledged to the payment of all Bonds then Outstanding.

Proceeds of the transfer, sale or disposition of assets under clauses (b) or (c) above shall be deposited into the Revenue Account and used, subject to any applicable provisions of the Code,

within a reasonable period of time, not to exceed three (3) years, to (i) provide additional revenue-producing Airport Facilities, (ii) redeem Bonds or (iii) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII hereof.

Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes shall not be disposed of, except under the terms of clause (a) above, unless the Authority has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition shall be made which would cause the Authority to be in default of any other covenant contained in this Indenture.

**Section 5.13 Eminent Domain.** If a Significant Portion of any Airport Facility or Airport Facilities are taken by eminent domain proceedings or conveyance in lieu thereof, the Authority shall create within the Revenue Account a special Subaccount and credit the Net Proceeds received as a result of such taking or conveyance to such Subaccount and shall within a reasonable period of time, after the receipt of such amounts, use such proceeds, subject to any applicable provisions of the Code, to (a) replace the Airport Facility or Airport Facilities which were taken or conveyed, (b) provide an additional revenue-producing Airport Facility or Airport Facilities, (c) redeem Bonds, or (d) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII hereof.

**Section 5.14 Completion of Specified Project; Substitution of Specified Project.** The Authority will, upon the issuance of a Series of Bonds the proceeds of which are to be used for a Specified Project, proceed with due diligence to construct or acquire such Specified Project; provided, however, that the Authority may, if the conditions set forth in this Section 5.14 are met, substitute another Project therefor and shall proceed with due diligence to construct or acquire such substituted Project. The Authority may determine not to proceed with any of the Specified Projects or may determine to substitute another Project or Projects for a Specified Project if, as a condition to discontinuing the acquisition or construction of a Specified Project or to the substitution of another Project or Projects therefor, the Authority (a) first, delivers to the Trustee a certificate of a Consultant showing that after taking into account the discontinuation of such Specified Project or the substitution of another Project or Projects therefor, the provisions of Section 5.04(a) and (b) hereof will, nevertheless, be complied with by the Authority, and (b) second, if the original Project was financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes, causes there to be delivered an opinion of Bond Counsel to the effect that the substitution of one Project for another Project will not cause interest on the Series of Bonds with respect to which the original Project was to be financed to be included in gross income of the recipients thereof for federal income tax purposes. If the Authority determines not to proceed with a Specified Project and fails to deliver the Consultant's certificate and to undertake a substitute Project or Projects, then Bond proceeds which

would have been used to acquire or construct such Specified Project shall be used, subject to an applicable provisions of the Code, to redeem Bonds, or as otherwise provided in the Supplemental Indenture pursuant to which they were issued.

**Section 5.15 Covenants of Authority Binding on Authority and Successors.** All covenants, stipulations, obligations and agreements of the Authority contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law. If the powers or duties of the Authority shall hereafter be transferred by amendment of the Authority Act or a new Authority Act or any provision of the Constitution of the State or any other law of the State or in any other manner there shall be a successor to the Authority, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Authority, then the entity that shall succeed to such powers or duties of the Authority shall act and be obligated in the place and stead of the Authority as in this Indenture provided, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreement shall be transferred by or in accordance with law.

Except as otherwise provided in this Indenture, all rights, powers and privileges conferred and duties and liabilities imposed upon the Authority by the provision of this Indenture shall be exercised or performed by the Authority or by such officers, board, body or commission as may be permitted by law to exercise such powers or to perform such duties.

**Section 5.16 Instruments of Further Assurance.** The Authority covenants that it shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures, and such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all and singular the rights and obligations of the Authority under and pursuant to this Indenture and the security intended to be conferred hereby to secure the Bonds.

**Section 5.17 Indenture To Constitute a Contract.** This Indenture, including all Supplemental Indentures, is executed by the Authority for the benefit of the Bondholders and constitutes a contract with the Trustee for the benefit of the Bondholders.

**Section 5.18 Obligations Secured by Other Revenues.** The Authority may, from time to time, incur indebtedness payable solely from certain revenues of the Airport System which do not constitute Gross Revenues at such times and upon such terms and conditions as the Authority shall determine, provided that such indebtedness shall specifically include a provision that payment of such indebtedness is neither secured by nor payable from Gross Revenues or Net Revenues. The Authority also may, from time to time, incur indebtedness payable from and secured by both Net Revenues and certain revenues of the Airport System which do not constitute Gross Revenues at such times and upon such terms and conditions as the Authority shall determine, provided that the conditions set forth in this Indenture for the issuance of indebtedness payable

from and secured by Net Revenues, including, without limitation, Sections 2.09 and 2.11, hereof are met.

**Section 5.19 Annual Reporting of Audited Financial Statements.** Within 210 days after the close of each Fiscal Year, so long as any Bonds are Outstanding, the Authority shall prepare audited financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the Authority with respect to the Airport System all accompanied by a certificate or opinion in writing of an independent certified public accountant of recognized standing, selected by the Authority, which opinion shall include a statement that said financial statements present fairly in all material respects the financial position of the Authority with respect to the Airport System and are prepared in accordance with GAAP.

## ARTICLE VI

### INVESTMENT OF MONEYS; PERMITTED INVESTMENTS

**Section 6.01 Investment of Moneys in Funds, Accounts and Subaccounts.** Moneys held by the Authority and/or the Trustee in the Funds, Accounts and Subaccounts created herein and under any Supplemental Indenture shall be invested and reinvested as directed by the Authority, in Permitted Investments subject to the restrictions set forth in this Indenture and any Supplemental Indenture and subject to the investment restrictions imposed upon the Authority by the laws of the State and the Authority's investment policy. The Authority shall direct such investments by written certificate (which certificate shall include a certification that such directions comply with the Authority's investment policy and upon which the Trustee may conclusively rely) of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative. In the absence of any such instructions, the Trustee shall hold such moneys uninvested.

Investments in any and all Funds, Accounts and Subaccounts established and held by the Trustee pursuant to this Indenture or any Supplemental Indenture may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in a particular Fund, Account or Subaccount amounts received or held by the Trustee hereunder or under a Supplemental Indenture, provided that the Trustee shall at all times account for such investments strictly in accordance with the particular Fund, Account or Subaccount to which they are credited and otherwise as provided in this Indenture or a Supplemental Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. To the extent Permitted Investments are registerable, such investments shall be registered in the name of the Trustee. The Trustee may sell or present for redemption any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund, Account or Subaccount to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee shall have no investment discretion.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee shall furnish to the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder or under any Supplemental Indenture. Upon the Authority's election, such statements shall be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

The Trustee shall not be liable for any loss resulting from following the written directions of the Authority or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any Fund, Account or Subaccount in which such Permitted Investment is held.

In the absence of direction from the Authority, the Trustee may buy or sell any Permitted Investment through its own (or any of its affiliates) investment department in compliance with federal tax law pertaining to arbitrage.

#### **Section 6.02 Definition of Permitted Investments and Other Related Definitions.**

(a) *"Permitted Investments"* shall mean any of the following, but only to the extent permitted by the laws of the State (including, without limitation, NRS 350.658) and the Authority's investment policy:

- (i) Federal securities and other securities of the Federal Government;
- (ii) Money market mutual funds that:
  - (A) Are registered with the Securities and Exchange Commission;
  - (B) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and
  - (C) Invest only in securities issued or guaranteed as to payment of principal and interest by the Federal Government, or its agencies or

instrumentalities, or in repurchase agreements that are fully collateralized by such securities;

(iii) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Government National Mortgage Association; Federal National Mortgage Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(iv) Direct and general long-term obligations of any state, which obligations are rated at all times in one of the two highest Rating Categories by one or more of the Rating Agencies;

(v) Direct and general short-term obligations of any state which obligations are rated at all times in the highest Rating Category by one or more of the Rating Agencies;

(vi) Interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (“**FDIC**”) or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (A) continuously and fully insured by FDIC and with banks that are rated at all times at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated at all times in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (B) fully secured by obligations described in clause (ii) or (iii) of this definition of Permitted Investments (1) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (2) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (3) subject to a perfected first lien in favor of the Trustee, and (4) free and clear from all third-party liens;

(vii) Long-term or medium-term corporate debt guaranteed by any corporation that is rated at all times in one of the two highest Rating Categories by one or more of the Rating Agencies;

(viii) Repurchase agreements which are (A) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or

parent holding company that has at all times an investment grade rating from one or more of the Rating Agencies and (B) fully secured by obligations specified in clauses (ii) or (iii) of this definition of Permitted Investments (1) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (2) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (3) subject to a perfected first lien in favor of the Trustee and (4) free and clear from all third-party liens;

(ix) Prime commercial paper of a United States corporation, finance company or banking institution rated at all times in the highest short-term Rating Category of one or more of the Rating Agencies;

(x) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (A) a money market fund that is rated at all times in one of the two highest Rating Categories by one or more of the Rating Agencies or (B) a money market fund or account of the Trustee or its affiliates or any state or federal bank that is rated at all times at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated at all times in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose own bank holding company parent is rated at all times at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated at all times in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than \$50,000,000 (all investments included in this clause (x) may include funds which the Trustee or its affiliates provide investment advisory or other management services);

(xi) Interest bearing notes issued by a banking institution having a combined capital and surplus of at least \$500,000,000 and whose senior debt is rated at all times in the highest Rating Category by one or more of the Rating Agencies;

(xii) Public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated at all times in the highest Rating Category by one or more of the Rating Agencies;

(xiii) Obligations issued or guaranteed by the Private Export Funding Corporation, the Resolution Funding Corporation and any other instrumentality or agency of the United States of America; and

(xiv) Investment Agreements.

(b) “*Investment Agreement*” shall mean an investment agreement or guaranteed investment contract (i) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (ii) which investment agreement or guaranteed investment contract is fully secured by obligations described in clause (ii) or (iii) of the definition of Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (B) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (C) subject to a perfected first lien on behalf of the Trustee, and (D) free and clear from all third-party liens.

## ARTICLE VII

### DEFEASANCE

Bonds or portions thereof (such portions to be in integral multiples of the authorized denominations set forth in the applicable Supplemental Indenture) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Indenture except for the purposes of payment from moneys and/or Federal Securities held by the Trustee or a Paying Agent for such purpose. When all Bonds which have been issued under this Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the Authority, including all necessary and proper fees, compensation and expenses of the Trustee, the Registrar and the Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the pledge of Net Revenues and the other assets pledged to secure the Bonds hereunder shall thereupon cease, terminate and become void, and thereupon the Trustee shall cancel, discharge and release this Indenture, shall execute, acknowledge and deliver to the Authority such instruments as shall be required to evidence such cancellation, discharge and release and shall assign and deliver to the Authority any property and revenues at the time subject to this Indenture which may then be in the Trustee’s possession, except funds or securities in which such funds are invested and are held by the Trustee or the Paying Agent for the payment of the principal of, premium, if any, and interest on the Bonds.

A Bond shall be deemed to be paid within the meaning of this Article VII and for all purposes of this Indenture when payment of the principal, interest and premium, if any, either (a) shall have been made or caused to be made in accordance with the terms of the Bonds and this Indenture or (b) shall have been provided for, as certified to the Trustee by a nationally recognized accounting firm, by irrevocably depositing with the Trustee in trust and setting aside exclusively

for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Federal Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of payment from such moneys and/or Federal Securities.

Notwithstanding the foregoing paragraph, no deposit under clause (b) of the immediately preceding paragraph shall be deemed a payment of such Bonds until (x) proper notice of redemption of such Bonds shall have been given in accordance with the terms of the Supplemental Indenture under which such Bonds were issued or, in the event, under the terms of such Supplemental Indenture, the date for giving such notice of redemption has not yet arrived, until the Authority shall have given the Trustee irrevocable instructions to give such notice of redemption when appropriate and to notify all holders of the affected Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article VII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal, interest and premium, if any, on such Bonds; or (y) the maturity of such Bonds.

In connection with the redemption or defeasance, or partial redemption or defeasance of Bonds, the Authority may permit, or cause to be assigned to Bonds of a single maturity, multiple CUSIP numbers.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

**Section 8.01 Events of Default.** Each of the following events shall constitute and is referred to in this Indenture as an “Event of Default”:

- (a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon a non-conditional redemption;
- (b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;
- (c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Indenture;
- (d) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a), (b) and (c) of this Section 8.01) that are to be observed or performed by the Authority and which are contained in this

Indenture or a Supplemental Indenture, which failure, except for a violation under Section 5.04 hereof which shall be controlled by the provisions set forth therein, shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Authority by the Trustee, which notice may be given at the discretion of the Trustee and shall be given at the written request of holders of 25% or more of the Principal Amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and the holders of Bonds in a Principal Amount not less than the Principal Amount of Bonds the holders of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee or the Trustee and the holders of such principal amount of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Authority and, if instituted against the Authority, said proceedings are consented to or are not dismissed within 60 days after such institution; or

(f) the occurrence of any other Event of Default as is provided in a Supplemental Indenture.

Except as otherwise provided in a Supplemental Indenture, if on the third (3rd) Business Day preceding a Payment Date sufficient moneys are not on deposit with the Trustee or Paying Agent in the Debt Service Fund to pay Debt Service on such Payment Date, the Trustee shall immediately give telephone notice of such insufficiency to the Authority.

#### **Section 8.02 Remedies.**

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Principal Amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Authority to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Authority Act, the Bond Act, the Constitution of the State or any other law to which it is subject and this Indenture;

(ii) bring suit upon the Bonds;

(iii) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the Bondholders;

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(v) take such other action as are provided for in the Supplemental Indenture.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default a Responsible Officer of the Trustee shall have (x) received written notification from the Authority or a Holder at the Corporate Trust Office of the Trustee and such notice references the Bonds and this Indenture or (y) obtained “actual knowledge.” “Actual knowledge” shall mean the actual fact or statement of knowing by a Responsible Officer without independent investigation with respect thereto.

(c) In no event, upon the occurrence and continuation of an Event of Default, shall the Trustee, Bondholders, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of principal of or interest on the Bonds Outstanding.

**Section 8.03 Restoration to Former Position.** In the event that any proceeding taken by the Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the Authority, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

**Section 8.04 Bondholders’ Right To Direct Proceedings.** Anything in this Indenture to the contrary notwithstanding, holders of 51% or more in aggregate Principal Amount of the Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture to be taken in connection with the enforcement of the terms of this Indenture or exercising any trust or power conferred on the Trustee by this Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Indenture and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee.

**Section 8.05 Limitation on Right To Institute Proceedings.** No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on such Bonds, unless such Bondholder or Bondholders previously shall have given to the Trustee written notice of an Event of Default as

hereinabove provided and unless also holders of 25% or more of the Principal Amount of the Bonds then Outstanding shall have made written request of the Trustee to do so, after the right to institute such suit, action or proceeding under Section 8.02 hereof shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondholders.

**Section 8.06 No Impairment of Right To Enforce Payment.** Notwithstanding any other provision in this Indenture, the right of any Bondholder to receive payment of the principal of and interest on such Bond or the purchase price thereof, on or after the respective due dates expressed therein and to the extent of the pledge of Net Revenues and other security provided for the Bonds, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

**Section 8.07 Proceedings by Trustee Without Possession of Bonds.** All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, subject to the provisions of this Indenture.

**Section 8.08 No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 8.08.

**Section 8.09 No Waiver of Remedies.** No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VIII to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

**Section 8.10 Application of Moneys.** If an Event of Default shall occur and be continuing, all amounts then held or any moneys received by the Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of this Article VIII (which shall not include moneys provided through a Liquidity Facility or a Credit Facility, which moneys shall be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys by the Trustee or by any receiver and of the expenses, liabilities and advances incurred or made by the Trustee in connection with its performance of its powers and duties under this Indenture and any Supplemental Indenture (including attorneys' fees and disbursements), shall be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due with interest on such Bonds at such rate as provided in a Supplemental Indenture from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds on any particular date determined to be the payment date, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 8.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date (i) by Mail (or such other approved delivery method) to all Bondholders, and (ii) electronically to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System, and the Trustee shall not be required to make payment to any Bondholder until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 8.11 Severability of Remedies.** It is the purpose and intention of this Article VIII to provide rights and remedies to the Trustee and the Bondholders, which may be lawfully granted under the provisions of the Authority Act, the Bond Act and other applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture or by applicable law.

**Section 8.12 Additional Events of Default and Remedies.** So long as any particular Series of Bonds is Outstanding, the remedies as set forth in this Article VIII may be supplemented with additional remedies as set forth in a Supplemental Indenture under which such Series of Bonds is issued.

## ARTICLE IX

### TRUSTEE, PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

**Section 9.01 Acceptance of Trusts.** The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Indenture, but only upon the additional terms set forth in this Article IX, to all of which the Authority agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds.

#### **Section 9.02 Duties of Trustee.**

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Trustee shall perform the duties set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee.

(c) Except during the continuance of an Event of Default, (i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and (ii) in the absence of any negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of this Indenture.

(d) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the Authority in the manner provided in this Indenture.

(e) The Trustee shall not, by any provision of this Indenture, be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability, reasonably satisfactory to the Trustee, is not reasonably assured to it. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the holders of the Bonds or any Credit Provider or Liquidity Provider, unless such holders, Credit Providers and Liquidity Providers, as applicable, shall have offered to the Trustee reasonable security or indemnity, reasonably satisfactory to the Trustee, against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) Every provision of this Indenture that in any way relates to the Trustee is subject to the provisions of this Section 9.02.

**Section 9.03 Rights of Trustee.** Subject to the Section 9.02 hereof, the Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, facsimile, request, consent, waiver, certificate, direction, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper Authority Representative or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may rely upon the calculations provided by the entity preparing the calculation of Aggregate Annual Debt Service in connection with its responsibility to ensure there exists in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, the required amounts.

The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith in accordance therewith.

Whenever in the administration of the trusts or duties imposed upon it by this Indenture the Trustee shall deem it necessary that a matter be proved or established prior to taking or not taking any action hereunder, such matter may be deemed to be conclusively proved and established by a certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or not taken by it in good faith under the provisions of this Indenture in reliance on such certificate.

The Trustee makes no representation as to the sufficiency or validity of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture.

The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it under this Indenture, except for its own negligence or willful misconduct, as determined by a final non-appealable decision of a court of competent jurisdiction. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

In the performance of its duties hereunder, the Trustee may employ attorneys, agents and receivers and shall not be liable for any actions of such attorneys, agents and receivers to the extent selected by it with reasonable care.

The Trustee shall have no responsibility with respect to any information, statement or recital whatsoever in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

The Trustee shall not be considered in breach of or in default in its obligations hereunder in the event of enforced delay or unavoidable 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, Force Majeure Events.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any Bondholder pursuant to the provisions of this Indenture unless such Bondholder shall have offered to the Trustee reasonable security or indemnity, reasonably satisfactory to the Trustee, against the costs, expenses and liabilities which may be incurred therein or thereby.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall not be bound to ascertain or inquire as to the validity or genuineness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Trustee shall not be required to determine the legality or suitability of any investments.

The Trustee shall have no duty to review, verify or analyze any financial statements furnished to it by the Authority and shall hold such financial statements solely as a repository for Owners of the Bonds. The Trustee shall not be deemed to have notice of any information contained therein or any Event of Default that may be disclosed therein in any manner.

In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means. (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder). The Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s reasonable understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reasonable reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify

the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

**Section 9.04 Individual Rights of Trustee.** The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Authority with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights.

**Section 9.05 Trustee's Disclaimer.** The Trustee shall not be accountable for the Authority's use of the proceeds from the Bonds paid to the Authority and it shall not be responsible for any statement in the Bonds other than its certificate of authentication.

**Section 9.06 Notice of Defaults.** If (a) an Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be an Event of Default and, with respect to such events for which notice to the Authority is required before such events will become Events of Default, such notice has been given, then the Trustee shall promptly, after obtaining actual notice of such Event of Default or event described in (b) of the first sentence of this Section 9.06, give notice thereof to each Bondholder. Except in the case of a default in payment or purchase of any Bonds, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

**Section 9.07 Compensation of Trustee.** For acting under this Indenture, the Trustee shall be entitled to payment of fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under this Indenture, in accordance with a separate fee schedule, setting forth such terms and conditions, which has been approved by the Authority. To the extent permitted by law, the Authority agrees to indemnify and hold the Trustee and its officers, agents and directors harmless against any liabilities, costs, claims or expenses not arising from the Trustee's own negligence or willful misconduct, which the Trustee may incur in the exercise and performance of its rights and obligations hereunder including the enforcement of any remedies and the defense of any suit. Such obligation shall survive the discharge of this Indenture or the resignation or removal of the Trustee.

**Section 9.08 Eligibility of Trustee.** This Indenture shall always have a Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

**Section 9.09 Replacement of Trustee.** The Trustee may resign by notifying the Authority in writing prior to the proposed effective date of the resignation. The holders of 51% or more of the aggregate Principal Amount of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Authority's consent. The Authority may remove the Trustee, by notice in writing delivered to the Trustee at least sixty (60) days prior to the proposed removal date; provided, however, that the Authority shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be an Event of Default.

No resignation or removal of the Trustee under this Section 9.09 shall be effective until a new Trustee has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the Authority. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under this Indenture, the Authority shall promptly appoint a successor Trustee.

If a Trustee is not performing its duties hereunder and a successor Trustee does not take office within sixty (60) days after the retiring Trustee delivers notice of resignation or the Authority delivers notice of removal, the retiring Trustee, the Authority or the holders of 51% or more of the aggregate Principal Amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

**Section 9.10 Successor Trustee or Agent by Merger.** If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or sells to or transfers all or substantially all its assets (or, in the case of a bank, national banking association or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth in this Indenture, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar.

**Section 9.11 Paying Agent.** The Authority may upon notice to the Trustee at any time or from time to time appoint a Paying Agent or Paying Agents for the Bonds or for any Series of Bonds, and each Paying Agent, if other than the Trustee, shall designate to the Authority and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Indenture by a written instrument of acceptance delivered to the Authority and the Trustee under which each such Paying Agent will agree, particularly:

- (a) to hold all sums held by it for the payment of the principal of, premium or interest on Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Authority and the Trustee on each Business Day during reasonable business hours; and

(c) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

**Section 9.12 Registrar.** The Authority shall appoint the Registrar for the Bonds or a Registrar or Registrars for any Series of Bonds and may from time to time remove a Registrar and name a replacement. Each Registrar, if other than the Trustee, shall designate to the Trustee, the Paying Agent, and the Authority its principal office and signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Indenture by a written instrument of acceptance delivered to the Authority and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent corporate trust industry practice and to make such books and records available for inspection by the Authority, the Trustee, and the Paying Agent on each Business Day during reasonable business hours.

**Section 9.13 Other Agents.** The Authority, or the Trustee with the consent of the Authority, may from time to time appoint other agents as may be appropriate at the time to perform duties and obligations under this Indenture or under a Supplemental Indenture all as provided by a Supplemental Indenture or resolution of the Authority.

**Section 9.14 Several Capacities.** Anything in this Indenture to the contrary notwithstanding, with the consent of the Authority, the same entity may serve hereunder as the Trustee, Paying Agent, Registrar and any other agent as appointed to perform duties or obligations under this Indenture, under a Supplemental Indenture or an escrow agreement, or in any combination of such capacities, to the extent permitted by law. The Paying Agent and the Registrar shall be entitled to the same protections, limitations from liability and indemnities afforded to the Trustee under this Indenture.

**Section 9.15 Accounting Records and Reports of the Trustee.**

(a) The Trustee shall at all times keep, or cause to be kept, proper records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established by it pursuant to this Indenture. Such records shall be available for inspection with reasonable prior notice by the Authority on each Business Day during reasonable business hours and by any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours, with reasonable notice and under reasonable circumstances.

(b) The Trustee shall provide to the Authority each month a report of any Bond proceeds received during that month, if any, and the amounts deposited into each Fund, Account and Subaccount held by it under this Indenture and the amount disbursed from

such Funds, Accounts and Subaccounts, the earnings thereon, the ending balance in each of such Funds, Accounts and Subaccounts and the investments of each such Fund, Account and Subaccount.

## ARTICLE X

### MODIFICATION OF THIS INDENTURE

**Section 10.01 Limitations.** This Indenture shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions of this Article X.

**Section 10.02 Supplemental Indentures Not Requiring Consent of Bondholders.** The Authority may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing and/or amending this Indenture or any Supplemental Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 2.09 hereof and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, this Indenture or any Supplemental Indenture, provided such supplement or amendment is not materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the Authority in this Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the pledge of Net Revenues or in and to the Funds, Accounts and Subaccounts held by the Trustee or in and to any other moneys, securities or funds of the Authority provided pursuant to this Indenture or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Indenture at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement this Indenture or any Supplemental Indenture in any other respect which is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, if permissible under applicable law;

(i) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Authority from time to time deems appropriate to incur;

(j) to make modifications or adjustments necessary, appropriate or desirable to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds;

(k) to provide for the issuance of the Bonds pursuant to a book-entry system;

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Bonds, including, without limitation, the segregation of Gross Revenues into different funds; and

(m) notwithstanding any of the foregoing provisions to the contrary, in no event shall any Supplemental Indenture be entered into for any other purpose that materially and adversely affects the interests of the Owners of the Bonds without the consent of the Bondholders as set forth in Section 10.03 herein.

Before the Authority shall, pursuant to this Section 10.02, execute any Supplemental Indenture, there shall have been delivered to the Authority and Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture: (y) is authorized or permitted by this Indenture and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and (z) will not cause interest on any of the Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel required pursuant to clause (z) in the preceding sentence shall not be required for a Supplemental Indenture executed and delivered in accordance with Section 10.02(a) hereof.

### **Section 10.03 Supplemental Indenture Requiring Consent of Bondholders.**

(a) Except for any Supplemental Indenture entered into pursuant to Section 10.02 hereof and any Supplemental Indenture entered into pursuant to Section 10.03(b) below, subject to the terms and provisions contained in this Section 10.03 and Article XI

hereof and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in this Indenture or in a Supplemental Indenture; provided, however, that, unless approved in writing except as otherwise provided herein, by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds, or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon, or (iii) provided that nothing herein contained, including the provisions of subsection (b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting the creation of a lien (except as expressly permitted by this Indenture) upon or pledge of the Net Revenues created by this Indenture, ranking prior to or on a parity with the claim created by this Indenture, or (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under the Granting Clauses hereof, or (v) a reduction in the aggregate Principal Amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture as authorized in Section 10.02 hereof, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

(b) The Authority may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a Series or multiple Series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth in Section 10.02 hereof, no notice to or consent of the Bondholders shall be required. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and Section 10.02 hereof is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this subsection (b) and Article XI hereof and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing except as otherwise provided herein, by the holders of all the Bonds of all the affected Series then Outstanding, nothing herein contained shall permit, or be

construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized in Section 10.02 hereof, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

(c) If at any time the Authority shall desire to enter into any Supplemental Indenture for any of the purposes of this Section 10.03, the Authority shall cause notice of the proposed execution of the Supplemental Indenture to be given (i) by Mail (or such other approved delivery method) to all Bondholders or, under subsection (b), all Bondholders of the affected Series, and (ii) electronically to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Authority for inspection by all Bondholders and it shall not be required that the Bondholders approve the final form of such Supplemental Indenture but it shall be sufficient if such Bondholders approve the substance thereof.

(d) The Authority may execute and deliver such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first been delivered to the Authority (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of Section 10.02 hereof.

(e) If Bondholders of not less than the percentage of Bonds required by this Section 10.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Bondholders shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

(f) Notwithstanding subsections (c) through (e) above, the Authority may, at its discretion, execute and deliver such Supplemental Indenture which contains such modifications, alterations, amendments or supplements prior to receipt of the required consents in writing, of the Bondholders; provided, that such Supplemental Indenture or the applicable provisions of such Supplemental Indenture subject to the consents of the Holders shall not become effective until such time as there has been delivered to the Authority (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of Section 10.02 hereof. In the event the Authority decides to execute and deliver a Supplemental Indenture in accordance with this subsection (f), the notice required in subsection (c) shall make reference to a final and executed Supplemental Indenture as opposed to a proposed Supplemental Indenture.

(g) For the purposes of this Section 10.03 the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to a modification or amendment permitted by this Section 10.03 in the manner provided herein and with the same effect as a consent given by the Owner of such Bonds, except that no proof of ownership shall be required; provided, that this provision of Section 10.03 shall be disclosed prominently in the offering document, if any, for each Series of Bonds issued pursuant to this Indenture, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the Authority.

**Section 10.04 Effect of Supplemental Indenture.** Upon execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article X, this Indenture or the Supplemental Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture and the Supplemental Indenture of the Authority, the Trustee, the Paying Agent, the Registrar and all Bondholders and beneficial owners shall thereafter be determined, exercised and enforced under this Indenture and the Supplemental Indenture, if applicable, subject in all respects to such modifications and amendments.

No Supplemental Indenture shall modify the duties, rights or obligations of the Trustee, Paying Agent or Registrar without the consent of such party thereto.

**Section 10.05 Supplemental Indentures to be Part of this Indenture.** Any Supplemental Indenture entered into accordance with the provisions of this Article X shall thereafter form a part of this Indenture or the Supplemental Indenture which they supplement or amend, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture or the Supplemental Indenture which they supplement or amend for any and all purposes.

## ARTICLE XI

### CREDIT PROVIDERS

If a Credit Facility is provided for a Series of Bonds or for specific Bonds, the Authority may in the Supplemental Indenture under which such Bonds are issued, provide any or all of the following rights to the Credit Provider as the Authority shall deem to be appropriate:

(a) the right to make requests of, direct or consent to the actions of the Trustee or to otherwise direct proceedings all as provided in Article VIII hereof to the same extent

and in place of the Owners of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Bonds;

(b) the right to act in place of the Owners of the Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee under Article IX hereof; and

(c) the right to consent to Supplemental Indentures to the same extent and in place of the Holders of the Bonds, which require the consent of the Holders of not less than 51% of the aggregate Principal Amount of the Bonds, entered into pursuant to Section 10.03 hereof, except with respect to any amendments described in Sections 10.03(a)(i) through (v) and 10.03(b)(i) or (ii) hereof which consent of the actual Holders shall still be required, of this Indenture to the same extent and in place of the Holders of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Bonds.

The rights granted to any such Credit Provider, with respect to the provisions of Articles VIII and XI hereof shall be disregarded and be of no effect if the Credit Provider is in default of its payment obligations under its Credit Facility or fails to maintain its rating at a level higher than the underlying rating on the Bonds.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

**Section 12.01 Parties in Interest.** Except as otherwise specifically provided herein, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Authority, the Trustee, the Paying Agent, other agents from time to time hereunder, the Bondholders and, to the limited extent provided by Supplemental Indenture, the Credit Providers any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent, such other agents, the Bondholders and, to the limited extent provided in the applicable Supplemental Indenture, the Credit Providers.

**Section 12.02 Severability.** In case any one or more of the provisions of this Indenture, or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture or of Bonds, and this Indenture and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

**Section 12.03 No Recourse Against Officers and Agents.** Pursuant to NRS 350.606, no recourse shall be had for the payment of any Bonds issued hereunder or for any claim based thereon, or otherwise, upon the instruments authorizing their issuance or any other instrument

pertaining thereto, against any individual member of the Board or the Authority, or any officer or other agent of the Authority, past, present, or future, either directly or indirectly through the Board or the Authority, 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 Bonds and as a part of the consideration of their issuance specially waived and released.

**Section 12.04 No Pledge of Property.** The payment of any Bonds issued hereunder is not secured by an encumbrance, mortgage, or other pledge of property of the Authority, except the Net Revenues and any other moneys pledged for the payment of the Bonds. No property of the Authority, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

**Section 12.05 Limitations Upon State.** Pursuant to NRS 350.610, the faith of the State is hereby pledged that the Authority Act, the Bond Act, any law supplemental or otherwise pertaining thereto, and any other act concerning any Bonds, Net Revenues, or any combination of such Bonds and such revenues, shall be neither repealed nor amended nor otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding Bonds of the Authority until all such Bonds have been discharged in full or provision for their payment and redemption has been fully made, including, without limitation, the known minimum yield from the investment or reinvestment of moneys pledged therefor in Federal Securities (for example, pursuant to a legal defeasance under Article VII hereof).

**Section 12.06 Execution of Instruments; Proof of Ownership.** Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 2.04 hereof.

Nothing contained in this Section 12.06 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future

Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the Trustee or the Authority in pursuance of such request or consent.

**Section 12.07 Governing Law.** The laws of the State shall govern the construction and enforcement of this Indenture and of all Bonds issued hereunder.

**Section 12.08 Notices.** Except as otherwise provided in this Indenture, all notices, certificates, requests, requisitions or other communications by the Authority, the Trustee, the Paying Agent, the Registrar, other agents or a Credit Provider, pursuant to this Indenture shall be in writing and shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the Authority, to the Reno-Tahoe Airport Authority, Attention: Chief Finance & Administration Officer, by delivery or by mail, 2001 East Plumb Lane, Reno, Nevada 89502, with a copy to the Authority Attorney at the same address; if to the Trustee, to U.S. Bank Trust Company, National Association, 2222 E. Camelback Road, Suite 110, Phoenix, Arizona 85016, Attention: Global Corporate Trust Department, if to a Paying Agent, or another agent, to such address as is designated in writing by it to the Trustee and the Authority. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

**Section 12.09 Holidays.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may, unless otherwise provided in this Indenture or, with respect to any Series of Bonds or portion of Series of Bonds, provided in the Supplemental Indenture under which such Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture; provided that no interest shall accrue between the scheduled date of payment and the Actual date of payment.

**Section 12.10 Counterparts.** This Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Master Trust Indenture to be duly executed, all as of the date first above written.

RENO-TAHOE AIRPORT AUTHORITY

By \_\_\_\_\_  
Chair

Attest:

By \_\_\_\_\_  
Secretary

[SEAL]

Approved as to form:

By \_\_\_\_\_  
General Counsel

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By \_\_\_\_\_  
Authorized Representative

[Signature page to Master Trust Indenture]

## SUMMARY OF CERTAIN PROVISIONS OF THE FIRST SUPPLEMENTAL TRUST INDENTURE

Set forth below is a summary of certain provisions of the First Supplemental Trust Indenture, but such summary is in addition and complementary to the summaries found under the caption “SECURITY FOR THE SERIES 2024 BONDS.” All capitalized terms used under this caption and not otherwise defined herein have the respective meanings given to such terms in the Master Indenture and the First Supplemental Trust Indenture, as applicable.

### Special, Limited Obligation of the Authority

Net Revenue Pledge. The Series 2024 Bonds are issued under and subject to the terms of the Master Indenture, shall be Bonds as defined pursuant to the Master Indenture and are secured by and payable, on parity with all Outstanding Bonds, if any, from Net Revenues and other security provided in the Granting Clauses of the Master Indenture and the First Supplemental Trust Indenture and in accordance with the terms of the Master Indenture and the First Supplemental Trust Indenture. In order to secure the payment of the Series 2024 Bonds, in the First Supplemental Trust Indenture, the Authority pledges, assigns and grants to the Trustee with respect to the Series 2024 Bonds all of the liens, rights, interests and privileges set forth in the Granting Clauses of, and elsewhere in, the Master Indenture and the First Supplemental Trust Indenture.

In the Granting Clause of the First Supplemental Trust Indenture, to secure further the payment of the Series 2024 Bonds, the Authority in furtherance of the Master Indenture pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the Authority, except as otherwise provided in the First Supplemental Trust Indenture, in and to (a) the Common Debt Service Reserve Fund (as defined in the Master Indenture) and all moneys and securities held from time to time therein and, with respect to any Debt Service Reserve Fund Surety Policy (as defined in the Master Indenture) provided at any time in satisfaction of all or a portion of the Reserve Requirement (as defined in the Master Indenture) with respect to the Common Debt Service Reserve Fund, all rights, title and interest in such instruments and the proceeds thereof, (b) the Series 2024A Construction Fund (as defined in the First Supplemental Trust Indenture) and all moneys and securities held from time to time therein, (c) the Series 2024B Construction Fund (as defined in the First Supplemental Trust Indenture) and all moneys and securities held from time to time therein, (d) the Series 2024A Debt Service Fund (as defined in the First Supplemental Trust Indenture) and all moneys and securities held from time to time therein, including any Capitalized Interest, (e) the Series 2024B Debt Service Fund (as defined in the First Supplemental Trust Indenture ) and all moneys and securities held from time to time therein, including any Capitalized Interest, and (f) the Series 2024 Costs of Issuance Fund (as defined in the First Supplemental Trust Indenture) and all moneys and securities held from time to time therein.

Sources of Payment of the Series 2024 Bonds. The Series 2024 Bonds shall be secured by and payable, on parity with all Outstanding Bonds, from the Net Revenues and other security provided in the Granting Clauses of the Master Indenture and the First Supplemental Trust Indenture and in accordance with the terms of the Master Indenture and the First Supplemental Trust Indenture. The Authority may, but is not obligated to, provide for the payment of the principal of and interest on the Series 2024 Bonds from any other source or from any other funds of the Authority.

Perfection of Security Interest. The Master Indenture and the First Supplemental Trust Indenture create a valid and binding pledge and assignment of and security interest in all of the Net Revenues pledged under the Master Indenture and the First Supplemental Trust Indenture in favor of the Trustee as security for payment of the Series 2024 Bonds, enforceable by the Trustee in accordance with the terms thereof.

Under the laws of the State, this pledge shall be valid and binding from and after the date of the first delivery of any such Series 2024 Bonds, and the Net Revenues pledged by the First Supplemental Trust Indenture shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions made by the First Supplemental Trust Indenture shall have priority over any or all other obligations and liabilities of the Authority, except for any Bonds hereafter authorized, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority (except as otherwise provided in the First Supplemental Trust Indenture) irrespective of whether such parties have notice thereof.

Bonds Equally Secured. All Series 2024 Bonds issued under the Master Indenture are and will be equally and ratably secured by the pledge and covenants made thereon, except as otherwise expressly provided or permitted in or pursuant to the Master Indenture. The Master Indenture also provides for the incurrence of additional debt, including the issuance of additional Bonds, to be secured under the Master Indenture equally and ratably with the Series 2024 Bonds. See “SECURITY FOR THE SERIES 2024 BONDS – Additional Bonds.”

No Pledge of Property. The payment of any Series 2024 Bonds issued under the First Supplemental Trust Indenture is not secured by an encumbrance, mortgage, or other pledge of property of the Authority, except the Net Revenues and any other moneys pledged for the payment of the Series 2024 Bonds. No property of the Authority, subject to such exception, shall be liable to be forfeited or taken in payment of the Series 2024 Bonds.

No Recourse Against Officers and Agents. No recourse shall be had for the payment of any Series 2024 Bonds issued under the First Supplemental Trust Indenture or for any claim based thereon, or otherwise, upon the instruments authorizing their issuance or any other instrument pertaining thereto, against any individual member of the Authority’s Board of Trustees (the “Board”) or the Authority, or any officer or other agent of the Authority, past, present, or future, either directly or indirectly through the Board or the Authority, 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 Series 2024 Bonds and as a part of the consideration of their issuance specially waived and released.

#### Common Debt Service Reserve Fund

In the First Supplemental Trust Indenture, the Authority elects to have the Series 2024 Bonds participate in the Common Debt Service Reserve Fund established pursuant to the Master Indenture. As provided in First Supplemental Trust Indenture, at the time of the sale of the Series 2024 Bonds, a portion of the proceeds of the Series 2024 Bonds shall be deposited into the Common Debt Service Reserve Fund so that such amount on deposit in the Common Debt Service Reserve Fund will be equal to the Reserve Requirement for the Common Debt Service Reserve Fund. See “SECURITY FOR THE SERIES 2024 BONDS – Common Debt Service Reserve Fund.”

#### Preservation of Tax Exemption

- (a) The Authority shall comply with the covenants and agreements set forth in the Tax Certificate.
- (b) The Authority shall not use or permit the use of any proceeds of Series 2024 Bonds or any other funds of the Authority held by the Trustee under the Master Indenture and this First Supplemental Trust Indenture, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority or the Trustee with respect to the Series 2024 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Series 2024 Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code or an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code.
- (c) The Authority covenants for the benefit of the registered owners of the Series 2024 Bonds that it will not take any action or omit to take any action with respect to the Series 2024 Bonds, the proceeds thereof, any other funds of the Authority or any facilities financed or refinanced with the proceeds of the Series 2024 Bonds if such action or omission (i) would cause the interest on the Series 2024 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (ii) would cause interest on the Series 2024B Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b) of the Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Series 2024 Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Code have been met. The Authority makes no covenant with respect to taxation of interest on the Bonds as a result of the inclusion of that interest in the “adjusted financial statement income” of “applicable corporations” (as defined in Sections 56A and 59(k), respectively, of the Code).
- (d) The Authority shall observe and not violate the requirements of Section 148 of the Code and any applicable regulations promulgated thereunder. In the event the Authority is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Trustee, or to use such money in certain manners, in

order to avoid the Series 2024 Bonds being considered “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations promulgated thereunder as such may be applicable to the Series 2024 Bonds at such time, the Authority shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

(e) The Authority shall at all times do and perform all acts and things permitted by law and the First Supplemental Trust Indenture which are necessary or desirable in order to assure that interest paid on the Series 2024 Bonds will not be included in gross income for federal income tax purposes and shall take no action that would result in such interest being included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2024A Bonds that are a “substantial user” of the facilities financed or refinanced with the Series 2024A Bonds or a “related person” within the meaning of Section 147(a) of the Code) and shall take no action that would result in such interest being included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2024A Bonds that are a “substantial user” of the facilities financed or refinanced with the Series 2024A Bonds or a “related person” within the meaning of Section 147(a) of the Code).

#### Amendment of the First Supplemental Trust Indenture

Supplemental Indentures Not Requiring Consent of Bondholders. The Authority may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing and/or amending the First Supplemental Trust Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of the Master Indenture (see “SECURITY FOR THE SERIES 2024 BONDS – Additional Bonds”) and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under the First Supplemental Trust Indenture, provided such supplement or amendment is not materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the Authority in the First Supplemental Trust Indenture, or to surrender any right or power reserved or conferred upon the Authority, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the pledge of Net Revenues or in and to the Funds, Accounts and Subaccounts held by the Trustee or in and to any other moneys, securities or funds of the Authority provided pursuant to the Master Indenture or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series 2024 Bonds if such changes are authorized by the First Supplemental Trust Indenture at the time the Series 2024 Bonds are issued and such change is made in accordance with the terms of the First Supplemental Trust Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement the First Supplemental Trust Indenture in any other respect which is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, if permissible under applicable law;

(i) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Authority from time to time deems appropriate to incur;

(j) to make modifications or adjustments necessary, appropriate or desirable to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds;

(k) to provide for the issuance of the Bonds pursuant to a book-entry system;

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Bonds, including, without limitation, the segregation of Gross Revenues into different funds; and

(m) notwithstanding any of the foregoing provisions to the contrary, in no event shall any Supplemental Indenture be entered into for any other purpose that materially and adversely affects the interests of the Owners of the Bonds without the consent of the Bondholders as set forth below under “Supplemental Indenture Requiring Consent of Bondholders.”

Before the Authority shall execute any Supplemental Indenture, there shall have been delivered to the Authority and Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture: (y) is authorized or permitted by the Master Indenture and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and (z) will not cause interest on any of the Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel required pursuant to clause (z) in the preceding sentence shall not be required for a Supplemental Indenture executed and delivered in accordance with (a) above for the issuance of an additional Series or multiple Series of Bonds.

#### Supplemental Indenture Requiring Consent of Bondholders.

(a) Except for any Supplemental Indenture entered into as described under “Supplemental Indentures Not Requiring Consent of Bondholders” above and any Supplemental Indenture entered into pursuant to subsection (b) below, subject to the terms and provisions contained in the Master Indenture and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in the First Supplemental Trust Indenture; provided, however, that, unless approved in writing except as otherwise provided in the Master Indenture, by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following subsection (b) is applicable, nothing contained in the Master Indenture shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds, or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon, or (iii) provided that nothing contained in the Master Indenture, including the provisions of subsection (b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting the creation of a lien (except as expressly permitted by the Master Indenture) upon or pledge of the Net Revenues created by the Master Indenture, ranking prior to or on a parity with the claim created by the Master Indenture, or (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under the Granting Clauses of the Master Indenture, or (v) a reduction in the aggregate Principal Amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture. Nothing contained in the Master Indenture, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture as authorized and described under “Supplemental Indentures Not Requiring Consent of Bondholders” above, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

(b) The Authority may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a Series or multiple Series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth under “Supplemental Indentures Not Requiring Consent of Bondholders,” no notice to or consent of the Bondholders shall be required. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and “Supplemental Indentures Not Requiring Consent of Bondholders” is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this

subsection (b) and Article XI of the Master Indenture and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing except as otherwise provided in the Master Indenture, by the holders of all the Bonds of all the affected Series then Outstanding, nothing contained in the Master Indenture shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing contained in the Master Indenture, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized in “Supplemental Indentures Not Requiring Consent of Bondholders,” including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

(c) If at any time the Authority shall desire to enter into any Supplemental Indenture for any of the purposes of “Supplemental Indenture Requiring Consent of Bondholders,” the Authority shall cause notice of the proposed execution of the Supplemental Indenture to be given (i) by Mail (or such other approved delivery method) to all Bondholders or, under subsection (b), all Bondholders of the affected Series, and (ii) electronically to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Authority for inspection by all Bondholders and it shall not be required that the Bondholders approve the final form of such Supplemental Indenture but it shall be sufficient if such Bondholders approve the substance thereof.

(d) The Authority may execute and deliver such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first been delivered to the Authority (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of “Supplemental Indentures Not Requiring Consent of Bondholders.”

(e) If Bondholders of not less than the percentage of Bonds required by this “Supplemental Indenture Requiring Consent of Bondholders” shall have consented to and approved the execution and delivery thereof as provided in the Master Indenture, no Bondholders shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

(f) Notwithstanding subsections (c) through (e) above, the Authority may, at its discretion, execute and deliver such Supplemental Indenture which contains such modifications, alterations, amendments or supplements prior to receipt of the required consents in writing, of the Bondholders; provided, that such Supplemental Indenture or the applicable provisions of such Supplemental Indenture subject to the consents of the Holders shall not become effective until such time as there has been delivered to the Authority (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of “Supplemental Indentures Not Requiring Consent of Bondholders.” In the event the Authority decides to execute and deliver a Supplemental Indenture in accordance with this subsection (f), the notice required in subsection (c) shall make reference to a final and executed Supplemental Indenture as opposed to a proposed Supplemental Indenture.

(g) For the purposes of this “Supplemental Indenture Requiring Consent of Bondholders,” the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to a modification or amendment permitted by this section in the manner provided in the Master Indenture and with the same effect as a consent given by the Owner of such Bonds, except that no proof of ownership shall be required; provided, that this provision of this section shall be disclosed prominently in the offering document, if any, for each Series of Bonds issued pursuant to the Master Indenture, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the Authority.

Effect of Supplemental Indenture. Upon execution and delivery of any Supplemental Indenture pursuant to the provisions of Article X of the Master Indenture, the Master Indenture or the Supplemental Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Master Indenture and the Supplemental Indenture of the Authority, the Trustee, the Paying Agent, the Registrar and all Bondholders and beneficial owners shall thereafter be determined, exercised and enforced under the Master Indenture and the Supplemental Indenture, if applicable, subject in all respects to such modifications and amendments.

No Supplemental Indenture shall modify the duties, rights or obligations of the Trustee, Paying Agent or Registrar without the consent of such party thereto.

Supplemental Indentures to be Part of the Master Indenture. Any Supplemental Indenture entered into accordance with the provisions of the Master Indenture shall thereafter form a part of the Master Indenture or the Supplemental Indenture which they supplement or amend, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of the Master Indenture or the Supplemental Indenture which they supplement or amend for any and all purposes.

## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

#### Book-Entry Only System

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources the Authority and the Underwriters believe to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy or completeness thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024 Bond certificate will be issued for each issue of the Series 2024 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments (including redemption proceeds) on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, 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 Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest (including redemption proceeds) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates will be printed and delivered to DTC.

THE TRUSTEE, ANY PAYING AGENT AND THE AUTHORITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN ANY SERIES 2024 BOND UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON THAT IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDOWNER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT IN RESPECT OF PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON ANY SERIES 2024 BOND, ANY NOTICE THAT IS REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE (EXCEPT IN CONNECTION WITH CERTAIN NOTICES OF DEFAULT AND REDEMPTION), THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2024 BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2024 BONDS.

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**CONTINUING DISCLOSURE CERTIFICATE**

For the Purpose of Providing  
Continuing Disclosure Information  
Under Section (b)(5) of Rule 15c2-12

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the Reno-Tahoe Airport Authority (the "Authority") in connection with the issuance of its Airport Revenue Bonds, Series 2024A (AMT) and Series 2024B (Non-AMT) (collectively, the "Bonds").

In consideration of the issuance of the Bonds by the Authority and the purchase of such Bonds by the beneficial owners thereof, the Authority covenants and agrees as follows:

**SECTION 1. PURPOSE OF THIS CERTIFICATE.** This Certificate is being executed and delivered by the Authority for the benefit of the Bondholders and the Beneficial Owners (hereinafter defined) and in order to assist the Participating Underwriters (hereinafter defined) in complying with subsection (b)(5) of the Rule (hereinafter defined).

**SECTION 2. DEFINITIONS.** In addition to the definitions set forth in the Master Indenture (hereinafter defined), which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings.

"Airport" shall mean the Reno-Tahoe International Airport.

"Annual Report" shall mean any financial statements of the Authority provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Master Indenture" means the Master Indenture as such term is defined in the Official Statement.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Obligated Person" shall mean the Authority and each airline or other entity using the Airport under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least twenty percent (20%) of the Gross Revenues of the Authority for each of the prior two (2) fiscal years of the Authority.

“Official Statement” shall mean the final Official Statement for the Bonds dated August 15, 2024.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidance or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the Securities and Exchange Commission.

“SEC Reports” means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the 1934 Act.

“Securities Counsel” shall mean legal counsel expert in federal securities law, and may include, but is not limited to, Bond Counsel or Disclosure Counsel with respect to the Bonds.

“State” shall mean the State of Nevada.

### **SECTION 3. PROVISIONS OF ANNUAL REPORTS.**

(a) Each year, the Authority shall provide by January 2, commencing with January 2, 2025 for the Annual Report for the Authority’s fiscal year ended June 30, 2024 to the MSRB through EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may include by specific reference other information as provided in Section 4 of this Certificate; provided, however, that if the audited financial statements of the Authority are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Authority shall be included in the Annual Report.

(b) If the Authority is unable to provide to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, an Annual Report by the date required in subsection (a), the Authority shall send a notice, in a timely manner, to the MSRB, through EMMA, in substantially the form attached as Exhibit A.

(c) If the Authority’s fiscal year changes, the Authority shall send written notice of such change to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C, or such other form as may be prescribed by the SEC from time to time.

**SECTION 4. CONTENT OF ANNUAL REPORTS.** The Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Authority for its fiscal year immediately preceding the due date of the Annual Report, of substantially the same nature as that included in the Official Statement as Appendix A;

(b) Operating information for the fiscal year immediately preceding the due date of the Annual Report otherwise presented in the Official Statement as follows:

- (1) in the table under the heading “RENO-TAHOE INTERNATIONAL AIRPORT ENPLANED PASSENGERS (O&D AND CONNECTING COMBINED)”;
- (2) in the table under the heading “AIRLINES OPERATING IN JULY 2024 AT RENO-TAHOE INTERNATIONAL AIRPORT ”;

- (3) in the table under the heading “RENO-TAHOE INTERNATIONAL AIRPORT AIRLINE MARKET SHARE OF ENPLANED PASSENGERS”;
- (4) in the table under the heading “RENO-TAHOE INTERNATIONAL AIRPORT HISTORICAL AIRCRAFT OPERATIONS”;
- (5) in the table under the heading “RENO-TAHOE INTERNATIONAL AIRPORT HISTORICAL LANDED WEIGHTS”;
- (6) in the table under the heading “RENO-TAHOE AIRPORT AUTHORITY TOTAL ANNUAL REVENUES AND EXPENSES”;
- (7) in the table under the heading “RENO-TAHOE INTERNATIONAL AIRPORT SUMMARY OF OPERATING REVENUES”;
- (8) in the table under the heading “RENO-TAHOE INTERNATIONAL AIRPORT SOURCES OF AIRLINE REVENUES”; and
- (9) in the table under the heading “RENO-TAHOE INTERNATIONAL AIRPORT SUMMARY OF OPERATING EXPENSES.”

If any information described in this paragraph (a) is published or provided by a third party and is no longer publicly available, the Authority shall include a statement to that effect as part of the Annual Report for the year in which such lack of availability arises; and

(b) An annual debt service coverage calculation table for the prior Fiscal Year in accordance with Section 5.04(b) of the Master Indenture, substantially in the following format:

<u>Annual Debt Service Coverage (FY _____)</u>	
Gross Revenues	\$
Less Operating and Maintenance Expenses of the Airport System	\$ _____
Net Revenues	\$ _____
Plus permitted Transfers	\$ _____
Total Available for Debt Service:	\$ _____
Annual Debt Service on Outstanding Bonds*	\$ _____
Annual Debt Service Coverage	_____ x

\*In accordance with Section 5.04 of the Master Indenture, Annual Debt Service on Outstanding Bonds for this purpose shall not include principal and/or interest paid with Other Revenues Available for Debt Service or Other Pledged Revenues.

The Authority’s financial statements shall be audited and prepared in accordance with GAAP; provided, however, that the Authority may from time to time, in accordance with GAAP and subject to applicable federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

Any or all of the items listed above may be included by specific reference to other documents that previously have been provided to the MSRB, through EMMA. The Authority shall clearly identify each such other document so included by reference.

**SECTION 5. REPORTING OF LISTED EVENTS.**

(a) The Authority covenants to provide or cause to be provided to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events listed in Section (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Authority, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority 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 Authority, or if such jurisdiction has been assumed by leaving the existing governing 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 Authority;
- (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affects Bondholders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflects financial difficulties.

(b) The Authority covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) Upon the occurrence of a Listed Event, the Authority shall promptly cause a notice of such occurrence to be filed with the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, together with a cover sheet in substantially the form attached as Exhibit C.

#### **SECTION 6. TERMINATION OF REPORTING OBLIGATION.**

(a) The Authority's obligations under this Certificate shall terminate upon the legal defeasance of the Bonds under the Master Indenture or the prior redemption or payment in full of all of the Bonds. If the Authority's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Certificate in the same manner as if it were the Authority, and the Authority shall have no further responsibility hereunder.

(b) This Certificate, or any provision hereof, shall be null and void in the event that the Authority (i) receives an opinion of Securities Counsel, addressed to the Authority, to the effect that those portions of the Rule which require such provisions of this Certificate do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

#### **SECTION 7. AMENDMENT; WAIVER.**

(a) Notwithstanding any other provision of this Certificate, this Certificate may be amended, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

- (1) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Authority or type of business conducted by the Authority;
- (2) this Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) the amendment or waiver either (A) is approved by the Bondholders in the same manner as provided in the Master Indenture for amendments to the Master Indenture with the consent of the Bondholders, or (B) does not, in the opinion of Securities Counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Certificate, the Authority shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting

principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the Authority to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

**SECTION 8. ADDITIONAL INFORMATION.** Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this 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 Certificate. If the Authority 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 Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 9. FAILURE TO COMPLY.** In the event of a failure of the Authority to comply with any provision of this Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Authority under this Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Certificate shall not constitute a default with respect to the Bonds or under the Master Indenture.

**SECTION 10. BENEFICIARIES.** This Certificate shall inure solely to the benefit of the Authority, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

**SECTION 11. TRANSMISSION OF INFORMATION AND NOTICES; DISSEMINATION AGENT.** Unless otherwise required by law or this Certificate, and, in the sole determination of the Authority, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices. Any filing with the MSRB under this Certificate may be made by transmitting such filing to a dissemination agent.

**SECTION 12. OTHER OBLIGATED PERSONS.** The Authority shall report as part of its Annual Report whether there exist any Obligated Persons and, if so, that an Obligated Person's SEC Reports constitute its annual financial information under this Certificate, if such is the case. Unless no longer required by the Rule, the Authority shall use diligent efforts to cause each Obligated Person other than the Authority (to the extent that such party is not required to file SEC Reports) to disseminate annual financial information substantially equivalent to that contained in SEC Reports to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, not later than nine months after the last day of the Obligated Person's fiscal year. The Authority has no obligation to file or disseminate any SEC Reports relating to another Obligated Person.

**RENO-TAHOE AIRPORT AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:

Dated: September 4, 2024

[Signature Page to Continuing Disclosure Certificate]

**EXHIBIT A TO CONTINUING DISCLOSURE CERTIFICATE**

**NOTICE TO THE MSRB  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligated Person: Reno-Tahoe Airport Authority

Name of Bond Issue: Airport Revenue Bonds, Series 2024A (AMT) and Series 2024B  
(Non-AMT)

Date of Bonds: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of its Continuing Disclosure Certificate with respect to the Bonds. The Authority anticipates that the Annual Report will be filed by \_\_\_\_\_.

RENO-TAHOE AIRPORT AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT B TO CONTINUING DISCLOSURE CERTIFICATE**

**NOTICE TO THE MSRB  
OF CHANGE IN AUTHORITY'S FISCAL YEAR**

Name of Obligated Person: Reno-Tahoe Airport Authority

Name of Bond Issue: Airport Revenue Bonds, Series 2024A (AMT) and Series 2024B (Non-AMT)

Date of Bonds: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the fiscal year of the Authority changed. Previously, the Authority's fiscal year ended on \_\_\_\_\_. It now ends on \_\_\_\_\_.

RENO-TAHOE AIRPORT AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT C TO CONTINUING DISCLOSURE CERTIFICATE**

**MUNICIPAL SECONDARY MARKET DISCLOSURE  
INFORMATION COVER SHEET**

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, pursuant to Securities and Exchange Commission Rule 15c2-12 or any analogous state statute.

\*\*\*

Issuer's and/or Other Obligated Person's name: Reno-Tahoe Airport Authority

**CUSIP Numbers** (attach additional sheet if necessary):  
Nine-Digit CUSIP Number(s) to which the information relates:

Information relates to all securities issued by the Authority having the following six-digit number(s):

\*\*\*

Number of pages of attached information: \_\_\_\_\_

Description of Material Events Notice/Financial Information (Check One):

1. \_\_\_\_\_ Principal and interest payment delinquencies
2. \_\_\_\_\_ Material non-payment related defaults
3. \_\_\_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
4. \_\_\_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties
5. \_\_\_\_\_ Substitution of credit or liquidity providers or their failure to perform
6. \_\_\_\_\_ Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds
7. \_\_\_\_\_ Material modifications to rights of securities holders
8. \_\_\_\_\_ Bond calls, if material, or tender offers
9. \_\_\_\_\_ Defeasances
10. \_\_\_\_\_ Material release, substitution, or sale of property securing repayment of the bonds
11. \_\_\_\_\_ Rating changes
12. \_\_\_\_\_ Bankruptcy, insolvency, receivership or similar event of the Authority
13. \_\_\_\_\_ The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, the entry into

a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

- 14. \_\_\_\_\_ Appointment of a successor or additional trustee or the material change of name of a trustee
- 15. \_\_\_\_\_ Incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect Bondholders, if material
- 16. \_\_\_\_\_ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties
- 17. \_\_\_\_\_ Failure to provide annual financial information as required
- 18. \_\_\_\_\_ Other material event notice (specify)
- 19. \_\_\_\_\_ Financial Information: Please check all appropriate boxes:  
ACFR (a)  includes  does not include Annual Financial Information  
(b)  audited  unaudited  
  
Fiscal Period Covered: \_\_\_\_\_

I hereby represent that I am authorized by the Authority or its agent to distribute this information publicly:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Employer: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Voice Telephone Number: \_\_\_\_\_ ( ) \_\_\_\_\_

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**APPENDIX F**  
**FORM OF OPINION OF BOND COUNSEL**

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FORM OF APPROVING OPINIONS OF BOND COUNSEL

[Closing Date]

Reno-Tahoe Airport Authority  
2001 East Plumb Lane  
Reno, Nevada 89502

§ \_\_\_\_\_  
**Reno-Tahoe Airport Authority**  
**Airport Revenue Bonds**  
**Series 2024A (AMT)**

Ladies and Gentlemen:

We have acted as bond counsel to the Reno-Tahoe Airport Authority, Nevada (the “Authority,” and the “State,” respectively) in connection with the issuance of its “Reno-Tahoe Airport Authority, Airport Revenue Bonds, Series 2024A (AMT)” in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2024A Bonds”). In such capacity, we have examined the Authority’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 Series 2024A Bonds are authorized and issued pursuant to the Master Trust Indenture dated as of August 8, 2024 (as amended, the “Master Indenture”), as supplemented by the First Supplemental Trust Indenture dated as of \_\_\_\_\_, 2024 (the “First Supplemental Indenture” and, together with the Master Indenture, the “Indenture”) between the Authority and U.S. Bank Trust Company, National Association, 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 Authority’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 Series 2024A Bonds are valid and binding, special, limited obligations of the Authority and are payable solely out of and secured by a lien on the Net Revenues of the Airport System under the Indenture.
2. The Indenture creates a valid lien on the Net Revenues of the Airport System pledged therein for the security of the Series 2024A Bonds. The lien on the Net Revenues of the Airport System pledged for the security of the Series 2024A Bonds is on a parity with the lien thereon of the Series 2024B Bonds and any Bonds (as defined in the Master Indenture) hereafter issued. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Revenues of the Airport System securing the Series 2024A Bonds.

3. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.

4. Interest on the Series 2024A Bonds, except for interest on any Series 2024A Bond for any period during which it is held by a “substantial user” of the facilities financed or refinanced with the Series 2024A Bonds 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, (i) interest on the Series 2024A Bonds is an item of tax preference for purposes of calculating alternative minimum tax for taxpayers other than corporations under Section 55(b) of the Tax Code, and (ii) to the extent such interest is included in calculating the “adjusted financial statement income” of “applicable corporations” (as defined in Sections 56A and 59(k), respectively, of the Tax Code), such interest is subject to the alternative minimum tax applicable to those corporations under Section 55(b) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the Authority’s certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State of Nevada in effect on the date hereof, the Series 2024A Bonds, 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 are subject to the following:

The obligations of the Authority pursuant to the Series 2024A Bonds 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 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 Series 2024A Bonds, or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2024A Bonds 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,

[Closing Date]

Reno-Tahoe Airport Authority  
2001 East Plumb Lane  
Reno, Nevada 89502

\$ \_\_\_\_\_  
**Reno-Tahoe Airport Authority**  
**Airport Revenue Bonds**  
**Series 2024B (Non-AMT)**

Ladies and Gentlemen:

We have acted as bond counsel to the Reno-Tahoe Airport Authority, Nevada (the “Authority,” and the “State,” respectively) in connection with the issuance of its “Reno-Tahoe Airport Authority, Airport Revenue Bonds, Series 2024B (Non-AMT)” in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2024B Bonds”). In such capacity, we have examined the Authority’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 Series 2024B Bonds are authorized and issued pursuant to the Master Trust Indenture dated as of August 8, 2024 (as amended, the “Master Indenture”), as supplemented by the First Supplemental Trust Indenture dated as of \_\_\_\_\_, 2024 (the “First Supplemental Indenture” and, together with the Master Indenture, the “Indenture”) between the Authority and U.S. Bank Trust Company, National Association, 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 Authority’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 Series 2024B Bonds are valid and binding, special, limited obligations of the Authority and are payable solely out of and secured by a lien on the Net Revenues of the Airport System under the Indenture.

2. The Indenture creates a valid lien on the Net Revenues of the Airport System pledged therein for the security of the Series 2024B Bonds. The lien on the Net Revenues of the Airport System pledged for the security of the Series 2024B Bonds is on a parity with the lien thereon of the Series 2024A Bonds and any Bonds (as defined in the Master Indenture) hereafter issued. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Revenues of the Airport System securing the Series 2024B Bonds.

3. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority and, assuming due authorization, execution and

delivery by the Trustee, constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.

4. Interest on the Series 2024B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Series 2024B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b) of the Tax Code; however, to the extent such interest is included in calculating the “adjusted financial statement income” of “applicable corporations” (as defined in Sections 56A and 59(k), respectively, of the Tax Code), such interest is subject to the alternative minimum tax applicable to those corporations under Section 55(b) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the Authority’s certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State of Nevada in effect on the date hereof, the Series 2024B Bonds, 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 are subject to the following:

The obligations of the Authority pursuant to the Series 2024B Bonds 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 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 Series 2024B Bonds, or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2024B Bonds 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,



