

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024A Bonds and the 2024B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, except that no opinion is expressed as to the status of interest on any 2024B Bond for any period that such 2024B Bond is held by a “substantial user” of the facilities financed or refinanced by the 2024B Bonds or by a “related person” within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the 2024A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2024B Bonds is a specific preference item for purposes of the federal individual alternative minimum tax and that interest on the 2024A Bonds and 2024B Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. In the opinion of Bond Counsel, interest on the 2024C Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the 2024 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Bonds. See “TAX MATTERS.”



\$724,780,000

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
AIRPORT SENIOR REVENUE BONDS

\$34,680,000
2024 Series A
(Non-AMT)

\$642,420,000
2024 Series B
(AMT)

\$47,680,000
2024 Series C
(Taxable)

Dated: Date of Delivery**Due:** July 1, as shown on the inside cover page

This cover page is not intended to be a summary of the terms of, or the security for, the 2024 Bonds, and is qualified by further description in this Official Statement. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision. Capitalized terms not defined below shall have the meanings given to such terms in the Official Statement.

The Burbank-Glendale-Pasadena Airport Authority (the “Authority”) is issuing its Airport Senior Revenue Bonds, 2024 Series A (Non-AMT) (the “2024A Bonds”), Airport Senior Revenue Bonds, 2024 Series B (AMT) (the “2024B Bonds”) and its Airport Senior Revenue Bonds, 2024 Series C (Taxable) (the “2024C Bonds”) and, together with the 2024A Bonds and the 2024B Bonds, the “2024 Bonds”) under the Indenture (defined below). The 2024 Bonds are being issued to (i) finance a portion of the cost of the Terminal Relocation Project at Bob Hope Airport (commonly known as Hollywood Burbank Airport), located in Los Angeles County, California, (ii) pay interest to accrue on the 2024 Bonds to and including April 1, 2027, (iii) purchase a debt service reserve surety policy to be credited to the Senior Debt Service Reserve Fund, (iv) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on certain 2024 Bonds, and (v) pay costs of issuance of the 2024 Bonds. See “PLAN OF FINANCE.” The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A.) serves as the trustee (the “Trustee”) under the Indenture.

The 2024 Bonds will be issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2024 Bonds. The 2024 Bonds will be available for purchase in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of ownership interests in the 2024 Bonds will not receive physical bond certificates. As long as Cede & Co. is the registered owner as nominee of DTC, amounts due on the 2024 Bonds will be paid directly to such registered owner with such payment to be subsequently disbursed to the Beneficial Owners of the 2024 Bonds. Interest on the 2024 Bonds is payable on each January 1 and July 1 commencing January 1, 2025. See “THE 2024 BONDS.”

The 2024 Bonds will be subject to redemption as provided in this Official Statement.

The 2024 Bonds will be secured by the Trust Estate, subject to the terms of the Indenture. The Trust Estate consists primarily of Net Revenues. The 2024 Bonds, when issued, will constitute Senior Obligations under the Indenture. See “SECURITY FOR THE 2024 BONDS.” There are other outstanding Senior Obligations secured and payable from the Trust Estate on a parity basis with the 2024 Bonds. The Authority may issue additional Senior Obligations in the future, subject to the terms and conditions of the Indenture. See “SECURITY FOR THE 2024 BONDS – ADDITIONAL SENIOR OBLIGATIONS.”

The scheduled payment of principal of and interest on all of the 2024A Bonds; the 2024B Bonds maturing on July 1 in the years 2039, 2041, 2043, 2049 (bearing interest at 4.375% per annum), and 2054 (bearing interest at 4.50% per annum); and the 2024C Bonds maturing on July 1, 2031 (collectively, the “2024 Insured Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2024 Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP.



Previously, the Authority and the Trustee entered into a Master Indenture of Trust (the “Original Master Indenture”) and various supplemental indentures. The Authority and the Trustee are executing a Fifth Supplemental Indenture (the “Fifth Supplemental Indenture”) to provide for the issuance of the 2024 Bonds. The Authority and the Trustee are also executing an Amended and Restated Master Indenture (the “Restated Master Indenture”), which will become effective upon satisfying the terms and conditions of the Original Master Indenture, including the consent by the Owners of a majority in aggregate principal amount of the Outstanding Bonds. **Purchasers of the 2024 Bonds will be deemed to have consented to the Restated Master Indenture. See “INTRODUCTION – Purchasers’ Consent to Restated Master Indenture.”** Upon the issuance of the 2024 Bonds, Owners of the 2024 Bonds will constitute the Owners of a majority in aggregate principal amount of the Outstanding Bonds and the Restated Master Indenture will therefore become effective. The Restated Master Indenture, upon becoming effective, will amend, restate and supersede the Original Master Indenture, as amended (except for (i) the Fifth Supplemental Indenture and (ii) certain provisions of a Third Supplemental Indenture relating to Bonds issued in 2012, which will remain outstanding after the issuance of the 2024 Bonds).

The 2024 Bonds will not constitute a general obligation of the Authority but shall constitute and evidence special obligations of the Authority payable as to principal, Redemption Price, interest and other payments solely from the Trust Estate. The 2024 Bonds will not be secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except the Trust Estate. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof, including the Cities of Burbank, Glendale and Pasadena, will be pledged to the payment of the 2024 Bonds. The payment of the 2024 Bonds will not constitute a debt, liability or obligation of the State of California or any public agency thereof, including the Cities of Burbank, Glendale and Pasadena, other than the special obligation of the Authority as provided in the Indenture. The Authority has no taxing power.

Maturity Schedule on Inside Front Cover

The 2024 Bonds are offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP as Disclosure Counsel to the Authority, and by Richards, Watson & Gershon, A Professional Corporation, General Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth LLP. It is anticipated that the 2024 Bonds in definitive form will be available for delivery through the facilities of DTC on or about May 30, 2024.

BOFA SECURITIES

J.P. MORGAN

RAMIREZ & CO., INC.

BARCLAYS

**LOOP
CAPITAL MARKETS**

**RBC
CAPITAL MARKETS**

**SIEBERT WILLIAMS
SHANK & CO., LLC**

MATURITY SCHEDULE

\$34,680,000
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
AIRPORT SENIOR REVENUE BONDS
2024 SERIES A
(NON-AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2054 [†]	\$34,680,000	4.000%	4.200%	96.598	120827DN7

\$642,420,000
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
AIRPORT SENIOR REVENUE BONDS
2024 SERIES B
(AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2031	\$10,120,000	5.000%	3.780%	107.518	120827DP2
2032	16,350,000	5.000	3.790	108.356	120827DQ0
2033	17,165,000	5.000	3.810	109.064	120827DR8
2034	18,025,000	5.000	3.820	109.797	120827DS6
2035	18,925,000	5.000	3.830	109.709 [‡]	120827DT4
2036	19,870,000	5.000	3.870	109.358 [‡]	120827DU1
2037	20,865,000	5.000	3.950	108.662 [‡]	120827DV9
2038	21,910,000	5.000	3.960	108.575 [‡]	120827DW7
2039 [†]	23,005,000	4.000	4.180	97.997	120827DX5
2040	23,925,000	5.250	4.000	110.287 [‡]	120827DY3
2041 [†]	25,180,000	4.125	4.340	97.421	120827DZ0
2042	26,220,000	5.250	4.120	109.245 [‡]	120827EA4
2043 [†]	27,595,000	4.250	4.400	98.073	120827EB2
2044	28,770,000	5.250	4.200	108.557 [‡]	120827EC0

\$100,000,000 5.250% 2024B Term Bonds due July 1, 2049, Yield 4.340%, Price 107.365,[‡] CUSIP No. 120827ED8*

\$66,960,000 4.375% 2024B Term Bonds due July 1, 2049,[†] Yield 4.560%, Price 97.248, CUSIP No. 120827EE6*

\$102,535,000 5.250% 2024B Term Bonds due July 1, 2054, Yield 4.390%, Price 106.943,[‡] CUSIP No. 120827EF3*

\$75,000,000 4.500% 2024B Term Bonds due July 1, 2054,[†] Yield 4.640%, Price 97.738, CUSIP No. 120827EG1*

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[†] Insured by a municipal bond insurance policy to be delivered by Assured Guaranty Municipal Corp. simultaneously with the issuance of the 2024 Bonds. See "BOND INSURANCE" and APPENDIX H: "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

[‡] Priced to the optional redemption date, July 1, 2034.

\$47,680,000
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
AIRPORT SENIOR REVENUE BONDS
2024 SERIES C
(TAXABLE)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2028	\$13,375,000	5.120%	5.120%	100.000	120827EH9
2029	14,070,000	5.170	5.170	100.000	120827EJ5
2030	14,795,000	5.200	5.200	100.000	120827EK2
2031 [†]	5,440,000	5.150	5.150	100.000	120827EL0

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[†] Insured by a municipal bond insurance policy to be delivered by Assured Guaranty Municipal Corp. simultaneously with the issuance of the 2024 Bonds. See “BOND INSURANCE” and APPENDIX H: “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

RENDERINGS OF REPLACEMENT PASSENGER TERMINAL



BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
2627 North Hollywood Way, Burbank, California 91505

AUTHORITY COMMISSION MEMBERS

Felicia Williams, *President*
Ara Najarian, *Vice President*
Jess Talamantes, *Secretary*
Tyron Hampton, *Treasurer*
Andy Wilson, *Auditor*
Emily Gabel-Luddy
Robert Ovrom
Frank Quintero
Elen Asatryan

SENIOR MANAGEMENT OF THE AIRPORT

Frank R. Miller
Executive Director

John T. Hatanaka
Senior Deputy Executive Director

Kathy David
Deputy Executive Director,
Finance and Administration

Scott Kimball, CM
Deputy Executive Director, Operations, Business,
Properties and Safety

Patrick J. Lammerding
Deputy Executive Director, Planning and Development

Pamela Marcello
Senior Director, Government and Public Affairs

Edward B. Skvarna
Chief of Police and Director of Public Safety

Maggie Martinez
Director, Noise and Environmental Affairs

Kimberly Parker-Polito
Director, Information and Communication
Technologies

David Kwon, CPA
Director, Financial Services

Stephanie Gunawan-Piraner, PE, PMP
Director, Engineering and Maintenance

Nerissa Sugars
Director, Communications and Air Service; Public
Information Officer

Thomas Henderson, A.A.E.
Director, Operations

Sharon Haserjian
Director, Human Resources

Tom Lenahan
Chief, Fire Department

PROFESSIONAL SERVICES

Public Resources Advisory Group
Municipal Advisor

Richards, Watson & Gershon
General Counsel

Orrick, Herrington & Sutcliffe LLP
Bond and Disclosure Counsel

Ricondo & Associates, Inc.
Airport Consultant

The Bank of New York Mellon
Trust Company, N.A.
Trustee, Bond Registrar and Paying Agent

This Official Statement is provided in connection with the initial offering and sale of the Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series A (Non-AMT), 2024 Series B (AMT) and Series 2024C (Taxable) (together, the “2024 Bonds”) and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the Authority and other sources which are believed to be reliable. This Official Statement is not to be construed as a contract or agreement between the Authority or the Underwriters and purchasers or owners of any of the 2024 Bonds.

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 law as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Airport since the date hereof.

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “plan,” “believe” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Authority disclaims any obligation to update any forward-looking statements, including to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except to the extent expressly required by the Authority’s continuing disclosure agreement described in this Official Statement.

No dealer, broker, salesperson or 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, and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The 2024 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The 2024 Bonds have not been registered or qualified under the securities laws of any state.

The Authority undertakes no responsibility for and makes no representation as to the accuracy, timeliness or completeness of information contained on websites referenced in this Official Statement, including but not limited to, such information or links to other internet sites accessed through such websites. No information contained on such websites or the Authority’s social media accounts are incorporated in this Official Statement, except as expressly noted.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the 2024 Bonds or the advisability of investing in the 2024 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and APPENDIX H: “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

TABLE OF CONTENTS

	Page
INTRODUCTION	1
Use of Proceeds	1
The Authority	2
2024 Bonds Authorization.....	2
Purchasers’ Consent to Restated Master Indenture	2
The Airport.....	3
Airport Use Agreements.....	4
Airport Consultant’s Report	5
2024 Bonds.....	6
Outstanding Senior Obligations	6
Security for the 2024 Bonds.....	7
Bond Insurance for the 2024 Insured Bonds	7
Continuing Disclosure.....	7
Certain Investment Considerations.....	8
Miscellaneous.....	8
TERMINAL RELOCATION PROJECT	8
History of the Airport and the Terminal Relocation Project	10
Developments from 2015 to 2017; Measure B.....	10
City of Burbank Substation	11
Environmental Reviews	12
Project Management, Design and Construction	12
Status of Construction of the Terminal Relocation Project and Key Permits.....	15
Terminal Relocation Project Participants	16
California High-Speed Rail Authority Settlement.....	18
PLAN OF FINANCE	19
AIRPORT USE AGREEMENTS.....	19
Existing Airport Use Agreement	19
Amendment to Existing Airport Use Agreement	21
Replacement Airport Use Agreement	21
Information Concerning Airlines	23
ESTIMATED SOURCES AND USES OF FUNDS FOR THE 2024 BONDS	24
DEBT SERVICE SCHEDULE	25
THE 2024 BONDS	26
General	26
Book-Entry Only System	26
Redemption	26
SECURITY FOR THE 2024 BONDS.....	29
Amendment and Restatement of the Master Indenture	29
Pledge of Trust Estate; Net Revenues	30
Released Revenues	32
Obligations Issued or Incurred under the Indenture	33
Flow of Funds.....	34
Rate Covenant	37
Senior Debt Service Reserve Fund.....	38
Bond Insurance for the 2024 Insured Bonds	39
Additional Senior Obligations.....	39
Additional Subordinate Obligations	41

TABLE OF CONTENTS
(continued)

	Page
Junior Subordinate Obligations, Special Facility Obligations and Other Indebtedness	42
Limitation on Remedies	42
BOND INSURANCE	43
Bond Insurance Policy.....	43
Assured Guaranty Municipal Corp.....	43
THE AUTHORITY	45
Organization and Powers.....	45
Authority Commission Members	45
Joint Powers Agreement.....	45
Employees; Employee Retirement Plans.....	47
Contractors	47
THE AIRPORT	47
Description of the Airport and Existing Terminal Building	47
Regional Intermodal Transportation Center	48
Accessibility	48
Airport Manager and the Airport Management Services Agreement.....	49
Senior Management.....	50
Insurance	51
Capital Improvements	52
Outstanding Debt.....	52
AIRPORT OPERATIONS STATISTICS	54
Airport Traffic	54
Passenger Demand	55
Nearby Airports.....	55
Passenger Airline Operations	57
Airline Market Shares	57
Cargo and Other Non-Airline Services	59
SOURCES OF REVENUES	60
General	60
Parking Fees	62
Tenant Rent	62
Concession Fees	63
Landing Fees	64
Customer Facility Charges	64
Passenger Facility Charges.....	65
HISTORICAL FINANCIAL INFORMATION	65
Historical Operating Results	65
Investment of Airport Funds	68
Historical Debt Service Coverage	69
ENVIRONMENTAL MATTERS AFFECTING AIRPORT OPERATIONS	71
Noise Restrictions	71
Noise Abatement Programs.....	72
Regulated and Hazardous Substances	72
Emission Standards	74

TABLE OF CONTENTS

(continued)

	Page
AIRPORT CONSULTANT REPORT	74
Overview	74
Projected Net Revenues and Debt Service Coverage	75
Projected Revenue From Rent and Fees, and Cost Per Enplanement	78
ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS	79
Environmental Sustainability Initiatives	79
Social Equity	79
Governance	80
CERTAIN INVESTMENT CONSIDERATIONS	80
General	80
2024 Bonds Special Obligations of Authority	81
Uncertainties of Projections and Assumptions	81
Expiration and Possible Termination of Airport Use Agreements	82
Certain Factors Affecting the Terminal Relocation Project	82
Availability of Electrical Utility Services	83
Certain Factors Affecting the Airline Industry and Air Travel	84
Competition	85
Economic Conditions of Air Trade Area	85
Effects of Airline Bankruptcy	85
Effects of Bankruptcy of Tenant, Concessionaire, or other Contracting Party	86
Effects of Bankruptcy of Project Manager or Design-Builder	86
Effect of Authority Bankruptcy	86
Bankruptcy of the Airport Manager	88
Investment Losses	88
Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products	
Relating to Airport Bonds	89
Availability of Pledged Customer Facility Charges	89
Risks Related to the Authority's Capital Projects	89
Operations at the Airport	90
Certain Factors Particular to the Airport	91
Technological Innovations	91
Seismic and other Natural Disasters or Emergencies	92
Environmental Matters and Climate Change	92
Cyber and Data Security	94
Regulatory Uncertainties	94
Regulation of Rates and Charges	95
Aviation Security	95
Effect of COVID Pandemic and Other Worldwide Health Concerns	96
Initiative and Referenda	96
Initiative 1935	97
Limitations on Remedies	97
Potential Limitations of Tax Exemption of Interest on the 2024 Bonds	98
LITIGATION	98
LEGAL MATTERS	98
TAX MATTERS	99
2024A Bonds and 2024B Bonds (Non-AMT/AMT)	99
2024C Bonds (Taxable)	101

TABLE OF CONTENTS
(continued)

	Page
UNDERWRITING	103
RATINGS	103
CONTINUING DISCLOSURE.....	104
MUNICIPAL ADVISOR	104
AIRPORT CONSULTANT.....	104
FINANCIAL STATEMENTS.....	104
MISCELLANEOUS.....	105
APPENDIX A AIRPORT CONSULTANT REPORT	A-1
APPENDIX B AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.....	B-1
APPENDIX C-1 FORM OF AMENDED AND RESTATED MASTER INDENTURE.....	C-1-1
APPENDIX C-2 FORM OF FIFTH SUPPLEMENTAL INDENTURE.....	C-2-1
APPENDIX D-1 SUMMARY OF CERTAIN PROVISIONS OF THE EXISTING AIRPORT USE AGREEMENTS	D-1-1
APPENDIX D-2 SUMMARY OF CERTAIN PROVISIONS OF AMENDMENT TO AIRPORT USE AGREEMENT	D-2-1
APPENDIX D-3 SUMMARY OF CERTAIN PROVISIONS OF REPLACEMENT AIRPORT USE AGREEMENT	D-3-1
APPENDIX E DTC BOOK-ENTRY ONLY SYSTEM	E-1
APPENDIX F PROPOSED FORM OF BOND COUNSEL OPINION	F-1
APPENDIX G PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT	G-1
APPENDIX H SPECIMEN MUNICIPAL BOND INSURANCE POLICY	H-1

OFFICIAL STATEMENT

relating to

\$724,780,000

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY AIRPORT SENIOR REVENUE BONDS

\$34,680,000	\$642,420,000	\$47,680,000
2024 SERIES A	2024 SERIES B	2024 SERIES C
(NON-AMT)	(AMT)	(TAXABLE)

INTRODUCTION

This Introduction does not purport to be complete, and reference is made to this Official Statement, appendices and the documents referred to for more complete information with respect to matters concerning the 2024 Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used but not defined in the forepart of this Official Statement have the meanings set forth in the Indenture. See APPENDIX C-1: "FORM OF AMENDED AND RESTATED MASTER INDENTURE" and APPENDIX C-2: "FORM OF FIFTH SUPPLEMENTAL INDENTURE."

This Official Statement, including the cover page, inside cover pages and appendices hereto, is furnished in connection with the offering by the Burbank-Glendale-Pasadena Airport Authority (the "Authority") of \$34,680,000 aggregate principal amount of Airport Senior Revenue Bonds, 2024 Series A (Non-AMT) (the "2024A Bonds"), \$642,420,000 aggregate principal amount of Airport Senior Revenue Bonds, 2024 Series B (AMT) (the "2024B Bonds"), and \$47,680,000 aggregate principal amount of Airport Senior Revenue Bonds, 2024 Series C (Taxable) (the "2024C Bonds" and, together with the 2024A Bonds and the 2024B Bonds, the "2024 Bonds").

The 2024 Bonds are being issued to finance a portion of the cost of the hereinafter defined Terminal Relocation Project at Bob Hope Airport (commonly known as Hollywood Burbank Airport) (the "Airport"). The Airport is owned by the Authority and located approximately 12 miles northwest of downtown Los Angeles. The Authority is undertaking the Terminal Relocation Project to, among other things, replace an existing 14-gate 232,000-square-foot passenger terminal (a portion of which was originally built in 1930) with a new 14-gate 355,000-square-foot terminal building that will meet modern safety and design standards (the "Replacement Passenger Terminal"). The Terminal Relocation Project will also provide a higher level of passenger service. The Authority anticipates that the new terminal building will be substantially completed and will open by October 13, 2026. Upon completion of the Replacement Passenger Terminal, all passenger operations will move from the existing passenger terminal to the new terminal building. The Terminal Relocation Project also includes the demolition of the existing passenger terminal. Once the Replacement Passenger Terminal is open, the existing passenger terminal will be closed for demolition.

The 2024 Bonds will be secured by the Trust Estate, as defined in the Indenture, on a parity with other Senior Obligations. The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A.) serves as the trustee (the "Trustee") under the Indenture.

Use of Proceeds

Proceeds of the 2024 Bonds will be used to (i) finance a portion of the cost of the Terminal Relocation Project, (ii) pay interest to accrue on the 2024 Bonds to and including April 1, 2027, (iii) purchase a debt service reserve surety policy (the "2024 Reserve Policy") issued by Assured Guaranty Municipal Corp. (the "2024 Insurer" or "AGM") to be credited to the Senior Debt Service Reserve Fund, (iii) purchase a municipal bond insurance policy (the "2024 Bond Insurance Policy") to be issued by the 2024 Insurer which will guarantee payment of the principal of and interest on all of the 2024A Bonds, the 2024B Bonds maturing on July 1 in the years 2039, 2041, 2043, 2049 (bearing interest at 4.375% per annum), and 2054 (bearing interest at 4.50% per annum), and the 2024C Bonds

maturing on July 1, 2031 (collectively, the “2024 Insured Bonds”) and (iv) pay costs of issuance of the 2024 Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The Authority

The Authority is a joint powers agency created in June 1977 pursuant to the Joint Exercise of Powers Act (commencing with Section 6500 of the California Government Code) (the “Joint Powers Act”) and an agreement (the “Joint Powers Agreement”) among the Cities of Burbank, Glendale and Pasadena, California (the “Cities”). It was formed for the purpose of acquiring and operating the Airport. The Authority is governed by a nine-member Commission (the “Authority Commission”). Each City appoints three members of the Authority Commission. See “THE AUTHORITY.”

2024 Bonds Authorization

The Authority is issuing the 2024 Bonds under the authorization of Article 4 of the Joint Powers Act and a resolution adopted by the Authority Commission on May 6, 2024.

Purchasers’ Consent to Restated Master Indenture

Previously, the Authority and the Trustee entered into a Master Indenture of Trust, dated as of May 1, 2005 (the “Original Master Indenture”), and various supplemental indentures. The Authority and the Trustee are executing a Fifth Supplemental Indenture, dated as of May 1, 2024 (the “Fifth Supplemental Indenture”) to provide for the issuance of the 2024 Bonds.

The Authority and the Trustee are also executing an Amended and Restated Master Indenture, dated as of May 1, 2024 (the “Restated Master Indenture”), which will become effective on the date of issuance of the 2024 Bonds as described below and will amend and restate the Original Master Indenture in its entirety.

By purchasing the 2024 Bonds, the Owners of the 2024 Bonds:

- (i) will be deemed to have irrevocably consented to the Restated Master Indenture and approved, on behalf of themselves and all subsequent Owners and Beneficial Owners of the 2024 Bonds, the Restated Master Indenture,**
- (ii) pursuant to such consent, will have irrevocably directed the Trustee to consent to the Restated Master Indenture, and**
- (iii) will have waived, and be deemed to have waived, and to have authorized and directed the Trustee to waive, any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Original Master Indenture in order to implement the Restated Master Indenture.**

Upon the issuance of the 2024 Bonds, Owners of the 2024 Bonds will constitute the Owners of a majority in aggregate principal amount of the Bonds Outstanding. On the issuance date of the 2024 Bonds, after giving effect to the issuance of the 2024 Bonds, the consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding under the Original Master Indenture will have been obtained. The Authority expects to receive the written consent of the Credit Providers (as defined herein) on or before the date of issuance of the 2024 Bonds. Therefore, the Restated Master Indenture is expected to become effective on the issuance date of the 2024 Bonds.

Upon the issuance of the 2024 Bonds, the Restated Master Indenture will amend, restate and supersede the Original Master Indenture and its various prior amendments, except for (i) the Fifth Supplemental Indenture, and (ii) certain provisions of a Third Supplemental Indenture relating to the Authority’s Airport Revenue Bonds 2012 Series A (AMT) (the “2012A Bonds”) and Airport Revenue Bonds 2012 Taxable Series B (the “2012B Bonds” and

together with the 2012A Bonds, the “2012 Bonds”) that will remain Outstanding after the issuance of the 2024 Bonds.

See APPENDIX C-1: “FORM OF AMENDED AND RESTATED MASTER INDENTURE.”

Unless the context clearly requires otherwise, the use of the term “Indenture” in this Official Statement refers to the Restated Master Indenture (as of the Effective Date), as supplemented by the Third Supplemental Indenture (as amended) and the Fifth Supplemental Indenture, and any additional supplemental indenture that the Authority may execute from time to time pursuant to the terms of the Restated Master Indenture.

The Airport

Overview

The Airport is owned by the Authority and located approximately 12 miles northwest of downtown Los Angeles. It is on a 555-acre site (the “Site”), 445 acres of which is within the City of Burbank and the remaining portion of which is within the City of Los Angeles. It is a medium hub airport by Federal Aviation Administration (“FAA”) classification. Its primary service area is Los Angeles County and Ventura County (the “Air Trade Area”). By population, the Air Trade Area is larger than most metropolitan regions in the United States. According to U.S. Department of Transportation reports, approximately 3 million revenue passengers enplaned at the Airport in Fiscal Year (“FY”) 2023.

As of the date of this Official Statement, eight commercial airlines currently offer daily flights at the Airport: Alaska Airlines (“Alaska”), American Airlines (“American”), Avelo Airlines (“Avelo”), Delta Air Lines, Inc. (“Delta”), JetBlue Airways (“JetBlue”), Southwest Airlines (“Southwest”), Spirit Airlines (“Spirit”) and United Airlines (“United”). Together, these airlines provide non-stop service to over 30 destinations throughout the United States. For FY 2023, Southwest passengers constituted over 65% of all enplaned passengers at the Airport. In October 2023, Southwest announced that it will launch daily nonstop service to five new mid-continent domestic destinations in June 2024, including Boise Airport, Kansas City International Airport, Louis Armstrong New Orleans International Airport, San Antonio International Airport and St. Louis Lambert International Airport. These new destinations will expand the scope of Southwest’s service from the Airport to the middle of the country, which historically focused on the West Coast. Alaska launched nonstop service to San Francisco International Airport in December 2023. Spirit started non-stop service to Oakland International Airport in April 2024. Avelo announced that it will launch nonstop service to Harry Reid International Airport in Las Vegas in May 2024, and McNary Field in Salem, Oregon, in June 2024. Delta announced its plan to resume nonstop service to Hartsfield-Jackson Atlanta International Airport in June 2024.

In addition, there are also cargo planes, fixed base operators and military aircraft that operate out of the Airport.

Existing Facilities

The Airport’s current passenger terminal facilities are comprised of three connected buildings aggregating approximately 232,000 square feet, with two concourses (Terminal A and Terminal B) and administration offices (the “Existing Terminal Building”). The Existing Terminal Building has 14 aircraft gates and is located in the southeast quadrant of the Airport. In addition to the Existing Terminal Building, the Airport’s facilities include two runways, an intermodal transportation center, parking facilities (in addition to those provided in the intermodal transportation center), general aviation facilities, and other supporting facilities.

Terminal Relocation Project

Terminal A of the Existing Terminal Building was originally constructed in 1930. Terminal B was added to the Existing Terminal Building in 1974. There have been many renovations and improvements over the years, but major changes are necessary to bring the Airport up to modern safety and design standards, in particular to address the fact that the Existing Terminal Building is situated too close to the runways for modern federal safety standards.

The FAA has determined, however, that the Authority can continue to operate the Airport safely given the special operating procedures in place. The FAA has long advocated for the relocation of the Airport's terminal facilities in order to meet current airfield design standards. For many years, however, the City of Burbank and the Authority could not reach an agreement regarding whether or how the Authority could reconfigure the Airport facilities to bring them into compliance with the FAA's airfield design standards. The Authority and the City of Burbank entered into a Development Agreement, dated January 10, 2017 (the "Development Agreement") for a replacement passenger terminal, which had previously been approved by voters of the City of Burbank in November 2016. Under the Development Agreement, the Authority has obtained a contractual vested right to all discretionary approvals needed from the City of Burbank for completion of the Terminal Relocation Project. The Development Agreement also sets parameters for the Replacement Passenger Terminal, such as the maximum square footage (355,000 square feet) and the maximum number of gates (14 gates).

The "Terminal Relocation Project" includes the design, construction, improvement and equipping of: (a) the Replacement Passenger Terminal to replace the Existing Terminal Building, along with a new public parking garage (currently anticipated to have 2,010 spaces) to replace the existing parking structure, to be located in the northeast quadrant of the Site; (b) associated landside and airside improvements, including roadways, employee parking facilities, airline support facilities, and associated infrastructure necessary to serve the Replacement Passenger Terminal; and (c) the demolition of the Existing Terminal Building and certain other structures in the southeast quadrant of the Airport. The Terminal Relocation Project also includes the construction of a community electric utility substation located on the Site (the "Substation") by Burbank Water & Power ("BWP") to support the operation of the Replacement Passenger Terminal and other Airport facilities. The Authority's total estimated cost for the Terminal Relocation Project (including the Authority's share of the cost of the Substation) is approximately \$1.3 billion.

The Authority expects the Replacement Passenger Terminal to open by October 13, 2026. Pursuant to the Development Agreement, when the Replacement Passenger Terminal opens, all passenger operations will move from the Existing Terminal Building to the Replacement Passenger Terminal and the Existing Terminal Building will close for demolition. The Authority currently expects the Existing Terminal Building to be demolished within twelve months of the opening of the Replacement Passenger Terminal. The Authority expects that there will be no impact on the operations of the Airport during the construction of the Terminal Relocation Project due to the physical separation between the site of the Terminal Relocation Project located in the northeast quadrant of the Site and the Existing Terminal Building located in the southwest quadrant of the Site.

In addition to proceeds of the 2024 Bonds and the Anticipated Future Bonds (defined below), the Authority expects the sources for the funding of the Terminal Relocation Project to include federal grants, revenue from Passenger Facility Charges and a portion of the Authority's existing available cash held in the Authority's Facility Development Fund, which was established to provide for the eventual development of facilities to replace the Existing Terminal Building. The Authority has also established a commercial paper program (the "CP Program"), to provide interim financing for the Terminal Relocation Project, as needed. Under the CP Program, the Authority may issue up to \$200 million of commercial paper notes (the "Commercial Paper Notes"). As of the date hereof, the Authority has not issued any Commercial Paper Notes under the CP Program.

See "TERMINAL RELOCATION PROJECT" and "PLAN OF FINANCE."

Airport Use Agreements

Significant to the Airport's operations and the Authority's revenues are the Authority's contracts with the commercial airlines that operate at the Airport. The Authority has entered into substantially identical Airport Use Agreements with all eight commercial airlines that offer daily flights at the Airport (the "Existing Airport Use Agreements"). An airline's rents and fees under each Existing Airport Use Agreement are currently calculated based on rates set by the Authority before the start of each Fiscal Year; provided that the Authority may make certain extraordinary adjustments if its revenues are insufficient to satisfy operating expenses during that Fiscal Year. The Authority has not raised the rates under the Existing Airport Use Agreements (nor has it invoked the extraordinary adjustment provisions) since July 2012. The current expiration date of all eight Existing Airport Use Agreements is June 30, 2025 (which date is before the expected opening date of the Replacement Passenger Terminal on October 13, 2026).

Any commercial airline that currently operates at the Airport without an Existing Airport Use Agreement does so pursuant to an Airport Use and Facilities Operating Permit (“Operating Permit”). Each Operating Permit has, effectively, a month-to-month term. The rent and fees under an Operating Permit are higher than those under the Existing Airport Use Agreements. FedEx Corporation and United Parcel Service, Inc. operate at the Airport under Operating Permits.

On March 4, 2024, the Authority Commission approved templates for: (i) an amendment to the Existing Airport Use Agreements (the “AUA Amendment”) and (ii) a new Airport Use Agreement (the “Replacement Airport Use Agreement”). Pursuant to their terms, the effectiveness of each of the AUA Amendment and the Replacement Airport Use Agreement is conditioned on the airline’s execution of both documents. Under the AUA Amendment, the expiration date for the airline’s Existing Airport Use Agreement will be extended to the earlier of: (a) the Commencement Date, or (ii) June 30, 2030. Upon signing a Replacement Airport Use Agreement, an airline will agree, with respect to its operations at the Airport, to be governed by the terms of the Replacement Airport Use Agreement starting on the “Commencement Date.” The Commencement Date is the date on which the Authority allows the airline to begin revenue-generating operations at the Replacement Passenger Terminal. Execution copies of the AUA Amendment and the Replacement Airport Use Agreement were distributed to the airlines in April 2024. The Airlines are now processing the documents through their respective company procedures, a process that may take three to six months. Southwest has further provided a letter to the Authority dated May 1, 2024 confirming Southwest’s intent to execute the AUA Amendment and the Replacement Airport Use Agreement. As described above, Southwest passengers constituted over 65% of all enplaned passengers at the Airport for FY 2023. Alaska has also provided a letter to the Authority dated May 10, 2024 confirming Alaska’s intent to execute the AUA Amendment and the Replacement Airport Use Agreement. While the Authority expects Southwest and Alaska to execute their AUA Amendments and the Replacement Use Agreements as indicated in their letters, the Authority cannot guarantee the final execution of the AUA Amendments and the Replacement Airport Use Agreements by any airline until they are received. See “AIRPORT USE AGREEMENTS” and “CERTAIN INVESTMENT CONSIDERATIONS – Expiration and Possible Termination of Airport Use Agreements,” “ – Initiatives and Referenda” and “– Initiative 1935.”

The Replacement Airport Use Agreement will have an expiration date of June 30, 2035 (which may be extended to June 30, 2040 by mutual agreement). Under the Replacement Airport Use Agreement, the airline’s rent and fees will be calculated differently from those under the Existing Airport Use Agreement. The Replacement Airport Use Agreement will follow a “residual” rate-setting method (in contrast to the Existing Airport Use Agreement which follows a hybrid-residual model). The formulas under the Replacement Airport Use Agreement are designed so that the rent and fees will be adjusted each Fiscal Year to sufficiently cover the Authority’s expenditures and expenses to operate the Airport (including amounts to be paid or set aside by the Indenture, such as debt service payments on Obligations issued by the Authority, debt service reserve deposits and operating reserve deposits required by the Indenture) for such Fiscal Year. See “AIRPORT USE AGREEMENTS – Replacement Airport Use Agreement.”

In this Official Statement, each commercial airline that has executed an Existing Airport Use Agreement or, as applicable, a Replacement Airport Use Agreement, is called a “Signatory Airline.” An airline that operates at the Airport pursuant to an Operating Permit (i.e., without an Existing Airport Use Agreement or a Replacement Airport Use Agreement) is called a “Non-Signatory Airline.”

Airport Consultant’s Report

Ricondo & Associates, Inc. (“Ricondo”) has served as consultant to the Authority with respect to the issuance of the 2024 Bonds. Ricondo has provided consulting services to the Authority for over twenty years. In Ricondo’s capacity as consultant to the Authority with respect to the 2024 Bonds, Ricondo prepared and provided the Report of the Airport Consultant attached to this Official Statement as APPENDIX A (the “Airport Consultant Report”). The Airport Consultant Report has been included in this Official Statement in reliance on the authority of Ricondo and its subconsultants as experts in traffic matters and financial projections relating to airports such as the Airport.

In the Airport Consultant Report, Ricondo concludes that Net Revenues in each year during the projection period of FY 2024-2032 (the “Projection Period”) will be sufficient to satisfy the Authority’s obligations under the

Indenture while maintaining reasonable levels of passenger airline cost per enplaned passenger. Among other assumptions, the projections in the Airport Consultant Report assume that the Replacement Passenger Terminal will begin operation by October 13, 2026, that the rent and fees paid by the commercial airlines serving the Airport will follow the methodologies set forth in the Replacement Airport Use Agreement starting in FY 2027 and that all current Signatory Airlines will execute the AUA Amendment and the Replacement Airport Use Agreement. See “Airport Use Agreements” above for a description of Southwest’s letter and Alaska’s letter confirming their intent to execute the AUA Amendment and Replacement Airport Use Agreement. While the Authority has provided certain historical information as to Airport operations and financial results included in the Airport Consultant Report and believes that the assumptions, conclusions and projections in the Airport Consultant Report are reasonable, the Authority assumes no responsibility for the conclusions or projections found in the Airport Consultant Report.

As stated in the Airport Consultant Report, all projections are subject to uncertainties. There will likely be differences between projected and actual results, and those differences may be material and adverse. The Airport Consultant Report has not been updated to reflect the final terms of the 2024 Bonds or other changes occurring after the date of such report.

See “AIRPORT CONSULTANT REPORT – Projected Net Revenues and Debt Service Coverage” and “ – Projected Revenues from Rent and Fees, and Cost per Enplanement” and the Airport Consultant Report in APPENDIX A.

2024 Bonds

The 2024 Bonds will be dated their date of delivery and will bear interest from that date, payable on each January 1 and July 1, commencing January 1, 2025, at the interest rates, and will mature on July 1 in the years and principal amounts, set forth on the inside cover page of this Official Statement. The 2024 Bonds will be issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York, the securities depository for the 2024 Bonds. The 2024 Bonds will be available for purchase in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. The 2024 Bonds will be subject to redemption prior to maturity. See “THE 2024 BONDS.”

Outstanding Senior Obligations

Senior Obligations which rank on a parity with the 2024 Bonds with respect to the pledge of the Trust Estate that are currently Outstanding include the 2012 Bonds. (See “ – Security for 2024 the Bonds” below). The Authority’s Airport Revenue Bonds, 2015 Series B (the “2015B Bonds”) were issued pursuant to a Fourth Supplemental Indenture. On May 7, 2024, the Authority defeased all of the outstanding 2015B Bonds.

The outstanding 2012 Bonds are comprised of: (i) \$6,715,000 in principal amount 2012 Series A (AMT) Bonds, and (ii) \$60,215,000 in principal amount 2012 Taxable Series B Bonds (of which \$2,055,000 will be subject to a mandatory sinking fund redemption on July 1, 2024). Pursuant to the Third Supplemental Indenture, the Authority elected to pledge certain Customer Facility Charges (“Pledged Customer Facility Charges”) as part of the security for the 2012 Bonds. No Customer Facility Charges are pledged as security for the 2024 Bonds or the Commercial Paper Notes. Historically, except for FY 2021 (due to the impact of COVID-19 on passenger traffic at the Airport), the Pledged Customer Facility Charges have been sufficient to pay a significant portion (approximately 86% for FY 2023), though not all, of the principal and interest payment due on the 2012 Bonds each Fiscal Year (See “SOURCES OF REVENUE – Customer Facility Charges”). The Third Supplemental Indenture also established a 2012 Series Debt Service Reserve Fund, which secures only the 2012 Bonds.

To provide for interim financing as needed for the Terminal Relocation Project, the Authority Commission approved the CP Program. Pursuant to an Issuing and Paying Agent Agreement, dated as of June 1, 2023 (the “CP Issuing and Paying Agent Agreement”), the Authority may issue up to \$200 million of Commercial Paper Notes. The Authority has entered into reimbursement agreements with two banks in connection with the banks’ issuance of irrevocable direct-pay letters of credit to support the Commercial Paper Notes. Certain Authority payment obligations (for reimbursement of draws under the letters of credit) pursuant to these agreements constitute “Commercial Paper Reimbursement Obligations” under the Indenture. As of the date hereof, the Authority has not issued any Commercial Paper Notes under the CP Program.

Security for the 2024 Bonds

The 2024 Bonds will be secured by the Trust Estate, subject to the terms of the Indenture. The Trust Estate consists primarily of Net Revenues. Net Revenues, for any period of time, consist of the Revenues for such period less the Operating Expenses for such period.

The Indenture defines “Bonds” as bonds issued under the Indenture, which may be Senior Bonds, Subordinate Bonds or Junior Subordinate Bonds. The 2012 Bonds are, and the 2024 Bonds will be, Senior Bonds.

In addition to the Senior Bonds, the Commercial Paper Notes and the Commercial Paper Reimbursement Obligations, the Indenture permits the Authority to incur other “Senior Obligations” pursuant to one or more Issuing Instruments, subject to the terms and conditions set forth in the Indenture. Similarly, other than the Subordinate Bonds and Junior Subordinate Bonds, the Authority may incur additional “Subordinate Obligations” and additional “Junior Subordinate Obligations” pursuant to Issuing Instruments, subject to the terms and conditions set forth in the Indenture.

With respect to the pledge of the Trust Estate, Senior Obligations rank senior in payment and priority to all Subordinate Obligations and Junior Subordinate Obligations. Subordinate Obligations rank senior in payment and priority to Junior Subordinate Obligations. There are no Subordinate Obligations or Junior Subordinate Obligations outstanding, and the Authority has no plan to issue any at this time.

The Indenture establishes a Senior Debt Service Reserve Fund, which secures the Senior Bonds issued under the Indenture, unless otherwise specified (for example, a separate debt service reserve fund was established for the 2012 Bonds, see “ – Outstanding Senior Obligations” above). The Authority will initially satisfy the Senior Debt Service Reserve Requirement through the purchase of the 2024 Reserve Policy to be issued by the 2024 Insurer concurrently with the execution and delivery of the 2024 Bonds.

The 2024 Bonds will be special obligations of the Authority payable from, and secured by a pledge of, the Trust Estate. The 2024 Bonds will not constitute a general obligation of the Authority but shall constitute and evidence special obligations of the Authority payable as to principal, Redemption Price, interest and other payments solely from the Trust Estate. The 2024 Bonds will not be secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except the Trust Estate. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof, including the Cities of Burbank, Glendale and Pasadena, will be pledged to the payment of the 2024 Bonds. The payment of the 2024 Bonds will not constitute a debt, liability or obligation of the State of California or any public agency thereof, including the Cities of Burbank, Glendale and Pasadena, other than the special obligation of the Authority as provided in the Indenture. The Authority has no taxing power.

See “SECURITY FOR THE 2024 BONDS,” APPENDIX C-1: “FORM OF AMENDED AND RESTATED MASTER INDENTURE” and APPENDIX C-2: “FORM OF FIFTH SUPPLEMENTAL INDENTURE.”

Bond Insurance for the 2024 Insured Bonds

The scheduled payment of principal of and interest on the 2024 Insured Bonds, when due will be guaranteed under the 2024 Bond Insurance Policy to be issued concurrently with the delivery of the 2024 Insured Bonds by the Authority. See “SECURITY FOR THE 2024 BONDS – Bond Insurance for the 2024 Insured Bonds,” “BOND INSURANCE” and APPENDIX H: “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

For additional provisions relating to the 2024 Bond Insurance Policy and certain rights of the 2024 Insurer, see APPENDIX C-2: “FORM OF FIFTH SUPPLEMENTAL INDENTURE.”

Continuing Disclosure

In connection with the issuance of the 2024 Bonds, the Authority will covenant for the benefit of the Owners and the Beneficial Owners of the 2024 Bonds to provide certain financial information and operating data annually and to provide notices of the occurrence of certain enumerated events. This is to assist the underwriters of

the 2024 Bonds named on the cover of this Official Statement (the “Underwriters”) in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE” and APPENDIX G: “PROPOSED FROM OF CONTINUING DISCLOSURE AGREEMENT.”

Certain Investment Considerations

The 2024 Bonds may not be suitable for all investors. Prospective purchasers of the 2024 Bonds should read this Official Statement in its entirety, including its appendices and the information under the section “CERTAIN INVESTMENT CONSIDERATIONS” before making an investment in the 2024 Bonds.

Miscellaneous

This Official Statement contains brief descriptions of, among other things, the 2024 Bonds, the Indenture, the Authority and the Airport. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the 2024 Bonds are qualified in their entirety by reference to the form of the 2024 Bonds included in the Fifth Supplemental Indenture.

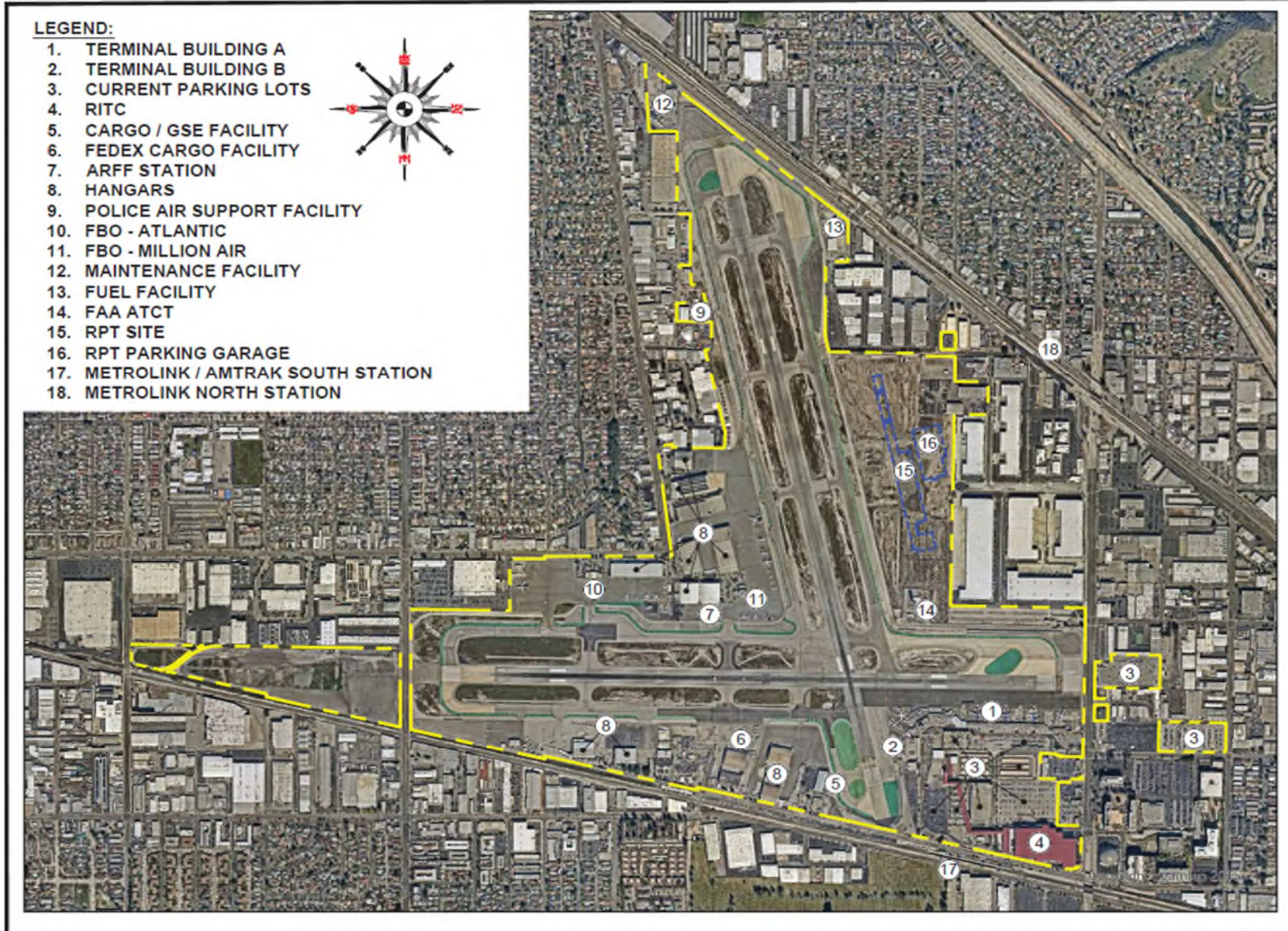
The Authority maintains a website to provide information concerning itself and the Airport, and a dedicated website for the Terminal Relocation Project. No information on such websites or the Authority’s social media accounts is included or incorporated by reference as part of this Official Statement. No information on any other website referenced in this Official Statement is part of or incorporated into this Official Statement except as expressly noted. No assurance is given as to the accuracy or timeliness of information on any website or social media account.

TERMINAL RELOCATION PROJECT

The Terminal Relocation Project includes the design, construction, improvement and equipping of: (a) the Replacement Passenger Terminal to replace the Existing Terminal Building, along with a new public parking garage (currently anticipated to have 2,010 spaces) to replace the existing parking structure, to be located in the northeast quadrant of the Site; (b) associated landside or airside improvements, including roadways, employee parking facilities, airline support facilities, and associated infrastructure necessary to serve the Replacement Passenger Terminal; and (c) the demolition of the Existing Terminal Building and certain other structures in the southeast quadrant of the Airport. The Terminal Relocation Project also includes the construction of the Substation by BWP to support the operation of the Replacement Passenger Terminal and other Airport facilities. The Authority’s total estimated cost for the Terminal Relocation Project (including the Authority’s share of the cost of the Substation) is approximately \$1.3 billion. The Authority expects that there will be no impact on the operations of the Airport during the construction of the Terminal Relocation Project due to the physical separation between the site of the Terminal Relocation Project located in the northeast quadrant of the Site and the Existing Terminal Building located in the southwest quadrant of the Site.

The following page contains a map showing the boundaries of the Airport, the location of existing Airport facilities, and the location of the Replacement Passenger Terminal and the new parking garage.

MAP OF AIRPORT BOUNDARIES, EXISTING FACILITIES, REPLACEMENT PASSENGER TERMINAL AND NEW PARKING GARAGE



History of the Airport and the Terminal Relocation Project

The Site (excluding the B-6 Site portion later acquired as described below) originally became an airport in 1930. It was built by United Aircraft and Transport Corporation, an affiliate of Boeing Airplane and Transport Corporation and a predecessor of United Airlines. It was originally named United Airport, and later Union Air Terminal. In 1940, the airport was acquired by Lockheed Air Terminal, Inc. (“LAT”), a wholly owned subsidiary of Lockheed Martin Corporation (“Lockheed”). When LAT announced plans in 1976 to close the airport, the Authority was formed by the Cities of Burbank, Glendale and Pasadena, to acquire the Site for operation as a public airport pursuant to the Federal Aviation Act of 1958 and the Airport and Airway Development Act of 1970. The Authority purchased from LAT the runways, taxiways, passenger terminal, certain hangars and other improvements totaling approximately 440 acres in June 1978. At that time, Lockheed retained property adjacent to the Airport for other operations.

One concourse (Terminal A) of the Existing Terminal Building was originally built in 1930. The other concourse (Terminal B) was added to the Existing Terminal Building in 1974. Over the years, renovations and improvements have been made to maintain the Existing Terminal Building, including a \$30 million enhancement project in 2003 to accommodate security equipment and procedures mandated by federal regulations after the September 11, 2001 terrorist attacks.

While the FAA has determined that the Authority can continue to operate the Airport safely given the special operating procedures in place, the Existing Terminal Building is situated too close to the runways to be compliant with current FAA airfield design standards and is also not compliant with current California seismic standards. The Existing Terminal Building is located approximately 125 feet from the centerline of an active runway, which conflicts with the FAA’s commonly designated runway safety area and object free area of 250 feet from the runway centerline. Additionally, the central section of the Existing Terminal Building has been operational since 1930 and does not meet current California seismic building standards. In addition to the safety concerns, the interior spaces of the Existing Terminal Building, such as the holdrooms, concession space and baggage make-up areas, are undersized and inefficient for the Airport’s current level of passenger activity.

To address these safety issues, in 1980 the FAA and the Authority initiated discussions regarding relocating the terminal facilities. An adjacent property (known as the “B-6 Site” because of Lockheed’s B-6 Plant located there), then still owned by Lockheed, was identified as a suitable location. The Authority purchased 49 acres (out of the total 130 acres) of the B-6 Site in 1999, despite prior opposition by the City of Burbank. Such 49 acres, together with the original 440 acres and other parcels acquired by the Authority from time to time over the years, constitute the current 555-acre Site.

Developments from 2015 to 2017; Measure B

The Authority’s primary motivation in undertaking the Terminal Relocation Project has been to bring the Airport into compliance with modern safety standards. However, dating back to the period when the current Airport facilities were owned by LAT, the City of Burbank has expressed concerns about airport operations at the Site, primarily regarding noise control, and has taken various actions over the years to oppose a replacement terminal project at the Airport.

In November 2015, the Authority Commission and the Burbank City Council approved a conceptual term sheet for a long-term solution for the Authority and the City of Burbank to address their respective concerns regarding the Terminal Relocation Project. This solution was memorialized in two documents: (i) the Development Agreement, and (ii) a second amendment to the Authority’s Joint Powers Agreement (the “Second JPA Amendment”).

At an election held on November 6, 2016, the following question was submitted to the City of Burbank voters, as “Measure B”: “Shall Ordinance No. 16-3,882 be approved allowing no more than a 14-gate, 355,000 square foot replacement terminal and ancillary improvements to be built at the Bob Hope Airport meeting current safety, seismic standards and improving disabled access; demolishing the existing terminal; and modifying Adjacent Property easement and authorizing future agreements necessary to implement the project; in exchange for

governance changes that provide Burbank a greater voice in the future of the airport?” Approximately 70% of the voters approved Measure B.

The Development Agreement has a 20-year term that began on February 7, 2017. Pursuant to California Government Code Section 65864 et seq., under the Development Agreement, the Authority has obtained a contractual vested right to all discretionary approvals needed from the City of Burbank for completion of the Terminal Relocation Project and the City of Burbank has agreed to hold in abeyance certain disputes affecting the development of the Terminal Relocation Project. This vested right generally allows the Authority to develop the Terminal Relocation Project in accordance with the City of Burbank’s project approvals, and with the City of Burbank’s development regulations in effect on February 7, 2017, regardless of any conflicting new laws that may be enacted by the City of Burbank or its voters. Among other things, this vested right protects the Authority against a conflicting new law that would do any of the following: limit the density or timing of the development of the Terminal Relocation Project, impose new development impact fees, or impose new discretionary review processes. The Development Agreement requires the City of Burbank to process the Authority’s demolition permit, grading permit, building permit, and occupancy certificate applications for the Terminal Relocation Project on a ministerial basis. If the City of Burbank fails to do so, then the Authority has a right to pursue nonbinding mediation through a building official from the City of Santa Ana, City of Santa Clarita, or City of Thousand Oaks. If mediation does not resolve the dispute, then the Authority can require the City of Burbank to transfer building official duties for the Terminal Relocation Project to the County of Los Angeles. The Development Agreement also sets parameters for the Replacement Passenger Terminal, such as the maximum square footage (355,000 square feet) and the maximum numbers of gates (14 gates).

Under the Joint Powers Agreement, each of the member Cities (i.e., Burbank, Glendale, and Pasadena) appoints three members to the Authority Commission. Generally, actions by the Authority Commission require the affirmative vote of a simple majority of Authority Commission members. However, the affirmative vote of a majority of the appointees of each member City (a “Supermajority Vote”) is needed for some categories of actions. The Second JPA Amendment adds categories of actions that require a Supermajority Vote (and hence, the action could not be taken without the vote of at least two of the Authority Commission members appointed by the City of Burbank). See “THE AUTHORITY – Joint Powers Agreement.”

City of Burbank Substation

The Terminal Relocation Project also includes BWP’s construction of the Substation, a new 33MVA 2-bank community substation on the Site, to support the increased long-term electrical load required to operate the Replacement Passenger Terminal and other Airport facilities. Provision of electric supply facilities in addition to those currently powering the Existing Terminal Building (located in the southeast quadrant of the Site) is necessary to complete the construction of the Terminal Relocation Project and operate the Replacement Passenger Terminal (located in the northeast quadrant of the Site) when it opens.

BWP is expected to provide interim electrical supply facilities to provide sufficient power for the construction of the Terminal Relocation Project and the operation of the Replacement Passenger Terminal until the new Substation is completed. The Substation is expected to be completed in 2028.

The Authority and the City of Burbank are negotiating a contract (the “BWP Substation Contract”), under which the City of Burbank will: (i) build the Substation, to be completed in 2028, and that is expected deliver sufficient power for Airport operations after the Replacement Passenger Terminal opens, and (ii) in the interim, provide facilities for additional power that are expected to allow the Authority to construct the Replacement Passenger Terminal and operate the Airport until the Substation is complete. These negotiations include the addition of two new distribution lines to the Substation providing redundant power supplies and increasing the system reliability. The facilities to be constructed and provided by BWP under the BWP Substation Contract are separate from those currently supplying power to the Existing Terminal Building. While the Authority will be obligated to contribute to the construction cost, the Substation will be built, owned and operated by the City of Burbank through BWP. The proposed payment by the Authority under the BWP Substation Contract, estimated to be approximately \$50 million, will be subject to FAA approval.

Environmental Reviews

The Terminal Relocation Project has been reviewed pursuant to the California Environmental Quality Act (“CEQA”) and the federal National Environmental Policy Act (“NEPA”). As to CEQA, in July 2016 the Authority Commission certified a Final Environmental Impact Report for a Replacement Airline Passenger Terminal at Burbank Bob Hope Airport (State Clearinghouse No. 2015121095) (“FEIR”). The appeal period for the FEIR has expired.

As to NEPA, in May 2021 the FAA issued its Final Environmental Impact Statement for Proposed Replacement Passenger Terminal Project at Bob Hope “Hollywood Burbank” Airport with Record of Decision (the “2021 FEIS”). The City of Los Angeles contested the 2021 FEIS in litigation, but in March 2023, the U.S. Court of Appeals for the Ninth Circuit rejected the vast majority of the challenges. The court directed the FAA to perform an additional, limited environmental review of noise impact from simultaneous operation of construction equipment associated with the Terminal Relocation Project, and to consider whether the results of that review affect the cumulative impacts analysis or the environmental justice analysis. In response to the court’s decision, the FAA has issued its Final Written Re-Evaluation of FAA’s May 21, 2021 Combined Final Environmental Impact Statement and Record of Decision dated December 29, 2023 (the “2023 Re-Evaluation” and, together with the 2021 FEIS, the “FEIS”). There have been no further legal challenges to the FEIS and the appeal period for the FEIS has expired. With the expiration of the appeal period for the FEIR and the FEIS, all environmental approvals required for the Terminal Relocation Project have been received and all appeal periods for such approvals have expired.

Project Management, Design and Construction

The Authority expects the Replacement Passenger Terminal to open by October 13, 2026. Operations at the Existing Terminal Building are expected to continue uninterrupted during construction of the Replacement Passenger Terminal. Pursuant to the Development Agreement (see “– Developments from 2015 to 2017; Measure B” above), when the Replacement Passenger Terminal opens, passenger operations will move from the Existing Terminal Building to the Replacement Passenger Terminal and the Existing Terminal Building will be closed for demolition.

Between March 27, 2019 and October 26, 2019, the Authority conducted a series of workshops open to the public in the Cities of Burbank, Glendale, Pasadena, and Los Angeles, and received community input on safety improvements, design features and amenities for the Terminal Relocation Project.

The Authority Commission approved a progressive design-build project delivery method for the Terminal Relocation Project in May 2019 and approved the engagement of Jacobs Project Management Co. (a wholly-owned subsidiary of Jacobs Engineering Group, a Delaware Corporation), as the Terminal Relocation Project program manager (“Jacobs” or the “Program Manager”) in April 2022. As the Program Manager, Jacobs supports the planning, procurement, program administration, design, and construction oversight activities for the Terminal Relocation Project. See – Terminal Relocation Project Participants.”

The Authority conducted a procurement process for design-build services, which process was required to meet FAA requirements. In a letter dated November 16, 2022, the FAA affirmed its approval of the selection criteria used by the Authority. At the end of the procurement process, the Authority Commission selected a joint venture consisting of three firms (collectively, “HPTJV” or the “Design-Builder”): (i) Holder Construction Group, LLC, a Georgia limited liability company, (ii) Charles Pankow Builders, Ltd., a California limited partnership, and (iii) TEC Management Consultants, Inc., a California corporation. In addition to those firms, the HPTJV team includes Corgan Associates, Inc. (architect) and Burns & McDonnell (engineering subconsultant), among others. See “– Terminal Relocation Project Participants.”

The Authority and HPTJV executed a Design-Build Agreement, dated December 19, 2022 (the “Design-Build Agreement”). Pursuant to the Design-Build Agreement, the Authority is required to make progress payments to the Design-Builder, according to task orders and fee applications approved by the Authority Commission. The Authority has the ability to terminate the Design-Build Agreement for default or, at any time, for convenience subject to the terms of the Design-Build Agreement. The Design-Builder’s responsibilities, and therefore pricing

under the Design-Build Agreement, do not include construction of the Substation (see “ – City of Burbank Substation” above).

Under the Design-Build Agreement, the Design-Builder is required to furnish all labor, materials and equipment required for the work to be performed by the Design-Builder under the Design-Build Agreement. The Design-Builder’s services include study and report services, drafting preliminary technical documents, preparation of construction drawings and construction specifications, construction planning services, construction of the Terminal Relocation Project, and start-up, testing, commissioning and final corrections of the Terminal Relocation Project.

The Design-Build Agreement generally provides that the Authority’s costs under the contract (including costs for design, engineering, materials and construction) would not exceed a guaranteed maximum price (“GMP”) approved by the Authority Commission. As described in more detail below, on May 6, 2024, the Authority Commission approved a GMP in the amount of \$1,110,074,145 covering the entire cost of the Terminal Relocation Project, except costs related to the demolition of certain existing facilities and the BWP Substation Contract. The GMP includes contingency amounts, the use of which require the Authority’s approval pursuant to the Design-Build Agreement, and schedule contingencies.

As permitted by the Design-Build Agreement, the Design-Builder has further implemented a Component Guaranteed Maximum Price (“CGMP”) strategy. Under this strategy, the overall project is divided into several components. For each component, when construction drawings and specifications and other work relating to cost estimates reach a substantial level, the Design-Builder submits a CGMP proposal to the Authority Commission for approval. Once the CGMP is approved, the Design-Builder then proceeds with the completion of the drawings and specifications for, and the construction of, such component. The sum of the all CGMPs will constitute the GMP for the Design-Build Agreement.

Over 60% of the design services for the preparation of construction drawings and specifications have been completed on schedule. The Design-Builder has agreed to achieve substantial completion of the Replacement Passenger Terminal by October 13, 2026 pursuant to the Design-Build Agreement. Substantial completion of the portion of the Terminal Relocation Project that the Design-Builder is responsible for is required to be completed on or before October 13, 2027 (which includes the demolition of the Existing Terminal Building), and final completion of the portion of the Terminal Relocation Project that the Design-Builder is responsible for is required to be completed on or before February 13, 2028.

The Design-Build Agreement provides for “excusable delays” and “compensable delays.” Excusable delays are those delays that meet all of the following requirements: (1) it was not the responsibility of the Design-Builder under the Design-Build Agreement and was beyond the reasonable control of the Design-Builder; (2) it could not have been foreseen or avoided by the Design-Builder; (3) it could not have been reasonably mitigated by the Design-Builder; (4) it was not caused by the Design-Builder, its subcontractors or agents; and (5) the Design-Builder provided written notice to the Authority of the delay act or event within seven calendar days of its occurrence and thereafter satisfied all requirements in the Design-Build Agreement for making a request for extension to the project schedules and milestones. While the date of completion can be extended due to an excusable delay, any cost increases remain the responsibility of the Design-Builder, unless they are also compensable delays.

A compensable delay is required to be an excusable delay and must meet all of the following requirements: (1) the costs of delay could not be reasonably mitigated by the Design-Builder; (2) it is the result of a change directed by the Authority, breach of contract or active negligence of the Authority, its employees, or separate contractors, or the cause of the delay was beyond the Design-Builder’s control; (3) such delay may not be concurrent with a delay caused in whole or in part by the Design-Builder; (4) it may not otherwise be precluded by the Design-Build Agreement; and (5) the Design-Builder is required to have otherwise satisfied the requirements for making a claim of compensation, including complying with the Design-Build Agreement’s notice provisions. The Design-Build Agreement provides that the Design-Builder has the burden of proving that a delay is excusable and compensable. If an excusable delay is found to be a compensable delay, the Authority will by change order extend the work completion time for the increase in the time of performance and will adjust the total Contract Price. The

Design-Build Agreement provides that the change order will be Design-Builder's sole remedy arising out of a compensable delay.

Force majeure events under the Design-Build Agreement are excusable, non-compensable delays to the extent that the force majeure event delays the progress of critical path activities for the Terminal Relocation Project, are beyond the Design-Builder's control, were not anticipated by the Design-Builder and could not be mitigated by the Design-Builder regardless of the cost of mitigation. Force majeure events include acts of God (except as excluded in the Design-Build Agreement), certain types of labor or industrial disturbances, certain acts of violence, terrorism or war, certain extreme, orders by any court, board, department, commission or city of the United States or of any State, civil disturbances, explosions, rain and other adverse weather conditions.

Force majeure events are excusable, compensable delays if a force majeure event is a single event natural occurrence with delay impacts exceeding 30 days, then any delay beyond the 30th day after such force majeure shall be an excusable compensable delay in the amount that Design-Builder's actual costs attributed to the delay beyond that point. The Design-Build Agreement provides that the Authority makes any final determinations as to whether any force majeure events qualify as excusable and non-compensable or compensable delays.

If either the Authority or the Design-Builder is unable to fulfill its obligations under the Design-Build Agreement due to a force majeure event, the obligations of such party to perform are only suspended during the continuance of the force majeure event. Any extensions of time to the completion dates under the Design-Build Agreement, when granted, will be based upon the effect of a force majeure event (whether compensable or not), Authority caused delays or actual time impact of an excusable and/or compensable delay.

Under the Design-Build Agreement, the Authority and the Design-Builder recognize that the construction industry is currently in a highly volatile state with escalation and supply chain logistics challenges. The Authority and the Design-Builder under the Design-Build Agreement also recognize that various markets providing essential materials for the Terminal Relocation Project are experiencing and are anticipated to continue to experience significant, industry-wide volatility during the performance of the Design-Build Agreement due to the COVID-19 pandemic and current geopolitical conflicts that may impact price, availability, and delivery time frames. To the extent that these issues are outside of the control of the Design-Builder, they may be treated as excusable and compensable delays under the terms of the Design-Build Agreement.

Due to the long period between the establishment of the GMP and the commencement of work to demolish the Existing Terminal Building and existing parking garage, costs related to such demolition have been excluded from the GMP. The Authority expects that closer in time to the completion of the Replacement Passenger Terminal, the Design-Builder will submit a proposal (currently expected to be approximately \$24.4 million) for the demolition of the Existing Terminal Building and the existing parking garage. The Authority expects to pay such remaining amount with money from FAA grants and not bond proceeds.

In sum, the total costs of the Terminal Relocation Project are estimated to be \$1.3 billion. These costs include the Design-Builder's costs associated with the planning, design and construction of the Terminal Replacement Project and such costs are included in the GMP. The following costs are included in the estimated \$1.3 billion total cost for the Terminal Relocation Project, but are not included in the GMP: (1) costs for the Authority's project management, (2) approximately \$53.5 million budgeted for contingencies (the "Contingency Amount"), (3) approximately \$24.4 million for the demolition of the Existing Terminal Building and existing parking garage, and (4) \$50 million for the Authority's share of the cost of the Substation. The Contingency Amount is intended to cover additional costs in case of any change orders or unforeseen circumstances. In addition to the 2024 Bonds, the Authority anticipates issuing the Anticipated Future Bonds in 2026 in an expected principal amount of \$340 million to finance the remaining costs of the Terminal Relocation Project. See "AIRPORT CONSULTANT REPORT – Projected Net Revenues and Debt Service Coverage."

Liquidated damages may be assessed by the Authority for each missed milestone under the Design-Build Agreement, and may be cumulative. Pursuant to a CGMP proposal approved by the Authority Commission, the Design-Builder must achieve substantial completion of the Replacement Passenger Terminal (i.e., the stage where work is sufficiently and suitably complete so that the Authority can take beneficial occupancy) by October 13, 2026, or be subject to liquidated damages of \$10,000 per day past October 13, 2026. The Design-Builder is further

required to achieve substantial completion of the Terminal Relocation Project (including demolition of the Existing Terminal Building and the parking garage in the southeast quadrant of the Site after the completion of the Replacement Passenger Terminal) on or before October 13, 2027, and final completion of the full Terminal Relocation Project on or before February 13, 2028.

The Design-Builder is required to procure at the Design-Builder's sole expense the following insurance coverage types and policy limits: worker's compensation at statutory levels; aircraft operations area automobile liability covering any automobile with a \$10 million combined single limit; non-aircraft operations area automobile liability covering any automobile with a \$1 million combined single limit, aviation/airport liability with a limit of \$10 million per occurrence, commercial general liability with a limit of \$10 million per occurrence, professional liability with a limit of \$10 million per claim, employer's liability with a limit of \$1 million per accident or occupational illness and builder's risk as required per CGMP package. Insurance policy limits are required to be reviewed for adequacy annually by the Authority throughout the term of the Design-Build Agreement. The Authority may adjust the insurance coverage amounts to the amount that the Authority deems to be adequate.

A Contractor Controlled Insurance Program ("CCIP") policy has been procured through the Design-Builder. The CCIP policy protects the Authority, the Design-Builder and the Design-Builder's subcontractors from worker's compensation and third-party general liability claims. Through this program, the Design-Builder will be able to provide subcontractor opportunities to disadvantaged business enterprise ("DBE"), minority-owned business enterprise ("MBE"), women-owned enterprise ("WBE"), and veteran-friendly business enterprise ("VBE") – including firms that might not qualify on their own – to participate in the Terminal Relocation Project.

The Design Builder is also required to purchase and maintain property insurance written on a builder's risk "all-risks" completed value or equivalent policy form and sufficient to cover the total value of the entire Terminal Replacement Project (excluding the cost of demolition of the Existing Terminal, design services, permits, insurance, and performance and payment bonds) plus an amount to be identified for equipment on a replacement cost basis. The required insurance has a sublimit of \$25 million per occurrence and annual aggregate for earthquakes having a magnitude of 3.5 or less on the Richter Scale and \$100 million for earthquakes in excess of 3.5 on the Richter Scale, and \$150 million per occurrence and annual aggregate for floods. The insurance shall be effective May 16, 2024, and maintained until substantial completion of each phase, unless otherwise provided in the Design-Build Agreement or otherwise agreed in writing by the parties. Allowable deductibles are generally \$500,000 per occurrence for all insured perils. Required insurance also includes "Delay in Completion Coverage" with limits of \$10 million for loss of rents/earnings and \$30 million for soft costs (subject to a deductible of 45 days of delay). Upon substantial completion, the Authority is required to replace the insurance provided by the Design-Builder with property insurance written for the total value of the Terminal Replacement Project that shall remain in effect until expiration of the Design-Build Agreement.

See "CERTAIN INVESTMENT CONSIDERATIONS—Certain Factors Affecting the Terminal Relocation Project" in this Official Statement.

Status of Construction of the Terminal Relocation Project and Key Permits

In April 2023, the Authority Commission selected a conceptual design for the Replacement Passenger Terminal called the "The Icon" (a rendering of which is shown in the front pages of this Official Statement). The first round of permits from the City of Burbank were received in December 2023 and mass grading began in January 2024. A groundbreaking ceremony for the Terminal Relocation Project took place on January 25, 2024. Rough excavation and site balancing at the site of the Replacement Passenger Terminal were completed in April 2024. Mass excavation for the basement of the Replacement Passenger Terminal is expected to be completed in May 2024, and mass excavation for the basement of the new parking garage is expected to be completed in July 2024. As of the date hereof, no material subsurface issues have been discovered as a result of the mass grading activities.

The Authority, the Program Manager and the Design-Builder have worked collaboratively with the City of Burbank for the necessary permits required for the Terminal Relocation Project, and has received certain permits required to begin construction of the Terminal Relocation Project. A summary showing the status of the certain critical required permits, approvals and authorizations required for the continued construction of the Terminal Relocation Project (including the demolition of existing facilities) are shown below. As such permits are critical

path items, a delay in the delivery of the permits may result in a delay in the construction and delivery of the Terminal Replacement Project. All such permits are to be provided by the City of Burbank. See “ – Developments from 2015-2017; Measure B” for a discussion of the permits to be granted by the City of Burbank related to the Terminal Relocation Project, as provided by the Development Agreement.

Permit Type	Expected Date of Receipt	Status
Grading – work and crane pads (Site 2)	N/A	Received
Foundation and Structural Frame (Terminal)	N/A	Received
Foundation and Structural Frame (New Parking Structure)	7/12/2024	Pending
Fire Sprinkler	10/20/24	Pending
Temporary Certificate of Occupancy*	October 2026	Pending
Demolition of Existing Terminal Building and other legacy facilities	1/2/2027	Expect to submit in Fall 2026

* The final Certificate of Occupancy may take up to 24 months after opening to obtain. The Replacement Passenger Terminal is able to open and operate under a Temporary Certificate of Occupancy until the final Certificate of Occupancy is issued.

Terminal Relocation Project Participants

The following information about Jacobs, the Program Manager, and members of HPTJV, the Design-Builder has been provided by the respective entities. No representative is made by the Authority or the Underwriters as to the accuracy or adequacy of such information.

Jacobs – Project Manager

Jacobs is an international technical professional service firm headquartered in Texas. Jacobs is currently supporting every commercial service airport in Southern California. In its 70+ years of providing aviation services, Jacobs has provided project management services in connection with over 25 major programs with a total construction cost of over \$500 billion. Notable airport projects include:

- Seattle-Tacoma International Airport – North Satellite Expansion and Renovation
- Eppley Airfield (Omaha Airport) – Terminal Development
- Chicago O’Hare International Airport – 21 Terminal Expansion
- LaGuardia Airport – Redevelopment
- Pittsburgh International Airport – Terminal Modernization
- Hartsfield-Jackson Atlanta International Airport – NEXT
- Salt Lake City International Airport – Terminal Replacement Complex
- Los Angeles International Airport – Landside Access Modernization
- Denver International Airport – Great Hall and Concourse Expansion Program
- Tampa International Airport – Master Plan Implementation

Holder Construction Group, LLC – Design-Builder

Holder Construction Group, LLC is a national commercial construction services firm with experience related to new terminals and transportation hubs, concourse expansions, airline clubs and live renovations. It was established in 1960 and has annual revenues of approximately \$5 billion. Notable airport projects include:

- Salt Lake City International Airport – Redevelopment Program Phase 1A
- Hartsfield-Jackson Atlanta International Airport – International Terminal F, Terminal Pedestrian Bridges and West Parking Deck

- Charlotte Douglas International Airport – Terminal Lobby Expansion
- Denver International Airport – Concourse B&C Expansion
- Nashville International Airport – Satellite Concourse

Charles Pankow Builders, Ltd – Design-Builder

Charles Pankow Builders, Ltd. was established in 1963 and has annual revenues of approximately \$400 million. It provides design-build, design-assist, general contracting and tenant improvement services. It is recognized as one of the premier parking structure and office building contractors in California. Notable airport projects include:

- Bob Hope Airport, commonly known as Hollywood Burbank Airport – Terminal B Security Checkpoint Renovations

TEC Management Consultants, Inc. – Design-Builder

TEC Management Consultants, Inc. was established in 1988 and has annual revenues of approximately \$35 million. It is a multidisciplinary professional services firm specializing in engineering and construction project management. Notable airport projects include:

- Los Angeles International Airport – Tom Bradley International Terminal
- Los Angeles International Airport – Central Utility Plant
- Los Angeles International Airport – United Airlines East Aircraft Maintenance and GSE Complex
- Los Angeles International Airport – Terminal Cores and APM Interface Project

Corgan Associates, Inc. – Architect

Corgan Associates Inc. has over 80 years' experience working across multiple sectors, and over 70 years' experience in the aviation sector, with expertise in master planning, terminal design and interior design. Notable airport projects include:

- Sacramento International Airport – Central Terminal D
- Dallas Fort Worth International Airport – International Terminal D
- George Bush Intercontinental Airport (Houston) – International Terminal E
- John F. Kennedy International Airport – Terminal 6 Redevelopment
- Phoenix Sky Harbor International Airport –Terminal 3 Modernization Program
- Los Angeles International Airport – Midfield Satellite Concourse
- Long Beach Airport – Terminal Redevelopment Program
- Hartsfield-Jackson Atlanta International Airport – International Terminal
- San Antonio International Airport – New Terminal Development
- Eppley Airfield (Omaha Airport) – Terminal Modernization
- LaGuardia Airport – Terminal C

Burns & McDonnell – Engineering Subconsultant

Burns & McDonnell was established in 1898 and offers integrated construction and design services, with a team of over 14,000 engineers, construction and craft professionals in over 75 offices. Its airport experience includes aviation support infrastructure and facilities, technology and security services, deicing, fueling and ramp services, hangars, passenger terminals and other facilities. Notable airport projects include:

- LaGuardia Airport – Terminal C
- Louis Armstrong New Orleans International Airport – Program Management Program
- Ontario International Airport – Runway 8R-26L Reconstruction
- Los Angeles International Airport – Midfield Satellite Concourse

- Los Angeles International Airport – Terminal 4/5 Modernization Program
- Los Angeles International Airport – Terminal 6 Modernization Program
- Bob Hope Airport, commonly known as Hollywood Burbank Airport – Airfield Electrical Vault

California High-Speed Rail Authority Settlement

The California High-Speed Rail Authority (“CHSRA”) is pursuing a high-speed rail project in the State of California. A 14-mile segment between the Airport and Los Angeles Union Station, with stops at both locations (the “Burbank-LA HSR Project”), has been proposed as part of the overall project. CHSRA certified a final environmental impact report/environmental impact statement (the “HSR EIR”) for the Burbank-LA HSR Project pursuant to CEQA and NEPA. The Burbank-LA HSR Project would involve work at various locations adjacent to, and underneath, the grounds of the Airport, including underground tracks that would cross underneath one of the Airport’s runways and the foundation of the Airport’s Regional Intermodal Transportation Center (the “RITC”). The commencement of the Burbank-LA HSR Project will be subject to CHSRA’s procurement of funding, and is not expected to occur before the completion of the Terminal Relocation Project.

In February 2021, the Authority filed a lawsuit to challenge the adequacy of the HSR EIR and in November 2023 the Authority and CHSRA reached a settlement for the lawsuit. For the November 2023 settlement, the Authority and CHSRA entered into a framework agreement intended to facilitate the design and construction of the Burbank-LA HSR Project in a manner that does not negatively impact the safe operation of the Airport or the completion of the Terminal Relocation Project. The framework agreement affords the Authority numerous protections including: (i) CHSRA is prohibited from accessing the Airport for the Burbank-LA HSR Project unless authorized by an access agreement with the Authority or by a court order; and (ii) CHSRA must compensate the Authority for revenue losses that directly result from any Airport inoperability caused by the construction of the Burbank-LA HSR Project. The framework agreement contemplates that additional contracts will be negotiated upon the funding and advancement of the Burbank-LA HSR Project, including a reimbursement agreement, access agreements, an inoperability compensation agreement, and an operations and maintenance agreement.

PLAN OF FINANCE

The Authority anticipates paying for the Terminal Relocation Project using a combination of bond proceeds, funds held in the Authority’s Facility Development Reserve, revenues from the FAA’s Passenger Facility Charge Program (“PFC”) (see “SOURCES OF REVENUES – Passenger Facility Charges”), and grants from various FAA programs, including: (i) the Airport Improvement Program (“AIP”), (ii) the Airport Infrastructure Grants program (“AIG”) and (iii) the Airport Terminals Program. As described above, from time to time, the Authority may also issue up to \$200 million of Commercial Paper Notes to be used for interim financing for a portion of the Terminal Relocation Project.

In addition to the 2024 Bonds, the Authority anticipates issuing Senior Bonds in 2026 (the “Anticipated Future Bonds”) for the Terminal Relocation Project in an expected principal amount of \$340 million. Table 1 below shows the expected cost of various components of the Terminal Relocation Project.

Table 1
Expected Costs for Terminal Relocation Project

	Expected Cost
Terminal ⁽¹⁾	\$750,887,891
Sitework	\$167, 872,541
Parking Facilities ⁽¹⁾	\$209,367,538
Roadways	\$3,172,821
Airside	\$120,551,159
Demolition - Existing Terminal & Garage	\$24,400,000
Support Facilities ⁽¹⁾	\$22,228,050
Total	\$1,298,700,000

⁽¹⁾ Authority’s contribution to cost of the Substation (see “TERMINAL RELOCATION PROJECT – City of Burbank Substation”) allocated to Terminal, Parking Facilities and Support Facilities based on projected electric load to support those components of the Project.

Source: Table 1-2 of the Airport Consultant Report.

AIRPORT USE AGREEMENTS

This section contains a summary of certain provisions of the Existing Airport Use Agreement, the AUA Amendment and the Replacement Airport Use Agreement. Capitalized terms used and not otherwise defined below or elsewhere in this Official Statement have the meanings ascribed to them in the Existing Airport Use Agreement or the Replacement Airport Use Agreement, as applicable. See APPENDIX D-1: “SUMMARY OF CERTAIN PROVISIONS OF THE EXISTING AIRPORT USE AGREEMENTS,” APPENDIX D-2: “SUMMARY OF CERTAIN PROVISIONS OF AMENDMENT TO AIRPORT USE AGREEMENT” and APPENDIX D-3: “SUMMARY OF CERTAIN PROVISIONS OF REPLACEMENT AIRPORT USE AGREEMENT.”

Existing Airport Use Agreement

All eight commercial passenger airlines that currently offer daily flights at the Airport are parties to substantially identical Existing Airport Use Agreements with the Authority. Therefore, all eight are Signatory Airlines.

The Existing Airport Use Agreements set forth the business arrangement between the Authority and the Signatory Airlines including, but not limited to, the use of space in the Existing Terminal Building, insurance, indemnification, environmental compliance, maintenance of Airport facilities, security deposit and the Authority’s rate-setting mechanism. A Signatory Airline can, however, in extraordinary circumstances (e.g., where because of FAA action the Signatory Airline is unable to operate at the Airport as a passenger airline, and where the Signatory Airline is not in default in its payments or other obligations to the Authority), terminate its Existing Airport Use Agreement with advance written notice (the length of which varies depending on the circumstances), subject to a

termination payment in accordance with the terms of the Existing Airport Use Agreement. The Existing Airport Use Agreements are subject and subordinate to the Indenture, and other bond-related trust agreements and resolutions of the Authority. If there are any conflicts between the Existing Airport Use Agreements and the Indenture, the Indenture governs. Upon expiration or termination of an Existing Airport Use Agreement, the airline would have to vacate and cease operations at the Airport, or would have to execute an Operating Permit to continue operating at the Airport as a Non-Signatory Airline. If any airline elects not to execute the Replacement Airport Use Agreement, it can continue to serve the Airport under an Operating Permit after July 1, 2025 (the expiration date of the Existing Airport Use Agreement) as a Non-Signatory Airline and, so long as there is any Signatory Airline, pay a 35% premium as compared to the rate for the Signatory Airlines. During any period in which there are no airport use agreements or operating permits in place, the Authority expects to establish rates for the rents and fees pursuant to a resolution (the “Rate Resolution”). Regardless of the rate-setting method, pursuant to the Indenture, the Authority has covenanted that the rates under the Rate Resolution will be sufficient to enable the Authority to meet the coverage requirements of the Indenture. Any rates established under the Rate Resolution are also expected to take into account provisions for set-asides and extraordinary operating reserves. See “CERTAIN INVESTMENT CONSIDERATIONS – Expiration and Possible Termination of Airport Use Agreements,” “ – Initiatives and Referenda” and “– Initiative 1935.”

Under the Existing Airport Use Agreements, the Signatory Airlines agree to pay Rental (for Exclusive Use Space), Joint Use Fees (for use of Joint Use Space) and Landing Fees. The Existing Airport Use Agreements provide that the Authority may adjust the Rental, Joint Use Fees and Landing Fees rates according to the Authority’s Annual Budget, adopted before the start of the Fiscal Year, with respect to, generally, the costs of the Existing Terminal Building and the Airport’s airfield areas. The Existing Airport Use Agreements also provide for extraordinary increases in Landing Fee rates if the Authority’s revenues are insufficient to satisfy expenses of operating the Airport or that are incidental to, or arise out of, the operations of the Airport.

Before undertaking a Capital Improvement, the Authority must provide certain relevant information to the Signatory Airlines. With limited exceptions (for example, if the project cost is under \$1 million but this exception may not be applied to more than \$2 million in aggregate in a single Fiscal Year), the Authority must obtain the Signatory Airlines’ approval before adjusting rent and fees to fund a Capital Improvement. A “Majority-In-Interest” of the Signatory Airlines may withhold approval in writing in accordance with the Existing Airport Use Agreements. A “Majority-In-Interest” is defined as: “As of any date, a numerical majority of Signatory Airlines, which numerical majority shall have landed more than 75% of the Total Landed Weight at the Airport during the immediately preceding Fiscal Year.”

An Airline Airport Affairs Committee (the “AAAC”) has been established pursuant to the Existing Airport Use Agreements. Each Signatory Airline is permitted to appoint a person to be a member of the AAAC. Such appointee acts on the airline’s behalf in all matters required or allowed to be approved by the Signatory Airlines. Authority staff meets with the AAAC representatives regularly. A 2022 amendment to the Existing Airport Use Agreement with each Signatory Airline contains an acknowledgment that the Signatory Airline (or its designated consultant) would be an active participant with the Authority, the Authority’s program manager and the design-builder with regard to the design and cost of the Terminal Relocation Project. Furthermore, if the Signatory Airlines cease support for the Terminal Relocation Project (whether such cessation occurs before or after GMP determination), then all associated non-capitalized expenses and interim financing costs are within the scope of elements to be taken into account for the calculation of rents and fees under the Existing Airport Use Agreement. See “TERMINAL RELOCATION PROJECT – Project Management, Design and Construction.”

The Existing Airport Use Agreements expire on June 30, 2025, and have many provisions that were written for the Existing Terminal Building which are not applicable to the new Replacement Passenger Terminal after it commences operations. On March 4, 2024, the Authority Commission approved templates for: (i) the Replacement Airport Use Agreement, which will govern terms under which an airline operates at the Airport once the Replacement Passenger Terminal opens, and (ii) the AUA Amendment, as described below. The March 2024 Authority Commission approval authorized minor changes to these templates before execution. Final copies of the AUA Amendment and the Replacement Airport Use Agreement were distributed to the airlines for execution in April 2024. As of the date hereof, none of the current Signatory Airlines has executed the AUA Amendment and the Replacement Airport Use Agreement. The Airlines are now processing the documents for approval through their respective company procedures, and the process may take three to six months. As described above, Southwest has

further provided a letter to the Authority dated May 1, 2024 confirming Southwest’s intent to execute the AUA Amendment and the Replacement Airport Use Agreement, and Alaska has also provided a letter to the Authority dated May 10, 2024 confirming Alaska’s intent to execute the AUA Amendment and the Replacement Airport Use Agreement. While the Authority expects Southwest and Alaska to execute their AUA Amendments and the Replacement Use Agreements as indicated in their letters (and the Airport Consultant Report assumes that all of the current Signatory Airlines will execute the AUA Amendment and the Replacement Airport Use Agreement), the Authority cannot guarantee the final execution of the AUA Amendments and the Replacement Airport Use Agreements by any airline until they are received. See “CERTAIN INVESTMENT CONSIDERATIONS – Expiration and Possible Termination of Airport Use Agreements,” “– Initiatives and Referenda” and “– Initiative 1935.” Pursuant to their terms, the effectiveness of each of the AUA Amendment and the Replacement Airport Use Agreement is conditioned on the airline’s execution of both documents. Summaries of certain provisions of the execution copies of the AUA Amendment and the Replacement Airport Use Agreement are set forth in Appendices D-1 and D-2 of this Official Statement.

Amendment to Existing Airport Use Agreement

Under the AUA Amendment, the expiration date for a Signatory Airline’s Existing Airport Use Agreement will be extended to the earlier of: (a) the Commencement Date, as defined in the Replacement Airport Use Agreement, or (b) June 30, 2030. “Commencement Date” is the date on which the Authority provides the airline beneficial occupancy of the Replacement Passenger Terminal. Beneficial occupancy occurs on the date that the Authority, pursuant to a City of Burbank-issued occupancy permit (including a temporary certificate of occupancy), allows the airline to use space in the Replacement Passenger Terminal for revenue-generating operations.

The AUA Amendment clarifies that, before the Commencement Date, the Authority will continue to calculate rents and fees pursuant to the Existing Airport Use Agreement, unless adjustments are necessary to: (i) meet requirements relating to the bonds issued by the Authority to finance the Terminal Relocation Project, (ii) pay costs for the Terminal Relocation Project that cannot be capitalized, or (iii) adjust for any significant Airport activity disruption resulting in revenue decrease.

The AUA Amendment provides that, once the Authority accepts the GMP for the Terminal Relocation Project (see “TERMINAL RELOCATION PROJECT – Project Management, Design and Construction”), a Majority-In-Interest approval will be required for any scope modification (other than a legally required modification) that would necessitate a change order to amend the GMP amount.

Replacement Airport Use Agreement

The Replacement Airport Use Agreement will govern the terms under which any Airline which executes it will operate at the Airport starting on the Commencement Date (i.e., the date of beneficial occupancy of the Replacement Passenger Terminal).

The Replacement Airport Use Agreement and the Existing Airport Use Agreement have similar provisions with respect to insurance, indemnification, environmental compliance, compliance with certain standards for operation at the Airport, security deposit and Majority-In-Interest approval for Capital Improvements. Some definitions have been updated. For example, the term “Common Use Space” is used in lieu of “Joint Use Space.” The termination provisions have been modified to allow the Signatory Airline the possibility of continuing to pay Rental for Exclusive Space and Common Use Fees until one or more alternative Signatory Airlines takes the Exclusive Use Space leased under the agreement, instead of paying a lump-sum termination payment; provided that, just as in the Existing Airport Use Agreement, the Signatory Airline and the Authority could agree to an alternative termination payment amount. The Replacement Airport Use Agreement continues to provide that it is subject and subordinate to the Indenture, and other bond-related trust agreements and resolutions of the Authority. If there are any conflicts between the Replacement Airport Use Agreements and the Indenture, the Indenture will govern.

As discussed under “AIRPORT CONSULTANT REPORT – Projected Net Revenues and Debt Service Projections,” the methodologies under which the Authority will calculate the Rental (rent for Exclusive Use Space), Common Use Fees (compensation for use of Common Use Space) and Landing Fees pursuant to the Replacement Airport Use Agreements will be different from those under the Existing Airport Use Agreements. The Replacement

Airport Use Agreement follows a “residual” rate-setting method (in contrast to the Existing Airport Use Agreement which follows a hybrid-residual model).

Under the Replacement Airport Use Agreement, before the start of each Fiscal Year, the Authority will estimate the “Replacement Passenger Terminal Requirement” for that Fiscal Year to determine the Rental and the Common Use Fees. Generally, the Replacement Passenger Terminal Requirement will be calculated by summing all Authority costs and expenses for, or allocable to, the Replacement Passenger Terminal (including amounts necessary to comply with the Indenture), plus any deficit from the Parking and Roadway Cost Center (relating to access roads to the Replacement Passenger Terminal and the portions of the Airport devoted to automobile parking) (or, if there is a surplus from the Parking and Roadway Cost Center, the surplus would be a credit), less Non-Airline Revenue from the Replacement Passenger Terminal. “Non-Airline Revenue” refers to revenue received by the Authority from sources other than Signatory Airlines and includes PFC revenue.

Using the Replacement Passenger Terminal Requirement, the Authority will determine the “RPT Base Rate.” The RPT Base Rate is, for each Fiscal Year, a dollar amount per square foot that equals the Replacement Passenger Terminal Requirement divided by the sum of: (i) the aggregate square feet of Exclusive Use Space leased to all Signatory Airlines; and (ii) the square feet of Common Use Space.

For any Fiscal Year, a Signatory Airline’s monthly Rental will equal: the number of square feet of Exclusive Use Space leased by the Signatory Airline, multiplied by the applicable RPT Base Rate, and then divided by 12 (i.e., the number of months in a year).

The Common Use Fees each month will equal: the total number of square feet of Common Use Space, multiplied by the RPT Base Rate, and then divided by 12 (i.e., the number of months in a year). The Common Use Fees will be allocated among all of the Signatory Airlines based on the Common Use Formula. The Common Use Formula: (i) equally allocates among all Signatory Airlines 20% of the fees for the use of the Common Use Space; and (ii) allocates 80% of such fees among all Signatory Airlines according to the ratio of (A) the number of each Signatory Airline’s enplaning passengers at the Airport during each month of the Fiscal Year to (B) the total number of enplaning passengers of all Signatory Airlines for that month.

The Authority will also estimate the “Airfield Area Requirement” before the start of each Fiscal Year to determine the Landing Fee Rate for that Fiscal Year. Generally, the Airfield Area Requirement is all Authority costs and expenses for, or allocable to, the Airfield Cost Center (including amounts necessary to comply with the Indenture), plus any expense of services to be provided by the Authority’s member Cities to the Airfield Cost Center, plus any deficiency in any Special Fund of the Authority, including for the accumulation to (and maintenance of) an amount of unencumbered cash (or cash equivalents) equal to 540 days of the Airport Daily Operating Requirement, but net of the Non-Airline Revenue from the Airfield Cost Center and net revenue from the Estimated Other Buildings and Area Cost Center. “Airport Daily Operating Requirement” is the dollar amount necessary for the Authority to maintain operation of the Airport for one full day, assuming no revenue.

The Authority will calculate the Landing Fee Rate for each Fiscal Year by dividing the Airfield Area Requirement by the estimated composite Maximum Gross Landing Weight of all Aircraft Arrivals of all Signatory Airlines during such Fiscal Year, based upon estimates of use provided by the Signatory Airlines. In any event, the Landing Fee Rate shall not be less than \$0.50 per 1,000 pounds. A Signatory Airline’s Landing Fees for any month will be the product of the then applicable Landing Fee Rate multiplied by Airline’s Total Landed Weight for the month.

After the close of each Fiscal Year, the Authority will make recalculations based on actual operating results. If the Recalculated Total (i.e., sum of the Recalculated Rent, Recalculated Common Use Fees and the Recalculated Landing Fees) is greater than the Total Received (i.e., the sum of Rental, Common Use Fees and Landing Fees actually paid by Signatory Airline) for such Fiscal Year, then the Signatory Airline will pay the difference within 30 days of the Authority’s delivery of the Year-End Statement, which is required to be delivered by November 15 following the end of such Fiscal Year. If the Total Received is greater than the Recalculated Total, the Signatory Airline will receive a credit memo on any payment within the 12 months after the credit memo was issued.

A contrast between the “hybrid residual” rate-setting method under the Existing Airport Use Agreement and the “residual” rate-setting method under the Replacement Airport Use Agreement lies in the Authority’s ability to accumulate excess revenues from year to year. Under the Existing Airport Use Agreement, a Signatory Airline’s rent and fees are based on established fixed rates (subject to the Authority’s right to adjust rates each Fiscal Year). If the rent and fees collected exceed the Authority’s expenses in any Fiscal Year, the excess can be accumulated for future use. In contrast, the rent and fees under the Replacement Airport Use Agreement will be calculated based on requirements for the same Fiscal Year. If the rent and fees collected during a Fiscal Year exceed the requirements based on actual operating results, the excess will be credited to the Signatory Airline through the Fiscal Year-end reconciliation described above. Therefore, the Authority will not be able to accumulate the excess revenues in the same way as it has done under the Existing Airport Use Agreement. It should be noted that the formulas for calculating rent and fees each Fiscal Year under the Replacement Airport Use Agreement take into account the debt service coverage requirement under the Indenture and any other applicable bond agreement. The Authority intends to retain, in the Surplus Fund established under the Indenture, an amount equal to 25% of the Accrued Debt Service on the Senior Bonds for debt service coverage purposes (see footnote 5 to the table under “AIRPORT CONSULTANT REPORT – Projected Net Revenues and Debt Service Coverage”). Furthermore, the Replacement Airport Use Agreement provides for the establishment of a set-aside fund to be used for routine capital expenditures and other expenditures as deemed necessary by the Authority’s Executive Director, and use of this fund will not be subject to Signatory Airline approval. The amount of this set-aside fund will initially equal \$3 million and will be increased by 3% each Fiscal Year. Replenishment of this set-aside fund each Fiscal Year, as necessary, will be included in the rate base for the Signatory Airlines under the Replacement Airport Use Agreement. In addition to this set-aside fund, as described above in the paragraph pertaining to the calculation for “Airfield Area Requirement,” the Replacement Airport Use Agreement permits the Authority to accumulate, and then maintain, sufficient cash (or cash equivalent) to allow the Airport to continue operation for 540 days in the event of an unforeseen revenue interruption (such as the one caused by the COVID-19 pandemic).

As in the Existing Airport Use Agreements, the Authority will commit in the Replacement Airport Use Agreements to not grant any Non-Signatory Airline more favorable terms than those granted under the Replacement Airport Use Agreements. The Replacement Airport Use Agreement provides that the rent and landing fees for a Non-Signatory Airline will be at least 135% of the rates payable by the Signatory Airlines, and in any event, the landing fees payable by a Non-Signatory Airline will not be less than \$1.56 per 1,000 pounds of Maximum Gross Landing Weight.

Information Concerning Airlines

While the rent and fees under paid by the airlines are an important revenue source, it should also be noted that the activity of airlines at the Airport is reasonably correlated with the total number of passengers at the Airport. It follows that these passengers pay for parking and concessions which account for an important share of the Authority’s other revenues. Thus, the financial condition of the airlines serving the Airport is reasonably expected to affect Authority operations and finances. The Authority, however, cannot predict the extent of this impact or the financial condition of the airlines serving the Airport. See “CERTAIN INVESTMENT CONSIDERATIONS.”

For example, on April 25, 2024, Southwest stated in a release that it reported a net loss of \$231 million in the first quarter of 2024 and that it was looking into new cost control initiatives, including closing operations at four airports (Bellingham, Washington; Houston, Texas; Syracuse, New York; and Cozumel, Mexico). Southwest’s announced plans do not include any reduction of service at the Airport. See above for a description of Southwest’s letter to the Authority dated May 1, 2024 confirming its intent to execute the AUA Amendment and Replacement Airport Use Agreement.

The Authority makes no representation as to the business operations, financial condition or future viability of Southwest or of any other airline and makes no representation about the filings referred to below. The principal domestic airlines, or their respective parent corporations, including each current Signatory Airline, 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, including financial information, with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. Copies of such reports and statements can be obtained from the SEC website at <http://www.sec.gov>. The Authority has no responsibility for the completeness or accuracy of information available

from the SEC, including, but not limited to, updates of information on the SEC’s website or links to other websites accessed through the SEC’s website. None of the information filed by the airlines or on the SEC’s website is incorporated into this Official Statement.

ESTIMATED SOURCES AND USES OF FUNDS FOR THE 2024 BONDS

Table 2 below sets forth the estimated sources and uses of funds in connection with the 2024 Bonds.

Table 2
Estimated Sources and Uses of Funds for the 2024 Bonds

	<u>2024A Bonds</u>	<u>2024B Bonds</u>	<u>2024C Bonds</u>	<u>Total</u>
Sources of Funds:				
Principal Amount	\$34,680,000.00	\$642,420,000.00	\$47,680,000.00	\$724,780,000.00
Net Original Issue Premium/(Discount)	<u>(1,179,813.60)</u>	<u>29,481,624.60</u>	<u>--</u>	<u>28,301,811.00</u>
Total Sources	<u>\$33,500,186.40</u>	<u>\$671,901,624.60</u>	<u>\$47,680,000.00</u>	<u>\$753,081,811.00</u>
Uses of Funds:				
2024 Bonds Construction Account	\$31,284,265.47	\$624,564,418.27	--	\$655,848,683.74
2024 Bonds Capitalized Interest Accounts	1,897,028.60	42,904,390.38	\$47,394,841.66 ⁽¹⁾	92,196,260.64
Costs of Issuance ⁽²⁾	<u>318,892.33</u>	<u>4,432,815.95</u>	<u>285,158.34</u>	<u>5,036,866.62</u>
Total Uses	<u>\$33,500,186.40</u>	<u>\$671,901,624.60</u>	<u>\$47,680,000.00</u>	<u>\$753,081,811.00</u>

⁽¹⁾ \$1,734,000 of the proceeds of the 2024C Bonds will be used to pay a portion of the interest to accrue on the 2024A Bonds through April 1, 2027 and \$39,217,234.38 of the proceeds of the 2024C Bonds will be used to pay a portion of the interest to accrue on the 2024B Bonds through April 1, 2027. The remaining amounts of interest to accrue on the 2024A Bonds and the 2024B Bonds through April 1, 2027 will be paid from proceeds of the 2024A Bonds and the 2024B Bonds, respectively.

⁽²⁾ Includes Underwriters’ discount, rating agency fees, legal and other professional fees, costs of the premiums for the 2024 Reserve Policy and the 2024 Bond Insurance Policy and other costs of issuing the 2024 Bonds.

DEBT SERVICE SCHEDULE

Table 3 below sets forth for each year ended July 1 the annual debt service requirements for the 2024 Bonds and the 2012 Bonds.

Table 3
Debt Service Schedule

Year Ended July 1	2024A Bonds		2024B Bonds		2024C Bonds		2012 Bonds ⁽¹⁾	Total Debt Service ⁽²⁾
	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2024	-	-	-	-	-	-	\$ 5,832,433	\$ 5,832,433
2025	-	\$ 1,506,653	-	\$ 34,075,419	-	\$ 2,673,700	5,833,134	44,088,907
2026	-	1,387,200	-	31,373,788	-	2,461,719	5,832,439	41,055,146
2027	-	1,387,200	-	31,373,788	-	2,461,719	5,835,069	41,057,776
2028	-	1,387,200	-	31,373,788	\$13,375,000	2,461,719	5,835,469	54,433,176
2029	-	1,387,200	-	31,373,788	14,070,000	1,776,919	5,833,360	54,441,267
2030	-	1,387,200	-	31,373,788	14,795,000	1,049,500	5,833,464	54,438,952
2031	-	1,387,200	\$ 10,120,000	31,373,788	5,440,000	280,160	5,835,225	54,436,373
2032	-	1,387,200	16,350,000	30,867,788	-	-	5,833,087	54,438,075
2033	-	1,387,200	17,165,000	30,050,288	-	-	5,831,771	54,434,259
2034	-	1,387,200	18,025,000	29,192,038	-	-	5,832,360	54,436,598
2035	-	1,387,200	18,925,000	28,290,788	-	-	5,836,615	54,439,603
2036	-	1,387,200	19,870,000	27,344,538	-	-	5,833,665	54,435,403
2037	-	1,387,200	20,865,000	26,351,038	-	-	5,833,219	54,436,457
2038	-	1,387,200	21,910,000	25,307,788	-	-	5,834,406	54,439,394
2039	-	1,387,200	23,005,000	24,212,288	-	-	5,836,353	54,440,841
2040	-	1,387,200	23,925,000	23,292,088	-	-	5,833,189	54,437,477
2041	-	1,387,200	25,180,000	22,036,025	-	-	5,834,333	54,437,558
2042	-	1,387,200	26,220,000	20,997,350	-	-	5,838,000	54,442,550
2043	-	1,387,200	27,595,000	19,620,800	-	-	-	48,603,000
2044	-	1,387,200	28,770,000	18,448,013	-	-	-	48,605,213
2045	-	1,387,200	30,280,000	16,937,588	-	-	-	48,604,788
2046	-	1,387,200	31,760,000	15,455,294	-	-	-	48,602,494
2047	-	1,387,200	33,315,000	13,899,938	-	-	-	48,602,138
2048	-	1,387,200	34,945,000	12,267,844	-	-	-	48,600,044
2049	-	1,387,200	36,660,000	10,555,294	-	-	-	48,602,494
2050	-	1,387,200	38,455,000	8,758,088	-	-	-	48,600,288
2051	-	1,387,200	40,355,000	6,861,900	-	-	-	48,604,100
2052	-	1,387,200	42,345,000	4,871,513	-	-	-	48,603,713
2053	-	1,387,200	44,435,000	2,782,425	-	-	-	48,604,625
2054	\$34,680,000	1,387,200	11,945,000	589,613	-	-	-	48,601,813
Total ⁽²⁾	\$34,680,000	\$41,735,453	\$642,420,000	\$641,308,474	\$47,680,000	\$13,165,436	\$110,847,591	\$1,531,836,944

⁽¹⁾ Expected to be paid primarily from Available CFC Revenues. See table 6-5 in the Airport Consultant Report in APPENDIX A.

⁽²⁾ Numbers may not sum due to rounding.

THE 2024 BONDS

General

The 2024 Bonds will be dated their date of delivery and will bear interest from that date, payable on each January 1 and July 1, commencing January 1, 2025, at the interest rates, and will mature on July 1 in the years and principal amounts, set forth on the inside cover page of this Official Statement. Interest on the 2024 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

Book-Entry Only System

The 2024 Bonds will be issued by means of The Depository Trust Company (“DTC”) book-entry system with no distribution of physical bond certificates made to the public. One bond certificate for each maturity of each Series will be issued to DTC, and immobilized in its custody. The book-entry system will evidence ownership of the 2024 Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants.

When issued, the 2024 Bonds will be registered in the name of Cede & Co., as nominee of DTC. So long as DTC, or its nominee, is the registered Owner of all 2024 Bonds, all payments on the 2024 Bonds will be made directly to DTC, or its nominee, and disbursements of such payments to the DTC Participants will be the responsibility of DTC and disbursements of such payments to the Beneficial Owners of the 2024 Bonds will be the responsibility of the DTC Participants. For information on the DTC book-entry system, see APPENDIX E: “DTC BOOK-ENTRY ONLY SYSTEM.”

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT DTC PARTICIPANTS, OR ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO., ANY DTC PARTICIPANT, OR ANY INDIRECT DTC PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2024 BONDS; (C) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF EITHER SERIES OF THE 2024 BONDS; (D) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO ANY 2024 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2024 BONDS; OR (F) ANY OTHER MATTER RELATING TO DTC OR THE DTC BOOK-ENTRY ONLY SYSTEM.

Redemption

Optional Redemption of the 2024A Bonds and 2024B Bonds. The 2024A Bonds are subject to redemption prior to maturity at the option of the Authority and from any source of funds, in whole or in part (in such amounts as are specified by the Authority) on any date on and after July 1, 2034 at a Redemption Price equal to the principal amount of the 2024A Bonds to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium.

The 2024B Bonds maturing on and after July 1, 2035, are subject to redemption prior to maturity at the option of the Authority and from any source of funds, in whole or in part (in such amounts as are specified by the Authority) on any date on and after July 1, 2034 at a Redemption Price equal to the principal amount of the 2024B Bonds to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium.

No Optional Redemption of 2024C Bonds. The 2024C Bonds will not be subject to optional redemption prior to maturity.

Mandatory Redemption of the 2024 Bonds. The 2024B Bonds maturing on July 1, 2049 and bearing interest at 5.250% per annum are subject to mandatory sinking fund redemption prior to their stated maturity, in part

by lot, at a Redemption Price equal to the principal amount of such 2024B Bonds to be redeemed, without premium, on each July 1 commencing July 1, 2045, in the following principal amounts which are the Sinking Fund Installments for such 2024B Bonds:

2024B Bonds Maturing July 1, 2049 (5.250%)

Year (July 1)	Principal Amount
2045	\$18,005,000
2046	18,955,000
2047	19,950,000
2048	20,995,000
2049 [†]	22,095,000

[†] Maturity Date

The 2024B Bonds maturing on July 1, 2049 and bearing interest at 4.375% per annum are subject to mandatory sinking fund redemption prior to their stated maturity, in part by lot, at a Redemption Price equal to the principal amount of such 2024B Bonds to be redeemed, without premium, on each July 1 commencing July 1, 2045, in the following principal amounts which are the Sinking Fund Installments for such 2024B Bonds:

2024B Bonds Maturing July 1, 2049 (4.375%)

Year (July 1)	Principal Amount
2045	\$12,275,000
2046	12,805,000
2047	13,365,000
2048	13,950,000
2049 [†]	14,565,000

[†] Maturity Date

The 2024B Bonds maturing on July 1, 2054 and bearing interest at 5.250% per annum are subject to mandatory sinking fund redemption prior to their stated maturity, in part by lot, at a Redemption Price equal to the principal amount of such 2024B Bonds to be redeemed, without premium, on each July 1 commencing July 1, 2050, in the following principal amounts which are the Sinking Fund Installments for such 2024B Bonds:

2024B Bonds Maturing July 1, 2054 (5.250%)

Year (July 1)	Principal Amount
2050	\$22,095,000
2051	23,255,000
2052	24,475,000
2053	25,765,000
2054 [†]	6,945,000

[†] Maturity Date

The 2024B Bonds maturing on July 1, 2054 and bearing interest at 4.50% per annum are subject to mandatory sinking fund redemption prior to their stated maturity, in part by lot, at a Redemption Price equal to the principal amount of such 2024B Bonds to be redeemed, without premium, on each July 1 commencing July 1, 2050, in the following principal amounts which are the Sinking Fund Installments for such 2024B Bonds:

2024B Bonds Maturing July 1, 2054 (4.50%)

Year (July 1)	Principal Amount
2050	\$16,360,000
2051	17,100,000
2052	17,870,000
2053	18,670,000
2054 [†]	5,000,000

[†] Maturity Date

Method of Selecting the 2024 Bonds for Redemption. In the event that less than all of a Series of the Outstanding 2024A Bonds or 2024B Bonds are to be redeemed at the option of the Authority, the principal amount of each Series of 2024A Bonds or 2024B Bonds, and the principal amount of each maturity within a Series of 2024A Bonds or 2024B Bonds, to be redeemed will be determined by the Authority. In the event that less than all of the 2024A Bonds or 2024B Bonds of a Series and maturity are to be redeemed, the particular 2024A Bonds or 2024B Bonds of such Series and maturity to be redeemed will be selected by lot in such manner as the Trustee determines.

Upon surrender of any 2024A Bonds or 2024B Bonds to be redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner of such 2024A Bond or 2024B Bond, at the expense of the Authority, a new 2024A Bond or 2024B Bond, or 2024A Bonds or 2024B Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the 2024A Bond or 2024B Bond surrendered, of the same Series, maturity and terms as the surrendered 2024A Bonds or 2024B Bonds.

Notice of Redemption. Notice of redemption of 2024A Bonds or 2024B Bonds will be sent by the Trustee not less than 20 nor more than 60 days prior to the date set for redemption by first class mail, postage prepaid, at the address shown on the Bond Register, to the Owner of each 2024A Bond or 2024B Bond to be redeemed in whole or in part. During any period that a Securities Depository or its nominee is the registered Owner of the 2024A Bonds or 2024B Bonds to be redeemed, notices will be sent to such Securities Depository or its nominee. During such period, the Trustee will not be responsible for mailing notices of redemption to anyone other than such Securities Depository or its nominee.

Each notice of redemption of 2024A Bonds or 2024B Bonds will specify the Series and maturity date of the 2024A Bonds or 2024B Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the 2024A Bonds or 2024B Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such 2024A Bonds or 2024B Bonds to be redeemed, and, in the case of 2024A Bonds or 2024B Bonds to be redeemed in part only, such notice will also specify the respective portion of the principal amount of such 2024A Bonds or 2024B Bonds to be redeemed. Such notice will further state: (i) that on such redemption date there will become due and payable upon each 2024A Bond or 2024B Bond (or portion thereof) to be redeemed the Redemption Price thereof (or the Redemption Price of the specified portions of the principal amount thereof to be redeemed in the case of 2024A Bonds or 2024B Bonds to be redeemed in part only); except that in the case of a redemption at the option of the Authority, such notice will state that such Redemption Price will become due and payable on such redemption date only if the Trustee holds sufficient funds to pay the Redemption Price of the 2024A Bonds or 2024B Bonds to be redeemed; and (ii) that on such redemption date if the Trustee holds sufficient funds to pay the Redemption Price of the 2024A Bonds or 2024B Bonds (or the portions thereof) to be redeemed, from and after such redemption date interest on such 2024A Bonds or 2024B Bonds (or the portion of such 2024A Bonds or 2024B Bonds to be redeemed) will cease to accrue and be payable.

Receipt of notice of redemption will not be a condition precedent to the redemption of the 2024A Bonds or 2024B Bonds. The failure of any Owner of any 2024A Bond or 2024B Bond to receive any such notice or any insubstantial defect in such notice will not affect the validity of the proceedings for the redemption of the 2024A Bonds or 2024B Bonds.

Notice of redemption of the 2024A Bonds or 2024B Bonds is also to be sent by the Trustee at least 20 days before the redemption date to the Securities Depository, to the Municipal Securities Rulemaking Board (the “MSRB”) (through the Electronic Municipal Market Access website of the MSRB), unless otherwise designated by the MSRB or the SEC.

If at the time notice of any optional redemption of the 2024A Bonds or 2024B Bonds is given, there has not been deposited with the Trustee sufficient moneys to redeem all of the 2024A Bonds or 2024B Bonds called for redemption, the notice will state that such redemption is conditioned upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of sufficient moneys to pay the Redemption Price of the 2024A Bonds or 2024B Bonds to be redeemed, and if the Trustee does not receive such moneys, the redemption notice will be of no force and effect and the Authority will have no obligation to redeem such 2024A Bonds or 2024B Bonds.

SECURITY FOR THE 2024 BONDS

The 2024 Bonds will be special obligations of the Authority payable solely from, and secured solely by a pledge of, the Trust Estate. The 2024 Bonds will not constitute a general obligation of the Authority. The 2024 Bonds will not be secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except the Trust Estate. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof, including the Cities of Burbank, Glendale and Pasadena, will be pledged to the payment of the 2024 Bonds, and the payment of the 2024 Bonds will not constitute a debt, liability or obligation of the State of California or any public agency thereof, including the Cities of Burbank, Glendale and Pasadena, other than the special obligation of the Authority as provided in the Indenture.

Amendment and Restatement of the Master Indenture

In connection with the issuance of the 2024 Bonds, the Original Master Indenture will be amended and restated, in its entirety, by the Restated Master Indenture. See APPENDIX C-1: “FORM OF AMENDED AND RESTATED MASTER INDENTURE.”

The Original Master Indenture provides that the Original Master Indenture can be amended and restated by the Restated Master Indenture if the Authority has received the written consent of each Credit Provider and the Authority has filed with the Trustee the written consent to the Restated Master Indenture of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding. Immediately before the issuance of the 2024 Bonds, the only Credit Providers are the issuers of the letters of credit supporting the Commercial Paper Notes.

By purchasing the 2024 Bonds, the Owners of the 2024 Bonds:

- (i) will be deemed to have irrevocably consented to the Restated Master Indenture and approved, on behalf of themselves and all subsequent Owners and Beneficial Owners of the 2024 Bonds, the Restated Master Indenture,
- (ii) pursuant to such consent, will have irrevocably directed the Trustee to consent to the Restated Master Indenture, and
- (iii) will have waived, and be deemed to have waived, and to have authorized and directed the Trustee to waive, any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Original Master Indenture in order to implement the Restated Master Indenture.

Upon the issuance of the 2024 Bonds, Owners of the 2024 Bonds will constitute the Owners of a majority in aggregate principal amount of the Bonds Outstanding. On the date of issuance of the 2024 Bonds, after giving effect to the issuance of the 2024 Bonds, the consent of the Owners of a majority in aggregate principal amount of the Bonds (as defined in the Original Master Indenture) then Outstanding (as defined in the Original Master Indenture) under the Original Master Indenture will have been obtained. The Authority expects to receive the written consent of the Credit Providers to the Restated Master Indenture in connection with the issuance of the 2024 Bonds. The Restated Master Indenture will become effective on the “Effective Date” as defined in the Restated Master Indenture, which Effective Date is expected to be the date of issuance of the 2024 Bonds.

All references to the “Restated Master Indenture” herein refer to the Restated Master Indenture upon the Effective Date, and all references to the “Indenture” refer to the Restated Master Indenture, as supplemented by the Third Supplemental Indenture (as amended) and the Fifth Supplemental Indenture.

Pledge of Trust Estate; Net Revenues

Trust Estate. To secure the payment of all the Bonds (including the 2024 Bonds) and other Obligations at any time issued and Outstanding under the Indenture and to secure the performance and observance by the Authority of all of the covenants, agreements and conditions contained in the Bonds and other Obligations and the Indenture and any Issuing Instrument, the Authority under the Indenture pledges to the Trustee for the benefit of the Owners from time to time of all of the Bonds authenticated under the Indenture and issued by the Authority and Outstanding and the Owners from time to time of all other Obligations issued or incurred by the Authority and Outstanding, all with the respective priorities set forth in the Indenture, and grants to the Trustee for the benefit of the Owners from time to time of all the Bonds authenticated under the Indenture and issued by the Authority and Outstanding and the Owners from time to time of all other Obligations issued or incurred by the Authority and Outstanding, all with the respective priorities set forth in the Indenture, a security interest in and lien on, all of its right, title and interest, whether now owned or thereafter acquired, in, to and under the Trust Estate.

Under the Indenture, “Trust Estate” means subject to the provisions of the Indenture and any applicable Issuing Instrument permitting the application thereof for the purposes and on the terms and conditions set forth therein and subject to the rights of the Authority to release categories of Revenues from the Trust Estate as provided in the Indenture and described below under “Released Revenues”: (i) the Net Revenues; (ii) each Credit Support Instrument, including all payments thereunder; (iii) each Reserve Guaranty, including all payments thereunder; (iv) the Construction Fund, the Net Proceeds Fund, the Revenue Fund, the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund, the Junior Subordinate Fund, the Surplus Fund, each Senior Series Debt Service Reserve Fund and each Subordinate Series Debt Service Reserve Fund, including all Accounts in any of the foregoing, all money, instruments, investment property, and other property on deposit in or credited to any such Fund or Account, and all property, including Permitted Investments, purchased with money on deposit in or credited to any such Fund or Account; (v) any additional property that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by the Authority or by anyone on its behalf which additional property the Trustee is authorized and directed to accept as part of the Trust Estate and any additional property in which a security interest is granted pursuant to a Supplemental Indenture or an Issuing Instrument to the extent provided in such Supplemental Indenture or Issuing Instrument; and (vi) all proceeds of the foregoing.

Notwithstanding any other provision of the Indenture or any Issuing Instrument, (i) the Senior Debt Service Fund shall secure only the Senior Bonds, (ii) the Senior Debt Service Reserve Fund shall secure only the Participating Senior Bonds, (iii) the Subordinate Debt Service Fund shall secure only the Subordinate Bonds, (iv) the Subordinate Debt Service Reserve Fund shall secure only the Participating Subordinate Bonds, (v) each Senior Series Debt Service Reserve Fund shall secure only the Senior Bonds that are specified in the applicable Supplemental Indenture to be secured thereby, (vi) each Subordinate Series Debt Service Reserve Fund shall secure only the Subordinate Bonds that are specified in the applicable Supplemental Indenture to be secured thereby, (vii) the Junior Subordinate Fund shall secure only the Junior Subordinate Obligations, (viii) each Credit Support Instrument, including the payments thereunder, shall secure or enhance only the Bonds or Obligations that are specified in the applicable Supplemental Indenture or Issuing Instrument to be secured or enhanced thereby, (ix) each Reserve Guaranty, including the payments thereunder, shall secure or enhance only the Bonds or Obligations that are specified in the applicable Supplemental Indenture or Issuing Instrument to be secured or

enhanced thereby, and (x) each Account in the Construction Fund shall secure only the Bonds that are specified in the applicable Supplemental Indenture to be secured thereby.

Net Revenues. Under the Indenture, “Net Revenues” for any period of time, consist of Revenues for such period less Operating Expenses for such period. The pledge of the Net Revenues to the payment of the 2024 Bonds will be on a parity with other Senior Obligations issued in accordance with the Indenture.

Revenues. Under the Indenture, “Revenues” mean all income, receipts, earnings and revenues (including, but not limited to, any Subsidy) received by or accrued to the Authority, excluding the following (except to the extent deposited in the Revenue Fund): (a) gifts, grants and other funds otherwise included in the definition of “Revenues” which are restricted by their terms to purposes inconsistent with the payment of Operating Expenses or Debt Service on Obligations (including any security deposits provided to the Authority from airline companies); (b) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds are restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Operating Expenses or Debt Service on Obligations; (c) except as and to the extent included in calculations made pursuant to the Rate Covenant (as defined herein), any Transfer; (d) except for any Special Facility Revenue that constitutes Revenues as provided in the Indenture, any Special Facility Revenue; (e) any gain or loss from the sale, exchange or other disposition of capital assets of the Authority; (f) any Released Revenues; (g) any unrealized gains on securities held for investment by or on behalf of the Authority; (h) any gains or losses resulting from changes in valuation of any Swap; (i) any unrealized gains or losses from the write-down, reappraisal or revaluation of assets; (j) the proceeds of Obligations; (k) any Termination Payments paid to the Authority upon the termination of a Swap; (l) Facilities Construction Credits; (m) Passenger Facility Charges; (n) Customer Facility Charges; (o) Grant Funds; (p) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Obligations; (q) any arbitrage earnings which are required to be paid to the United States of America pursuant to Section 148 of the Internal Revenue Code; and (r) interest earnings or other investment earnings in the Net Proceeds Fund and any Account in the Construction Fund established by any Supplemental Indenture unless otherwise provided in such Supplemental Indenture.

The Indenture provides that for purposes of testing compliance with the Rate Covenant and the limitations contained in the Indenture on the issuance of Obligations, Revenues will be calculated based on Generally Accepted Accounting Principles, except that such calculation will include and exclude those items specifically included or excluded above or in the definition of Accrued Debt Service or Aggregate Adjusted Annual Debt Service, as applicable.

In addition, the Indenture provides that for purposes of meeting any of the tests prescribed by the Indenture, including the Rate Covenant and the limitations contained in the Indenture on the issuance of Obligations, any transfers from the Surplus Fund to the Revenue Fund are deemed to be “Revenues.”

Operating Expenses. Under the Indenture, “Operating Expenses” means the reasonable and necessary costs and expenses of operating, maintaining and administering the Airport, determined in accordance with Generally Accepted Accounting Principles, including (among other things), charges under management agreements for the operation and maintenance of the Airport, salaries and wages and payments for associated benefits including payments in connection with medical, pension and post-retirement medical plans, fees for services, costs of materials, supplies and fuel, reasonable expenses of management, repairs and other expenses necessary to maintain and preserve the Airport in good repair and working order, reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, legal fees and expenses, the costs of Capital Improvements to the extent said Capital Improvements are budgeted to be paid from the Operating Fund, the fees and expenses of the Fiduciaries, the fees and expenses of remarketing agents, auction agents and dealers, the regularly scheduled fees to be paid pursuant to any Credit Support Agreement, expenses incurred in connection with the purchase or redemption of Obligations, and all other costs (including overhead of officers and employees of the member cities of the Authority) properly allocable to the operation, maintenance or administration of the Airport, but excluding in all cases (a) amortization of intangibles or other bookkeeping entries of a similar nature; (b) amortization and depreciation of Airport facilities and assets; (c) charges for the payment of principal, Redemption Price, Purchase Price, interest or other payments on any Obligations; (d) any items chargeable to a capital account; (e) any loss from the sale, exchange or other disposition of capital assets of the Airport; (f) any unrealized losses on securities held for investment by or on behalf of the Authority; (g) any losses resulting from changes in valuation of any Swap; (h) any

unrealized losses from the write-down, reappraisal or revaluation of assets including investments for “other than temporary” declines in book value; (i) any extraordinary losses; (j) any loss resulting from extinguishment of indebtedness; (k) the costs and expenses of operating, maintaining and administering any Special Facility; (l) any costs and expense paid or expected to be paid, or for which the Authority (or an entity controlled by the Authority) is or is expected to be reimbursed, from or through any source (including Released Revenues) that is not included or includable in the definition of “Revenues”, as determined by the Authority and described in a certificate of an Authorized Authority Representative delivered to the Trustee; and (m) any costs and expenses to the extent such costs and expenses are directly related or reasonably allocable to a category of Released Revenues, as determined by the Authority and described in a certificate of an Authorized Authority Representative delivered to the Trustee.

The Indenture provides that for purposes of testing compliance with the Rate Covenant and the limitations contained in the Indenture on the issuance of Senior Obligations (including the limitations described in “— Additional Senior Obligations”), Subordinate Obligations and Junior Subordinate Obligations, Operating Expenses will be calculated based upon Generally Accepted Accounting Principles, except that such calculation will include and exclude those items specifically included or excluded above.

Available Revenues. Under the Indenture, Passenger Facility Charges, Customer Facility Charges and Grant Funds are excluded from the definition of “Revenues” and the pledge of the Trust Estate under the Indenture unless the Authority, in its discretion, elects to deposit all or any part of the Passenger Facility Charges, Customer Facility Charges or Grant Funds received by the Authority into the Revenue Fund (in which case such deposited funds are considered Revenues) or elects to specify in a Supplemental Indenture or Issuing Instrument all or any part of such Passenger Facility Charges, Customer Facility Charges or Grant Fund as Available Revenues, in which case such Available Revenues will secure the applicable Obligations according to the lien and payment priority specified in such Supplemental Indenture or Issuing Instrument. The Indenture provides that at any time and from time to time, the Authority and the Trustee without the consent of the Owner of any Obligation and without the consent of any Credit Provider, may enter into a Supplemental Indenture or Issuing Instrument that (i) specifies the amount of Passenger Facility Charges, Customer Facility Charges and Grant Funds which will constitute Available Revenues during each Fiscal Year specified in such Supplemental Indenture or Issuing Instrument, (ii) specifies Obligations that are to be secured by Available Revenues and (iii) specifies the lien and payment priority of the Obligations. More than one Series of Obligations may be secured by Available CFC Revenues, Available Grant Revenues or Available PFC Revenues, and no consent from any Owner of any Obligation that is secured by any Available Revenues, or from any Credit Provider, shall be required as a condition to the issuance or incurring of any subsequently-issued Obligations that are secured by any Available Revenues. Notwithstanding any other provision of the Indenture, any Issuing Instrument, any Credit Support Agreement or any Credit Support Instrument, the Authority and the Trustee may amend (including reduce) the amount of Available CFC Revenues, or Available PFC Revenues specified pursuant to the provision of the Indenture with respect to any Fiscal Year without the consent of any Owner of any Obligation or any Credit Provider.

Pursuant to the Third Supplemental Indenture, the Authority pledged certain Customer Facility Charges as Available Revenues for the benefit of the 2012 Bonds. The Indenture provides that for so long as the 2012 Bonds are Outstanding, the Available Revenues pledged to the 2012 Series Bonds shall be deposited in the Debt Service Fund for the payment of debt service on the 2012 Bonds as provided in the Third Supplemental Indenture. These Available Revenues are not available for payment of debt service on the 2024 Bonds.

The Revenue Fund. The Authority is obligated under the Indenture to deposit all Revenues into the Revenue Fund. Amounts in the Revenue Fund are to be deposited into the various funds and accounts and applied to the payments specified in the Indenture on a monthly basis. See “— Flow of Funds” below.

Released Revenues

The Authority may cause a category of income, receipts or other revenues (“Released Revenues”) then included in the definition of “Revenues” under the Indenture to be excluded from such definition for all purposes of the Indenture by filing the following with the Trustee: (a) a written request of an Authorized Authority Representative to release such category of income, receipts and other revenues from the definition of Revenues, accompanied by a written certificate of an Authorized Authority Representative certifying the Authority is in compliance with all requirements of the Indenture; (b) a certificate of an Authorized Authority Representative or a

report of an Independent Certified Public Accountant to the effect that Net Revenues, excluding the category of Revenues proposed to become Released Revenues and any corresponding Released Revenues Related Expenses, for each of the two Fiscal Years for which audited financial statements are available immediately preceding the date of such certificate or report were sufficient to satisfy the Rate Covenant for each of the two such Fiscal Years, assuming that 150% (instead of 125%) was used for the Senior Rate Coverage Covenant (as defined herein), 125% (instead of 110%) was used for the Subordinate Rate Coverage Covenant (as defined herein) and 110% (instead of 100%) was used for the Junior Subordinate Rate Coverage Covenant (as defined herein); (c) a certificate of an Authorized Authority Representative or Airport Consultant retained by the Authority to the effect that based upon current knowledge of the operations of the Airport, Net Revenues, excluding the category of Revenues proposed to become Released Revenues, and any corresponding Released Revenues Related Expenses, for the current Fiscal Year (and the preceding Fiscal Year if such year is not included in the certificate required of an Authorized Authority Representative described in clause (b) of this paragraph) are expected to be sufficient to satisfy the applicable Rate Covenant for such Fiscal Year, assuming that 150% (instead of 125%) was used for the Senior Rate Coverage Covenant, 125% (instead of 110%) was used for the Subordinate Rate Coverage Covenant and 110% (instead of 100%) was used for the Junior Subordinate Rate Coverage Covenant; and (d) a Rating Confirmation in connection with the withdrawal of the category of income, receipts and other revenues proposed to become Released Revenues. Notwithstanding the provisions in the Indenture related to Released Revenues or anything to the contrary contained in the Indenture, the Authority may, at any time, cause all or any portion of any Released Revenues to be included in the Definition of “Revenues” for all purpose of the Indenture (and thereby also include any corresponding Released Revenue Related Expenses in the definition of “Operating Expenses” for all purposes of the Indenture), which inclusion shall become effective when the Authority files with the Trustee a written request from an Authorized Authority Representative to include such Released Revenues in the definition of Revenues.

The Authority has not designated any Released Revenues under the Indenture.

Obligations Issued or Incurred under the Indenture

Under the Indenture, Obligations may be issued or incurred subject to the terms, conditions and limitations established under the Master Indenture, any Supplemental Indenture or Issuing Instrument. Under the Indenture, “Obligations” means with respect to any Person and without duplication: (a) obligations of such Person with respect to borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments (including Bonds), (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), (d) all obligations of such Person as lessee under finance leases, (e) all indebtedness of others secured by a lien on any asset of such Person, whether or not such indebtedness is assumed by such Person, (f) all indebtedness of others guaranteed by such Person, and (g) all obligations of such Person under a Swap.

Bonds may be issued and secured under the Indenture as “Senior Bonds,” “Subordinate Bonds,” or “Junior Subordinate Bonds” and Obligations (which includes Bonds) may be incurred and secured under the Indenture as “Senior Obligations,” “Subordinate Obligations” or “Junior Subordinate Obligations.” In addition, nothing in the Indenture prohibits the Authority from issuing obligations payable from and secured by the Trust Estate if such obligations are subordinate in payment and priority to the Junior Subordinate Obligations, the Subordinate Obligations and the Senior Obligations. Pursuant to the Indenture, all Senior Obligations shall be senior in payment and priority to all Subordinate Obligations, Junior Subordinate Obligations and any other subordinate obligations.

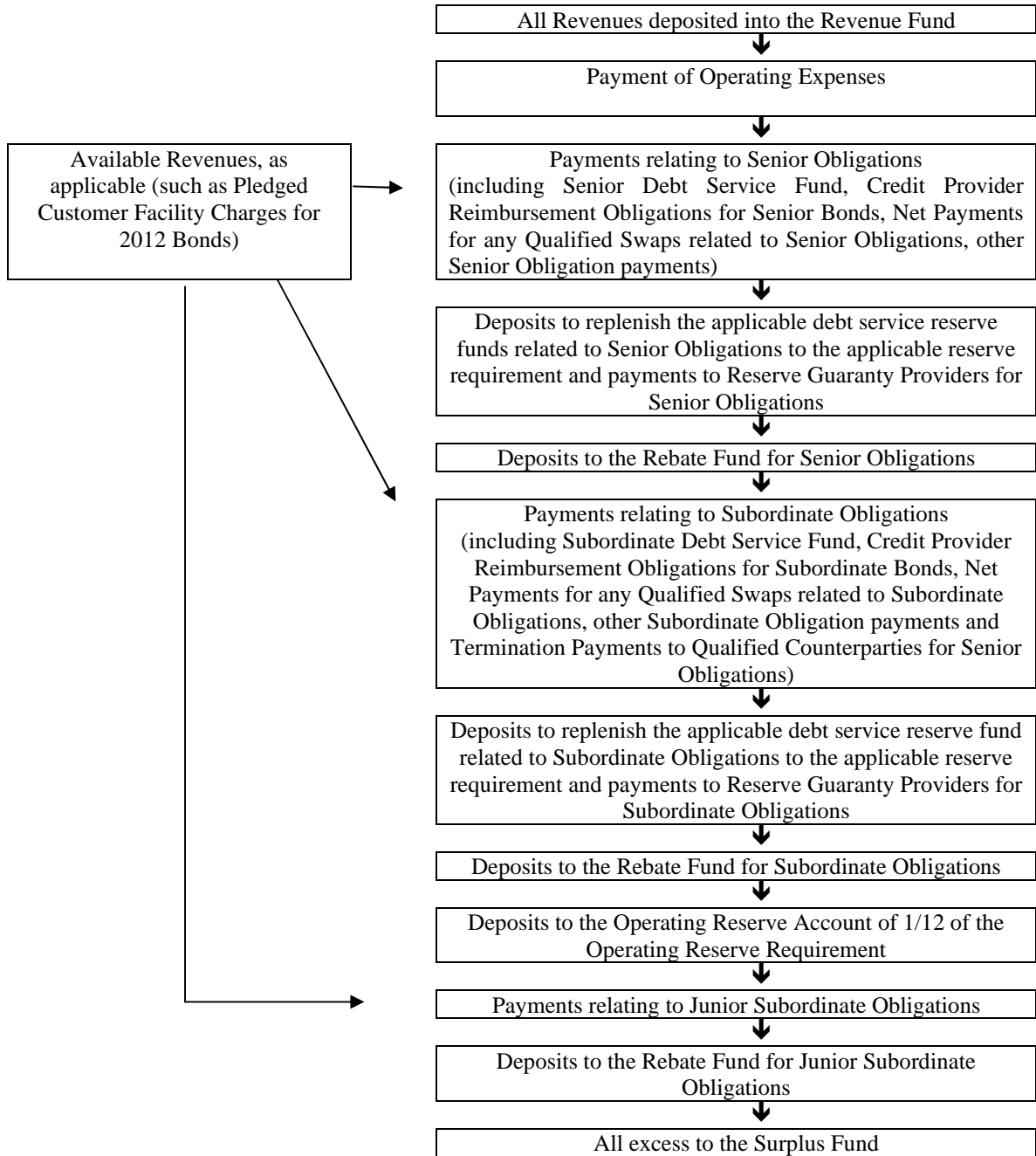
For information on the Outstanding Senior Obligations, see “THE AIRPORT – Outstanding Debt.”

See “INTRODUCTION – Outstanding Senior Obligations.” Also see “– Additional Senior Obligations,” “– Additional Subordinate Obligations” and “– Junior Subordinate Obligations, Special Facility Obligations and Other Indebtedness.”

Flow of Funds

The Authority is required under the Indenture to promptly deposit all Revenues in the Revenue Fund upon receipt. The Revenue Fund is held by the Authority. The Authority may from time to time, in its sole discretion and without any obligation to do so, deposit funds from any available source into the Revenue Fund.

This chart below sets forth a simplified graphic presentation of the monthly flow of Revenues pursuant to the Indenture. The Authority is providing it solely for convenience of the reader and the Authority qualifies it in its entirety by reference to the statements below in this “ – Flow of Funds.”



As soon as practicable in each month, but in any case no later than the last Business Day of such month, the Authority is required to withdraw moneys from the Revenue Fund and apply such moneys to the deposits and payments indicated below, in the amounts and in the priority set forth below:

First, to the Operating Fund (held by the Authority), the amount which, together with any amount therein available to pay such Operating Expenses (other than amounts in the Operating Reserve Account), is equal to the total amount appropriated for Operating Expenses in such month pursuant to the then current Annual Budget.

Second,

- (i) to the Trustee for deposit in the Senior Debt Service Fund (held by the Trustee), the amount, if any, required so that the balance in said Fund will equal the Accrued Debt Service on all Outstanding Senior Bonds as of the last day of such month;
- (ii) to the extent not included in Debt Service on Senior Bonds and to the extent not otherwise paid as an Operating Expense from the Operating Fund, to each Credit Provider of a Credit Support Instrument relating to the Senior Bonds, the amount of any Reimbursement Obligation, if any, payable by the Authority as of the last day of such month in accordance with each applicable Credit Support Agreement;
- (iii) to each Qualified Counterparty, the amount of any Net Payments, if any, payable by the Authority as of the last day of such month in accordance with each applicable Qualified Swap relating to the Senior Obligations; and
- (iv) to the applicable trustee or paying agent for, or owner of, Outstanding Senior Obligations not specified above, the amount, if any, required to be paid during such month to such trustee, paying agent or owner as and to the extent required by the Supplemental Indentures or Issuing Instruments for payment of such Outstanding Senior Obligations.

Third,

- (i) subject to the provisions of the Indenture permitting the replacement of deposits and transfers to the Senior Debt Service Reserve Fund with a deposit of one or more Reserve Guaranties, to the Trustee for deposit in the Senior Debt Service Reserve Fund (held by the Trustee) the amount, if any, required to maintain the Senior Debt Service Reserve Fund at the applicable Senior Debt Service Reserve Requirement; provided that the maximum amount required to be deposited into the Senior Debt Service Reserve Fund in any month shall not exceed one-twelfth (1/12) of the applicable Senior Debt Service Reserve Requirement; and
- (ii) to the Trustee for deposit in each Senior Series Debt Service Reserve Fund (held by the Trustee), the amount, if any, required to be paid during such month pursuant to the applicable Supplemental Indenture to maintain each Senior Series Debt Service Reserve Fund at the amount required by such Supplemental Indenture;
- (iii) to the applicable trustee or paying agent for, or owner of Outstanding Senior Obligations other than Senior Bonds, the amount, if any, required to be paid during such month to such trustee, paying agent or owner pursuant to the Issuing Instruments for such Outstanding Senior Obligations to maintain each debt service reserve for such Outstanding Senior Obligations at the amount required by the applicable Issuing Instruments; and
- (iv) to each Reserve Guaranty Provider relating to Senior Obligations, the amount, if any, payable by the Authority as of the last day of such month in accordance with each applicable Reserve Guaranty Agreement.

Fourth, to the Rebate Fund (held by the Trustee), the amount required to be paid for Senior Obligations pursuant to Rebate Instructions.

Fifth,

- (i) to the Trustee for deposit in the Subordinate Debt Service Fund (held by the Trustee), the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service on all Outstanding Subordinate Bonds as of the last day of such month;
- (ii) to the extent not included in Debt Service on Subordinate Bonds, to each Credit Provider of a Credit Support Instrument relating to the Subordinate Bonds and to the extent not otherwise paid as an Operating Expense from the Operating Fund, the amount of the Reimbursement Obligation, if any, payable by the Authority as of the last day of such month in accordance with each applicable Credit Support Agreement;
- (iii) to each Qualified Counterparty, the amount of Net Payments, if any, payable by the Authority as of the last day of such month in accordance with each applicable Qualified Swap relating to the Subordinate Obligations or investments in funds established by the Indenture;
- (iv) to the applicable trustee or paying agent for, or owner or payee of, Outstanding Subordinate Obligations not specified above under this heading *Fifth*, the amount, if any, required to be paid during such month to such trustee, paying agent, owner or payee as and to the extent required by the Supplemental Indentures or Issuing Instruments for payment of such Outstanding Subordinate Obligations; and
- (v) to each Qualified Counterparty, the balance of the amounts to be paid by the Authority, if any, as of the last day of such month in accordance with each applicable Qualified Swap relating to Senior Obligations, including any Termination Payments.

Sixth,

- (i) subject to the provisions of the Indenture permitting the replacement of deposits and transfers to the Subordinate Debt Service Reserve Fund with a deposit of one or more Reserve Guaranties, to the Trustee for deposit in the Subordinate Debt Service Reserve Fund (held by the Trustee) the amount, if any, required to maintain the Subordinate Debt Service Reserve Fund at the applicable Subordinate Debt Service Reserve Requirement; provided that the maximum amount required to be deposited into the Subordinate Debt Service Reserve Fund in any month shall not exceed one-twelfth (1/12) of the applicable Subordinate Debt Service Reserve Requirement;
- (ii) to the Trustee for deposit in each Subordinate Series Debt Service Reserve Fund (held by the Trustee), the amount, if any, required to be paid during such month pursuant to the applicable Supplemental Indenture to maintain each Subordinate Series Debt Service Reserve Fund at the amount required by such Supplemental Indenture;
- (iii) to the applicable trustee or paying agent for, or owner of, Outstanding Subordinate Obligations other than Subordinate Bonds, the amount, if any, required to be paid during such month to such trustee, paying agent or owner pursuant to the Issuing Instruments for such Outstanding Subordinate Obligations to maintain each debt service reserve for such Outstanding Subordinate Obligations at the amount required by the applicable Issuing Instrument; and

- (iv) to each Reserve Guaranty Provider relating to Subordinate Obligations, the amount, if any, payable by the Authority as of the last day of such month in accordance with each applicable Reserve Guaranty Agreement.

Seventh, to the Trustee for deposit in the Rebate Fund (held by the Trustee), the amount required to be paid for Subordinate Obligations pursuant to the Rebate Instructions.

Eighth, to the Operating Reserve Account (held by the Authority) one-twelfth (1/12) of the Operating Reserve Requirement, but only to the extent such deposit is required to make the amount on deposit in the Operating Reserve Account equal to the Operating Reserve Requirement.

Ninth, to the Junior Subordinate Fund (held by the Authority), the amount, if any, required to be paid during such month with respect to Junior Subordinate Obligations pursuant to the Indenture.

Tenth, to the Trustee for deposit in the Rebate Fund (held by the Trustee), the amount required to be paid for Junior Subordinate Obligations pursuant to the Rebate Instructions.

Eleventh, on the last Business Day of each month after making the deposits and payments required by *First* through *Tenth* above, the Authority may withdraw from the Revenue Fund and deposit in the Surplus Fund the balance, if any, of moneys remaining in the Revenue Fund.

In the event there is not then on deposit in the Revenue Fund sufficient moneys to make all the deposits and payments specified above, then such deposits and payments will be made in the priority indicated above. In the event any of the priorities specified above requires more than one such deposit or payment, and there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments will be made pro rata (based on the total amount of such deposits and payments then due) to the extent of available moneys.

If on any date the amount in the Funds described in *First* through *Tenth* above shall be less than the requirement of such Fund as described above, then the Authority shall transfer from the Surplus Fund and deposit in the Funds in the order of priority described above the amount necessary (or all the moneys in the Surplus Fund if less than the amount necessary) to make up any such deficiency. Amounts in the Surplus Fund not required to meet deficiencies shall be used by the Authority for any lawful purpose.

For more information, see APPENDIX C-1: “FORM OF AMENDED AND RESTATED MASTER INDENTURE.”

Rate Covenant

General. The Authority has covenanted in the Indenture (the “General Rate Covenant”) that, while any of the Obligations remain Outstanding, it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to 100% of the aggregate amount of transfers required to be made by the Authority under clauses *Second* through *Tenth* described under “—Flow of Funds” during such Fiscal Year.

The Authority has further covenanted in the Indenture (the “Senior Coverage Rate Covenant”) that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, so that for each Fiscal Year the Net Revenues for such Fiscal Year plus any Transfer (as defined below) will be equal to at least 125% of Accrued Debt Service on all Outstanding Senior Obligations for such Fiscal Year. For purposes of the Senior Coverage Rate Covenant, the amount of any Transfer taken into account will not exceed 25% of the Accrued Debt Service on the Outstanding Senior Obligations for such Fiscal Year.

The Authority has further covenanted in the Indenture (the “Subordinate Coverage Rate Covenant”) that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, so that for each Fiscal Year the Net Revenues for such Fiscal Year plus any Transfer will be equal to at least 110% of Accrued Debt Service on all Outstanding Senior Obligations and Subordinate Obligations for such Fiscal Year. For purposes of the Subordinate Coverage Rate Covenant, the amount of any Transfer taken into account shall not exceed 10% of the Accrued Debt Service on the Outstanding Senior Obligations and Subordinate Obligations for such Fiscal Year.

The Authority has further covenanted in the Indenture (the “Junior Subordinate Coverage Rate Covenant” and together with the General Rate Covenant, the Senior Coverage Rate Covenant and the Subordinate Coverage Rate Covenant, the “Rate Covenant”) that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, so that for each Fiscal Year the Net Revenues for such Fiscal Year will be equal to at least 100% of Accrued Debt Service on all Outstanding Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations for such Fiscal Year.

The General Rate Covenant, the Senior Coverage Rate Covenant, the Subordinate Coverage Rate Covenant and the Junior Subordinate Coverage Rate Covenant are collectively referred to herein as the “Rate Covenant.”

“Transfer” means, with respect to a Fiscal Year or 12-month period, as applicable, (a) the amount in the Surplus Fund on the last Business Day of such Fiscal Year or 12-month period, as applicable, plus (b) any amounts withdrawn from the Surplus Fund during such Fiscal Year or 12-month period, as applicable, to pay Operating Expenses and to make any required payments or deposits to pay or secure the payment of principal, Purchase Price or Redemption Price of or interest on Obligations, less (c) any amounts credited to the Surplus Fund from the Revenue Fund during such Fiscal Year or 12-month period, as applicable.

The Indenture provides that Accrued Debt Service does not include Debt Service payable from Capitalized Interest and Available Revenues (including the Available Revenues used to pay debt service on the 2012 Bonds) or moneys other than Revenues, including any investment earnings thereon.

Failure to Meet Rate Covenant. The Indenture provides that if in any Fiscal Year the Rate Covenant is not satisfied, the Authority will retain and direct an Airport Consultant to make recommendations as to the revision of the Authority’s business operations and its schedule of the Airport rates, tolls, fees rentals and charges for the use of the Airport and for services rendered by the Authority in connection with the Airport. After receiving such recommendations, the Authority is required to, subject to applicable requirements or restrictions imposed by law, and subject to a good faith determination of the Authority Commission that such recommendations, in whole or in part, are in the best interests of the Authority, take all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Authority’s business operations and schedule of rates, tolls, fees rentals and charges as may be necessary to produce Net Revenues in the next Fiscal Year sufficient to satisfy the Rate Covenant.

In the event that in any Fiscal Year the Rate Covenant is not satisfied but, prior to or during the next succeeding Fiscal Year, the Authority has taken all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Authority’s business operations and schedule of Airport rates, tolls, fees, rentals and charges as described above, such deficiency in Net Revenues will not constitute an Event of Default under the Indenture. Nevertheless, if such measures fail to provide Net Revenues sufficient to satisfy the Rate Covenant in the next Fiscal Year (as evidenced by the audited financial statements of the Authority for such Fiscal Year), such deficiency in Net Revenues for two successive Fiscal Years will, with the applicable notice, constitute an Event of Default under the Indenture.

Senior Debt Service Reserve Fund

The Fifth Supplemental Indenture provides that the Series 2024 Bonds will constitute Participating Senior Bonds, and that the payment of the principal of and interest on the 2024 Bonds will be secured by amounts in the Senior Debt Service Reserve Fund. The Senior Debt Service Reserve Fund also secures any other Series of Participating Senior Bonds. The Indenture includes a pledge of, and lien on, the Senior Debt Service Reserve Fund, including the investments of amounts in the Senior Debt Service Reserve Fund and any Reserve Guaranties therein

for the benefit and protection of the Owners of the 2024 Bonds and any other Series of Participating Senior Bonds. The 2012 Bonds are not Participating Senior Bonds and are secured by a “2012 Series Debt Service Reserve Fund” established under the Third Supplemental Indenture that only secures the 2012 Bonds.

The Indenture establishes the Senior Debt Service Reserve Requirement for the Senior Debt Service Reserve Fund to be, as of any date of calculation, an amount equal to the least of (a) 10% of the initial offering price to the public of the Participating Senior Bonds as determined under the Internal Revenue Code, or (b) the greatest amount of Bond Debt Service for the Participating Senior Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Participating Senior Bond is due, or (c) 125% of the sum of the Bond Debt Service for the Participating Senior Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made (or if appropriate, the first full Fiscal Year following the issuance of the Participating Senior Bonds) and terminating with the last Fiscal Year in which any Bond Debt Service for the Participating Senior Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Authority and specified in writing to the Trustee (the “Senior Debt Service Reserve Requirement”). As of the date of issuance of the 2024 Bonds, the Senior Debt Service Requirement is \$48,607,906.50. The Authority will initially satisfy the Senior Debt Service Reserve Requirement through the use of the 2024 Reserve Policy.

As provided in the Indenture, if on the Business Day immediately preceding an Interest Payment Date for the Participating Senior Bonds (including the 2024 Bonds), or any other date on which any principal or interest on the Outstanding Participating Senior Bonds is due, after applying amounts in the Senior Debt Service Fund ratably (based on the amounts due) to the payment of the principal and interest then due with respect to all Outstanding Senior Bonds, the amount in the Senior Debt Service Fund available for payment of the principal and interest then due with respect to all Outstanding Participating Senior Bonds is less than the amount due on such date, the Trustee shall apply amounts in the Senior Debt Service Reserve Fund ratably (based on amounts due) to the extent necessary to make good the deficiency for the principal and interest then due with respect to the Outstanding Participating Senior Bonds.

If the amount on deposit in the Senior Debt Service Reserve Fund at any time is less than the Senior Debt Service Reserve Requirement, the deficiency is required to be made up as set forth under “—Flow of Funds” below.

See APPENDIX C-1: “FORM OF AMENDED AND RESTATED MASTER INDENTURE.”

Bond Insurance for the 2024 Insured Bonds

Concurrently with the issuance of the 2024 Bonds, the 2024 Insurer will issue the 2024 Bond Insurance Policy which guarantees the scheduled payment of principal of and interest on the 2024 Insured Bonds when due, as set forth in the form of the 2024 Bond Insurance Policy included as APPENDIX H. See “BOND INSURANCE.”

Additional Senior Obligations

The 2024 Bonds are Senior Bonds and Senior Obligations under the Indenture. See “— Obligations Issued or Incurred Under the Indenture” for a description of the Outstanding Senior Obligations on the date of issuance of the 2024 Bonds. As provided under the Indenture, all Senior Obligations (i) shall be senior in payment and priority to all Subordinate Obligations, Junior Subordinate Obligations, and all Obligations junior and subordinate to the Junior Subordinate Obligations; (ii) shall be paid with the priority provided in the Indenture and described above under “Flow of Funds,” and (iii) shall be entitled to all of the benefits provided to Senior Obligations by the terms of the Indenture and any applicable Issuing Instrument.

The Authority is authorized under the Indenture (upon the satisfaction of the applicable conditions described below) to issue additional Senior Obligations pursuant to a Supplemental Indenture (in the case of Senior Bonds) or an Issuing Instrument (in the case of Senior Obligations other than Senior Bonds). Such Senior Obligations (including Senior Bonds) will be secured by a pledge of the Trust Estate on a parity with the 2024 Bonds and the other Outstanding Senior Obligations. The Authority may designate all or any Additional Senior Bonds as Participating Senior Bonds which will be secured by amounts in the Senior Debt Service Reserve

Fund provided that the amount on deposit in the Senior Debt Service Reserve Fund upon the issuance of such Participating Senior Bonds is at least equal to the Senior Debt Service Reserve Requirement for the Senior Debt Service Reserve Fund. The Authority may choose not to designate all or any Additional Senior Bonds as Participating Bonds and such Senior Bonds may be secured by no debt service reserve or by a Senior Series Debt Service Reserve Fund provided that the amount on deposit in any such Senior Series Debt Service Reserve Fund upon the issuance of such Senior Bonds is at least equal to the Senior Debt Service Reserve Requirement for such Senior Series Debt Service Reserve Fund.

Under the Indenture, the Authority may, at any time and from time to time, issue any Additional Senior Obligations provided either of the following tests (the “Additional Senior Obligations Test”) is satisfied:

(A) an Airport Consultant has provided to the Trustee a certificate stating that, based upon assumptions the Person signing the certificate deems reasonable, projected Net Revenues will be sufficient to satisfy the Rate Covenant for each of the next five full Fiscal Years following the issuance of the Additional Senior Obligations, or each of the next two full Fiscal Years following completion of the Capital Improvements financed by the Additional Senior Obligations proposed to be issued, whichever is later; and provided further that if there is Capitalized Interest for any Senior Obligations to be Outstanding after the issuance of the proposed Additional Senior Obligations in the last Fiscal Year of the test period described in this clause (A), the test period will be extended through the first full Fiscal Year for which there is no such Capitalized Interest; or

(B) an Authorized Authority Representative has provided to the Trustee a certificate stating that Net Revenues for either the most recent Fiscal Year for which audited financial statements of the Authority are available or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the month of issuance of the proposed Additional Senior Obligations were not less than (1) 125% of the sum of Maximum Aggregate Adjusted Debt Service with respect to all Outstanding Senior Obligations and the proposed Senior Obligations, (2) 110% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations and Subordinate Obligations and the proposed Senior Obligations, and (3) 100% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations, Subordinate Obligations and Junior Obligations and the proposed Senior Obligations.

For purposes of paragraph (A) above, the Person signing the certificate required by such clause may assume that, in each relevant Fiscal Year, Accrued Debt Service for Outstanding Obligations will equal Aggregate Adjusted Annual Debt Service for such Fiscal Year. For purposes of paragraph (A) above, in estimating Net Revenues, the Person signing the certificate required by such clause may take into account (1) Revenues from Capital Improvements 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 Revenues which has been approved by the Authority Commission and will be in effect during the period for which the estimates are provided or (3) any other increases in Revenues which the Person signing the certificate believes to be a reasonable assumption for such period. With respect to Operating Expenses of the Authority, the Person signing the certificate required by paragraph (A) above will use such assumptions as such Person believes to be reasonable, taking into account: (1) historical Operating Expenses of the Authority, (2) Operating Expenses associated with the Capital Improvements to be funded with the proceeds of the Additional Senior Obligations proposed to be issued and any other new Capital Improvements and Airport facilities and (3) such other factors, including inflation and changing operations or policies of the Authority, as the Person signing such certificate believes to be appropriate.

For purposes of paragraph (B) above, the Authority will be allowed to adjust Net Revenues for earnings arising from any increase in Airport rates, charges and fees which has become effective prior to the issuance of such proposed Additional Senior Obligations but which, during the Fiscal Year or 12-month period utilized by the Authority for purposes of paragraph (B) above, was not in effect for the entire Fiscal Year or 12-month period under consideration, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in Airport rates, charges and fees had been in effect during the whole Fiscal Year or 12-month period under consideration, as determined by an Authorized Authority Representative.

Neither of the certificates described under paragraph (A) or paragraph (B) above will be required if the proceeds of Additional Senior Obligations being issued will be used to pay Costs of completing the Construction of a Capital Improvement for which Senior Obligations have previously been issued and the principal amount of such Additional Senior Obligations being issued for completion purposes does not exceed 15% of the principal amount of the Senior Obligations originally issued for such Capital Improvement and there is delivered to the Trustee a certificate of an Authorized Airport Representative or an Airport Consultant stating that the nature and purpose of such Capital Improvement has not materially changed and that the proceeds of such Senior Parity Obligations plus any other moneys in the Construction Fund available to pay the Costs of such Capital Improvement are expected to be sufficient to pay the Costs of completing the Construction of the Capital Improvement.

Without satisfying the requirements of the Additional Senior Obligations Test, the Authority may issue or enter into an Obligation which is a Qualified Swap, the Net Payments under which will constitute Senior Obligations, provided that at the time of entering into the Swap (i) the Qualified Swap relates to a principal amount of Outstanding Senior Obligations issued or expected to be issued; (ii) the notional amount of the Qualified Swap will not exceed the principal amount of the related Outstanding Senior Obligations or Senior Obligations expected to be issued; and (iii) the counterparty will be a Qualified Counterparty.

The Authority may, at any time and from time to time, issue Refunding Senior Obligations provided that either: (i) the requirements set forth in the Additional Senior Obligations Test above are satisfied upon the issuance of such Refunding Senior Obligations and the application of the proceeds thereof; or (ii) the Trustee has received a certificate of an Authorized Authority Representative certifying that the Aggregate Adjusted Annual Debt Service for all Senior Obligations to be Outstanding after the issuance of such Refunding Senior Obligations will not exceed the Aggregate Adjusted Annual Debt Service for all Senior Obligations Outstanding prior to the issuance of such Refunding Senior Obligations in each Test Year. "Test Year" is defined under the Indenture as the period commencing in the Fiscal Year in which such Obligations are issued and ending in the last Fiscal Year in which Obligations which are Outstanding both immediately prior to and immediately after the issuance of such Obligations are scheduled to remain Outstanding.

Without satisfying the requirements of the Additional Senior Obligations Test or the provisions for the issuance of Obligations other than Bonds, the Authority may, at any time and from time to time, enter into Credit Support Agreements and otherwise incur and become obligated for Reimbursement Obligations with respect to Senior Obligations.

The Indenture includes certain provisions which allow Debt Service to be excluded that could impact the Authority's ability to satisfy the Additional Senior Obligations Test. See "Released Revenues" and "Rate Covenant" above for a discussion of how Debt Service paid from any money other than Revenues (including Released Revenues or Available Revenues) is excluded from the calculation of Aggregate Adjusted Annual Debt Service under the Indenture and thus is not taken into account with respect to the Additional Senior Obligations Test. In addition, as described under "Pledge of the Trust Estate; Net Revenues," the Indenture provides that for purposes of meeting any of the tests prescribed by the Indenture, including the Additional Senior Bonds Test, any transfers from the Surplus Fund to the Revenue Fund are deemed to be "Revenues."

The Authority expects to fund a portion of the costs of the Terminal Relocation Project with the proceeds of the Anticipated Future Bonds. See "PLAN OF FINANCE."

Additional Subordinate Obligations

As of the date of issuance of the 2024 Bonds, there are no Outstanding Subordinate Obligations under the Indenture. All Subordinate Obligations shall be junior in payment and priority to all Senior Obligations. Subordinate Obligations shall be paid in the priority set forth in the Indenture and described above under "Flow of Funds," and only to the extent that funds are available to make such payments as provided therein after the required payments are made with respect to the Senior Obligations. Any exercise of rights or remedies by any holder, owner, or beneficial owner of a Subordinate Obligation, or the Trustee on behalf of the foregoing, shall be subject in all respects to the provisions of the Indenture. All Subordinate Obligations shall be subject to the limitations imposed on Subordinate Obligations by the terms of the Indenture and any applicable Issuing Instrument.

The Authority is authorized under the Indenture (upon the satisfaction of the applicable conditions described below) to issue additional Subordinate Obligations pursuant to a Supplemental Indenture (in the case of Subordinate Bonds) or an Issuing Instrument (in the case of Subordinate Obligations other than Subordinate Bonds). Such Subordinate Obligations (including Subordinate Bonds) will be secured by a pledge of the Trust Estate on a subordinate basis to the Senior Obligations, including the 2024 Bonds. The Authority may designate all or any Additional Subordinate Bonds as Participating Subordinate Bonds which will be secured by amounts in the Subordinate Debt Service Reserve Fund provided that the amount on deposit in the Subordinate Debt Service Reserve Fund upon the issuance of such Participating Subordinate Bonds is at least equal to the Subordinate Debt Service Reserve Requirement for the Subordinate Debt Service Reserve Fund. The Authority may choose not to designate all or any Additional Subordinate Bonds as Participating Bonds and such Subordinate Bonds may be secured by no debt service reserve or by a Subordinate Series Debt Service Reserve Fund provided that the amount on deposit in any such Subordinate Series Debt Service Reserve Fund upon the issuance of such Subordinate Bonds is at least equal to the Subordinate Debt Service Reserve Requirement for such Subordinate Series Debt Service Reserve Fund.

Under the Indenture, the Authority may, at any time and from time to time, issue any Additional Subordinate Obligations, provided either of the following tests (the “Additional Subordinate Obligations Test”) is satisfied:

(A) an Airport Consultant has provided to the Trustee a certificate stating that, based upon assumptions the Person signing the certificate deems reasonable, projected Net Revenues will be sufficient to satisfy the Rate Covenant for each of the next five full Fiscal Years following the issuance of the Additional Subordinate Obligations, or each of the next two full Fiscal Years following completion of the Capital Improvements financed by the Additional Subordinate Obligations proposed to be issued, whichever is later; and provided further that if there is Capitalized Interest for any Senior Obligations to be Outstanding after the issuance of the proposed Additional Subordinate Obligations in the last Fiscal Year of the test period described in this clause (A), the test period will be extended through the first full Fiscal Year for which there is no such Capitalized Interest; or

(B) an Authorized Authority Representative has provided to the Trustee a certificate stating that Net Revenues for either the most recent Fiscal Year for which audited financial statements of the Authority are available or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the month of issuance of the proposed Additional Subordinate Obligations were not less than: (1) 125% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations; (2) 110% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior and Subordinate Obligations and the proposed Subordinate Obligations; and (3) 100% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations and the proposed Subordinate Obligations.

The provisions of the Indenture described in the fourth through tenth paragraph under “—Additional Senior Obligations” relating to Additional Senior Obligations shall also apply to the issuance of Additional Subordinate Obligations.

Junior Subordinate Obligations, Special Facility Obligations and Other Indebtedness

Under the Indenture, the Authority is authorized to issue or incur Junior Subordinate Obligations, Obligations that are subordinate to Junior Subordinate Obligations or Special Facility Obligations upon compliance with the terms of the Indenture. See APPENDIX C-1: “FORM OF AMENDED AND RESTATED MASTER INDENTURE.” The Authority is also authorized under the Indenture to issue Indebtedness that is unsecured or bonds, notes or other obligations payable from and secured by revenues other than Net Revenues.

Limitation on Remedies

The Indenture provides that, as long as any Senior Obligations remain Outstanding, no Event of Default shall exist or may be declared with respect to any Subordinate Obligations or Junior Subordinate Obligations. In

addition, as long as any Subordinate Obligations remain Outstanding, no Event of Default shall exist or may be declared with respect to any Junior Subordinate Obligations.

The Indenture also provides that Subordinate Obligations are not subject to acceleration if Senior Obligations are then Outstanding, and Junior Subordinate Obligations are not subject to acceleration if any Subordinate Obligations or Senior Obligations are then Outstanding.

For a description of the various remedies and limitations thereon set forth in the Indenture, see APPENDIX C-1: “FORM OF AMENDED AND RESTATED MASTER INDENTURE,” “CERTAIN INVESTMENT CONSIDERATIONS – Effect of Authority Bankruptcy” and “ – Limitations on Remedies.”

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2024 Bonds, AGM will issue the 2024 Bond Insurance Policy for the 2024 Insured Bonds. The 2024 Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the 2024 Insured Bonds when due as set forth in the form of the 2024 Bond Insurance Policy included as APPENDIX H to this Official Statement.

Concurrently with the issuance of the 2024 Bonds, AGM will also issue the 2024 Reserve Policy.

The 2024 Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings. On April 30, 2024, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A1” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

On October 20, 2023, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AGM. At March 31, 2024:

- The policyholders’ surplus of AGM was approximately \$2,665 million.
- The contingency reserve of AGM was approximately \$892 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,036 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

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

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the 2024 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

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

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

THE AUTHORITY

Organization and Powers

The Authority was created for the purpose of owning and operating the Airport. The Cities of Burbank, Glendale and Pasadena entered into the original form of the Joint Powers Agreement in June 1977 pursuant to the provisions of the Joint Powers Act. See “TERMINAL RELOCATION PROJECT – History of the Airport and the Terminal Relocation Project.” The Authority is a public entity separate and apart from the Cities of Burbank, Glendale and Pasadena.

Under the Joint Powers Agreement and the Joint Powers Act, the Authority has the powers common to the Cities to acquire, operate, repair, maintain, improve and administer the Airport, subject only to such restrictions upon the manner of exercising such powers as are imposed upon Burbank in the exercise of similar powers. In addition, the Authority has such powers as are granted to joint powers agencies by legislation which are in addition to the powers granted under the Joint Powers Agreement.

Although the Authority has the power to establish rates and charges for air carriers operating at the Airport, and also has the ability under legislation to impose Passenger Facility Charges and Customer Facility Charges (subject to the restrictions contained in the related legislation), the Authority does not have the power to impose taxes.

Authority Commission Members

The Authority is governed by the nine-member Authority Commission. Each of the Cities appoints three members to serve for a four-year term and at the pleasure of the appointing City. Authority Commission members may, and often do, serve subsequent terms at the pleasure of the appointing City. The Joint Powers Agreement requires the Authority Commission to elect a President, Vice President and Secretary annually. Customarily, the Authority Commission chooses a Treasurer and an Auditor concurrently with such election. The current officers and the other Authority Commission members are as follows:

<u>Name</u>	<u>Appointing City</u>	<u>Year Appointed</u>
Felicia Williams, <i>President</i>	Pasadena	2021
Ara Najarian, <i>Vice President</i>	Glendale	2020
Jess Talamantes, <i>Secretary</i>	Burbank	2023
Tyron Hampton, <i>Treasurer</i>	Pasadena	2021
Andy Wilson, <i>Auditor</i>	Pasadena	2022
Emily Gabel-Luddy	Burbank	2021
Robert Ovrom	Burbank	2021
Frank Quintero	Glendale	2022 ⁽¹⁾
Elen Asatryan	Glendale	2024

(1) Current term. Mr. Quintero previously served on the Authority Commission between 2008 and 2017.

Joint Powers Agreement

The Joint Powers Act permits the Cities to exercise their powers jointly for the acquisition, operation, repair, maintenance, improvement and administration of the Airport as a public airport. The Joint Powers Agreement was originally entered into by the Cities in June 1977 (the “Original Joint Powers Agreement”). The Original Joint Powers Agreement was amended multiple times. In 1991, the Cities executed the Amended and

Restated Joint Powers Agreement, dated September 15, 1991 (the “Restated Joint Powers Agreement”), which amended and restated the Original Joint Powers Agreement, as previously amended, in its entirety. The Restated Joint Powers Agreement has been further amended by a First Amendment to Amended and Restated Joint Exercise of Powers Agreement, dated November 25, 2003, and the Second JPA Amendment (see “TERMINAL RELOCATION PROJECT – Developments from 2015 to 2017: Measure B).

Authority Commission Actions. Generally, actions by the Authority Commission require the affirmative vote of a simple majority of Authority Commission members. However, a Supermajority Vote – an affirmative vote of a majority of the appointees of each City – is required for the following categories of actions (with items 4 through 10 added pursuant to the Second JPA Amendment):

- (1) issuance of revenue bonds or other forms of debt pursuant to Article 2 the JPA Act (except for bonds or debt associated with the Terminal Relocation Project and its ancillary components),
- (2) payment of surplus revenues,
- (3) authorization of activities that may result in an increase of the noise impact area of the Airport above the level specified in the JPA,
- (4) an increase of commercial airline passenger gates above 14, or creation of any remote loading positions for scheduled commercial airline passenger aircraft departures;
- (5) construction or expansion of any terminal (other than the Replacement Passenger Terminal);
- (6) relocation of any commercial airline passenger-related function, at any location other than the Existing Terminal Building or the Replacement Passenger Terminal;
- (7) amendment of the Authority’s noise level rules or alteration of the manner which they have been enforced;
- (8) amendment of the Authority’s voluntary curfew or alteration of the manner in which it has been applied;
- (9) abandonment of the Authority’s support for Congressional authorization for the imposition of the Mandatory Curfew (as defined in the Second JPA Amendment);
- (10) acquisition of interest in real property other than an avigation easement; and
- (11) approval of any new airport management contract or lease with a term in excess of 35 years.

Certain Limitations. Consistent with enabling legislation and the Joint Powers Agreement, the Authority cannot permit any activity which results in an increase in the size of the Airport noise impact area beyond specified levels, and the Authority must implement California noise monitoring requirements and mitigate adverse effects of noise to the greatest extent reasonably possible. The Joint Powers Act and the Joint Powers Agreement also prohibit any lengthening of the paved portion of the Airport runways as of March 24, 1978, and any purchase of fee title to condemned real property zoned for residential uses as of March 24, 1978. The Terminal Relocation Project contemplates extension of taxiways, but it does not include any extension of the runways. Included among certain enumerated powers of the Authority in the Joint Powers Agreement is the power to issue revenue bonds and to pay any surplus revenues to the Cities and other public agencies, but such payments to the Cities cannot be made if prohibited by any bond resolution or indenture adopted by the Authority. Such payments to the Cities are prohibited under the terms of grant agreements between the FAA and the Authority.

No Liability of Cities. The debts, liabilities and obligations of the Authority do not constitute debts, liabilities of obligations of the Cities.

Term, Amendments and Termination. The term of the Joint Powers Agreement will continue so long as necessary to carry out the purpose of any agreement between the Authority and the United States of America and until all revenue bonds and other indebtedness, including interest thereon, have been paid or adequate provision for such payment will have been made. Thereafter, the Joint Powers Agreement may be terminated by mutual consent of the Cities. Pursuant to its terms, the Joint Powers Agreement cannot be terminated or amended by the Cities if such termination or amendment would be to the detriment of the Owners of the Bonds or other indebtedness issued by the Authority, would adversely affect operation, repair, maintenance, improvement or administration of the

Airport, or would be contrary to the language, spirit or intent of any contract or grant agreement with the United States of America or the State of California.

Employees; Employee Retirement Plans

The only Authority employees are peace officers who provide security for the Airport. As of February 1, 2024, there were 28 full-time officers (which include three command staff personnel) and some additional part-time officers, totaling 36.5 full-time equivalent positions. The current collective bargaining agreement between the Authority and the Burbank Airport Police Officers Association (“BAPOA”) covering all such peace officers went into effect on February 1, 2023, and expires on June 30, 2026.

The current BAPOA agreement provides for the continued implementation of a 401(a) Plan (an employer-sponsored defined contribution plan pursuant to Internal Revenue Code Section 401(a)) and a 457(b) Plan (a government deferred compensation plan under Internal Revenue Code Section 457(b)) sponsored by the BAPOA. The Authority contributes 7% of eligible base salaries and overtime as a retirement contribution to the 401(a) Plan, payable as part of bi-weekly payroll. Officers may make voluntary contributions to the 457(b) Plan with the Authority matching and contributing up to a maximum of 6% of eligible base salaries. All covered employees are eligible to participate upon hire and contributions and earnings vest immediately. Total salaries and benefits for the Airport Police Officers were approximately \$7.3 million for FY 2023 (relative to \$54.9 million in total operating expenses before depreciation and amortization). The Authority made the required accruals and contributions, amounting to \$323,188 in FY 2023. The Authority has made all payments required of it in connection with employee retirement plans. For more information, see Note 6 of the Authority’s FY 2023 audited financial statements in APPENDIX B: “AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.”

The Authority does not provide any post-employment benefits, including health care benefits, to employees other than the aforementioned plans. Besides these peace officers, the Authority does not provide a retirement plan or other post-employment benefits for any other personnel, including TBI (defined below) personnel.

Contractors

The Authority has contracted for all other services necessary for the operation and maintenance of the Airport, including a contract with TBI Airport Management, Inc. (“TBI”) for day-to-day planning, management, operation and maintenance of the Airport, including aircraft rescue and firefighting (“ARFF”) services. The agreement with TBI expires on June 30, 2030. See “THE AIRPORT – Airport Manager and the Airport Management Services Agreement.” Other contracts for services include: a contract with ACE Parking III, LLC (“ACE Parking”) for self-parking management services, valet parking services, and shuttle services; and a contract with C&W Services for janitorial services.

THE AIRPORT

The Airport’s service area consists generally of Los Angeles County and Ventura County with the Airport particularly well situated to serve downtown Los Angeles and the San Fernando Valley. In FY 2023, there were 63,904 commercial takeoffs and landings at the Airport. The total number of enplaned and deplaned passengers in FY 2023 was approximately 6 million. Eight commercial airlines currently offer daily flights at the Airport, providing non-stop service to over 30 destinations throughout the United States. In FY 2023, Southwest accounted for approximately 65% of the total passengers enplaned and deplaned at the Airport. See “AIRPORT OPERATIONS.”

Description of the Airport and Existing Terminal Building

The Airport is located approximately 12 miles northwest of downtown Los Angeles. It is on a 555-acre site, 445 acres of which is within the City of Burbank and the remaining portion of which is within the City of Los Angeles. It is a medium hub airport by FAA classification. The Airport consists of the Existing Terminal Building and related facilities, general aviation facilities, two runways (one of which is equipped with an instrument landing

system), the RITC, parking facilities (in addition to those provided in the RITC), as well as other property and supporting facilities.

The Existing Terminal Building consists of three connected buildings aggregating approximately 232,000 square feet, with two concourses (Terminal A and Terminal B) and administration offices. The Existing Terminal Building is in the southeast quadrant of the Airport and has a total of 14 aircraft gates. General aviation facilities (fixed base operators) are concentrated in two principal areas on the Airport. General aviation hangars and offices provide tie-down and hangar space which accommodate approximately 400 aircraft and include general aviation terminals. The major fixed based operators at the Airport provide a variety of maintenance and other services. The services include aircraft rental and charter, flight schools, aircraft repair and fueling. The major hangars were built between the World War II period and the late 1950s with major reconstruction in two areas of the northwest quadrant of the Airport in 1997 and 1999. There are entrances to the Existing Terminal Building at both Hollywood Way and Empire Avenue. Internal circulation is accommodated by a looped system of one-way routes. The general aviation terminals and facilities are located to the west of Runway 15-33 and are adjacent to the major surface streets bordering the Airport.

Public parking facilities at the Airport include a 431-space four-level structure across from the Existing Terminal Building, a valet lot, four additional lots (Lots C, E, F and G) and parking spaces at the RITC (see “– Regional Intermodal Transportation Center” below). Another lot, Lot A, has been closed for the Terminal Relocation Project and the 431-space parking structure across from the Existing Terminal Building will also be demolished in connection with the Terminal Relocation Project. In total, there are approximately 5,000 available public parking spaces, excluding employee parking.

The Development Agreement limits the maximum number of parking spaces at the Airport to 6,637 spaces. Once the Terminal Relocation Project is complete, the new multi-level parking structure is designed to have 2,010 parking stalls. The new parking structure will be located directly across from the Replacement Passenger Terminal and will provide valet and public parking spaces. There will also be up to 4,598 parking stalls on reconfigured surface parking lots in areas near the existing parking structure and the RITC.

See “TERMINAL RELOCATION PROJECT” regarding the Authority’s undertaking to replace the Existing Terminal Building, the existing short-term parking structure and other facilities currently in the southeast quadrant of the Airport with the new Replacement Passenger Terminal, parking garage and other improvements in the northeast quadrant of the Airport.

The Airport is an Instrument Flight Rule facility providing the following services: air carrier and general aviation facilities, airframe and power plant repairs, fuel, oxygen, FAA-operated control tower, radar, air traffic control and related navigational aids. In February 1991, a new FAA control tower was opened. The Airport has two crossing asphalt-surface runways, 8-26 (east/west) and 15-33 (north/south). Runway 15-33, which was completely rebuilt in 1980, has the longer takeoff length of the two, 6,886 feet. Runway 8-26, 5,802 feet long, is equipped with an instrument landing system which permits aircraft operations in a variety of weather conditions.

Regional Intermodal Transportation Center

In 2014, the Authority opened the Regional Intermodal Transportation Center, also known as the RITC. The facility was built to better accommodate access to the Airport by public transportation, consolidate rental car facilities and reduce traffic in and around the Airport. It was also built as a safety measure to relocate the former rental car facilities farther from the Airport’s runways to comply with FAA requirements.

It is contemplated that, when Replacement Passenger Terminal opens, electric shuttle services will provide transport between the RITC and the Replacement Passenger Terminal.

Accessibility

The Airport is easily accessible from a regional freeway, the Golden State Freeway (Interstate 5), and the local arterial street system. The RITC is a stop for multiple local bus lines. A signalized, surface pedestrian

walkway connects the RITC to the commuter train station adjacent to the Airport. The Burbank Airport-North Station, which services the Metrolink Antelope Valley line from Lancaster, California to Union Station in downtown Los Angeles, is located approximately one mile from the Existing Terminal Building and is accessed by complimentary shuttle bus service. The Burbank Airport-South Station is within walking distance to the Existing Terminal Building and provides Metrolink and Amtrak service to downtown Burbank, Glendale, Union Station, locations in Ventura County and long-distance service via Amtrak. As discussed under “TERMINAL RELOCATION PROJECT – California High-Speed Rail Authority Settlement,” current plans for the California high-speed rail project include a 14-mile segment between the Airport and Los Angeles Union Station, with stops at both locations.

Airport Manager and the Airport Management Services Agreement

The Authority Commission is responsible for the overall management and operation of the Airport. The Authority Commission has provided for the day-to-day planning, management, operation and maintenance of the Airport by a corporate entity (the “Airport Manager”) through a series of airport management services contracts.

Currently, these services are performed by TBI pursuant to a Fourth Amended and Restated Agreement for Airport Management Services, dated as of April 6, 2020 (as amended and supplemented, the “Airport Management Services Agreement”). The day-to-day planning, management, operation and maintenance of the Airport has been undertaken by an Airport Manager since the Authority acquired the Airport in 1978. TBI is a successor-in-interest to corporate entities that have acted as the Airport Manager since 1978 and is currently owned by VINCI Airports, a subsidiary of VINCI SA, a France-registered public limited company. VINCI Airports manages the development and operation of dozens of airports around the world including in Brazil, Costa Rica, France, Japan, Mexico, Portugal, and the United Kingdom.

Under the Airport Management Services Agreement, TBI provides the services and personnel necessary to operate, administer, inspect, maintain and supervise the Airport at a level at least equal to that of operators of comparable public airports in the United States, including the operational, administrative, financial and staff personnel, as well as ARFF services, as specified in the agreement. The Airport Management Services Agreement expires on June 30, 2030. TBI may terminate the Airport Management Services Agreement without cause by giving 12-months prior written notice, and the Authority may do so by giving 6-months prior written notice. The Airport Management Services Agreement requires the Authority to maintain commercial general liability insurance covering TBI as a named insured. The Authority currently maintains commercial general liability insurance in the amount of \$300 million per occurrence. The Airport Management Services Agreement also provides that each party will indemnify the other with respect to costs and losses resulting from negligent acts, omissions, willful misconduct or unlawful acts in connection with performance under the Airport Management Services Agreement. The Airport Management Services Agreement also provides for indemnification by the Authority for TBI costs and losses in connection with Airport noise.

Compensation under the Airport Management Services Agreement is based on a management fee and reimbursement of operating costs, which are subject to review and approval as part of the Authority’s annual budget process. Costs incurred under the Airport Management Services Agreement were \$19.6 million in FY 2022, \$18.2 million in FY 2023 and is budgeted at \$21.2 million for FY 2024. As of February 2024, TBI provided approximately 140 employees who serve as staff for the Authority and render management, operating, maintenance, and ARFF services in accordance with policies adopted by the Authority. Based on the outcome of current collective bargaining negotiations, there may be contractual adjustments for wages which would affect certain classifications of TBI employees providing maintenance and operation services.

Senior Management

Below is a list of the current senior management personnel at the Airport and the year in which they were appointed to the post. All senior management personnel, including the Executive Director who serves as the chief operating officer of the Authority, are employees of TBI, except for Edward B. Skvarna, Director, Public Safety and Chief of Police, who is directly employed by the Authority.

Bob Hope Airport, commonly known as Hollywood Burbank Airport Senior Management

<u>Name</u>	<u>Title</u>	<u>Year Appointed to Current Position</u>	<u>Year First Joined Airport</u>
Frank R. Miller	Executive Director	2016	2016
John T. Hatanaka	Senior Deputy Executive Director	2008	2002
Kathy David	Deputy Executive Director, Finance and Administration	2011	1992
Scott Kimball, CM	Deputy Executive Director, Operations, Business, Properties and Safety	2020	2016
Patrick J. Lammerding	Deputy Executive Director, Planning and Development	2017	2017
Pamela Marcello	Senior Director Government and Public Affairs	2020	2020
David Kwon, CPA	Director, Financial Services	2017	2017
Stephanie Gunawan-Piraner, PE, PMP	Director, Engineering and Maintenance	2023	2023
Kimberly Parker-Polito	Director, Information and Communication Technologies	2014	2014
Nerissa Sugars	Director, Communications and Air Service; Public Information Officer	2019	2015
Thomas Henderson, A.A.E.	Director, Operations	2019	2019
Maggie Martinez	Director, Noise and Environmental Affairs	2022	2001
Sharon Haserjian	Director, Human Resources	2022	2017
Edward B. Skvarna	Chief of Police and Director of Public Safety	2008	2003
Tom Lenahan	Chief of Fire Department	2018	2018

Below are brief descriptions of the Executive staff members' professional experience:

Frank R. Miller, Executive Director. Mr. Miller has worked in the aviation industry for over 40 years. Mr. Miller assumed the position of Executive Director for the Airport in September 2016. His career started in Juneau, Alaska in 1982 as the Airport Manager and over the years he has held the position of Airport Manager in Grand Junction, Colorado, Airport Director in Pensacola, Florida and Aviation Director in San Antonio, Texas. Mr. Miller has successfully led capital programs, including the program in Pensacola that included a new terminal, parking garage, air cargo facility, and rental car maintenance facility, and the construction of the FAA air traffic control tower. The FAA's construction leaseback program is modeled after the Pensacola project. In San Antonio, Mr. Miller assumed leadership of the Terminal B program and led the planning and design of a consolidated rental car

facility. Mr. Miller served two terms as a board member of the American Association of Airport Executives. He served two terms on the Board of Directors for Airports Council International-North America and is a past chair of the organization. He also served on the board of the Airports Council International World.

John T. Hatanaka, Senior Deputy Executive Director. Mr. Hatanaka has been in the aviation industry for 45 years since graduating from the University of Wisconsin – Madison. Mr. Hatanaka began his career spending 21 years at Japan Airlines where his last position was Director, Passenger and Airport Service for The Americas overseeing passenger service policy, airport affairs and ground handling services. After a two-year period as an aviation consultant, Mr. Hatanaka joined the Airport in 2002 and has been in his current position since 2008.

Kathy David, Deputy Executive Director, Finance and Administration. Ms. David first joined the then Airport Manager, Lockheed Air Terminal Corporation in 1992 and served in various leadership positions in the financial and administrative services departments of the Airport. Appointed to her current position in 2011, Ms. David oversees the financial services, procurement, and information, technologies and communications departments.

Scott Kimball, Deputy Executive Director, Operations, Business, Properties and Safety. After a 22-year career with Alaska Airlines with leadership positions in airport station management and airport affairs, Mr. Kimball joined the Airport in 2016 as Director, Operations. Since then, he has served as Director of Business and Properties adding safety management systems to his responsibilities where he oversaw the development and implementation of the Airport's safety management systems program four years ago. Mr. Kimball was elevated to his current position in 2020.

Patrick J. Lammerding, Deputy Executive Director Planning and Development. Mr. Lammerding joined the Airport in 2017 in his current role after a 10-year career with the FAA where he initially served as an Airport Certification Inspector before being promoted to the Assistant Manager of the Los Angeles Airports District Office. Prior to joining the FAA, Mr. Lammerding was an Airport Manager at Camarillo Airport and was also a flight instructor at Van Nuys Airport.

Edward B. Skvarna, Chief of Police & Director, Public Safety. After a 25-year law enforcement career with the City of Burbank Police Department and retiring with a rank of Captain, Chief Skvarna joined the Airport in 2005, elevating the Airport's emergency preparedness to the level that has earned the Airport recognition as an emergency response location by FEMA and the California Governor's Office of Emergency Services. Chief Skvarna has also established mutual aid first responders' agreements with the Cities of Burbank, Glendale, Pasadena and Los Angeles as well as with the California Highway Patrol. Chief Skvarna holds a master's degree in public administration from CSU – Northridge and has earned an Executive Level Peace Officer Standards and Training professional certificate.

Insurance

The Indenture requires the Authority to maintain commercial insurance or provide Qualified Self Insurance for the facilities constituting the Airport and public liability insurance, subject to the condition that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions, and, in each case, in such amounts and against such risks as are, in the judgment of the Authority, prudent and reasonable.

The Authority maintains an insurance program with commercial insurance companies that cover both liability and all risk property loss with respect to the Airport. The insurance policies are for one-year periods. The program includes airport owner's and operator's liability insurance with policy limits of \$500 million for each occurrence (no deductible), including war/terrorism liability also with a policy limit of \$500 million. The program also includes: all risk commercial property insurance at replacement cost with policy limits of \$350 million subject to various deductibles; earthquake/earthquake sprinkler leakage and flood coverage with policy limits of \$35 million subject to deductibles of 5% per unit of value at time of loss; terrorism coverage under Terrorism Risk Insurance Program Reauthorization Act of 2019 (TRIPRA) is included up to the policy limit of \$350 million; business interruption insurance for insured perils covering actual loss sustained for 365 days; and insurance for business automobile and vehicle liability, public official and employment practices liability and for certain crimes. The various insurance policies, each with a term of one year, expire on July 1, 2024. The Authority plans to renew these insurance policies before their termination. The existing insurance policies described in this section cover the

existing facilities of the Airport, and not the facilities comprising the Terminal Relocation Project. Insurance for the Terminal Relocation Project facilities under construction is maintained as provided in the Design-Build Agreement, and upon completion, the Authority expects to obtain insurance coverage for such facilities. See “TERMINAL RELOCATION PROJECT – Project Management, Design and Construction” for information concerning insurance policies procured by the Design-Builder for the Terminal Relocation Project.

Capital Improvements

The Authority budgets for capital improvements on an annual basis. Other than the Terminal Relocation Project, currently planned capital improvement projects included in the Authority’s FY 2024 adopted budget include: (i) minor building improvements, art installation at the RITC, and security/ramp access door replacement, (ii) information technology, communication and security-related equipment upgrades and replacements, and a mobile police firearms training range, (iii) acquisition of an ARFF truck and other equipment, (iv) rehabilitation and improvement projects for runways, taxiways and roadways, and (v) noise mitigation projects. The Authority’s FY 2024 adopted budget shows that these projects (other than the Terminal Relocation Project) are estimated to cost approximately \$10.26 million, to be funded from a combination of Passenger Facility Charge revenues, Customer Facility Charge revenues, FAA AIP grants and other Authority cash on hand. For descriptions of projects contemplated in the Authority’s Facility (Capital) Improvement Program for federal fiscal years 2025-2029, see Section 3.1 – “Airport Facility (Capital) Improvement Program (Excluding the Project)” in the Airport Consultant Report in APPENDIX A. The Authority is not planning to use any proceeds from the 2024 Bonds for these other projects and does not have any plans to issue bonds for these other projects.

See “AIRPORT USE AGREEMENTS” and Appendices D-1, D-2 and D-3 regarding certain Signatory Airlines’ rights pertaining to approval of capital improvement projects under the Existing Airport Use Agreements and the Replacement Airport Use Agreements.

There are legal and practical limitations for any capital improvement project that would expand the size of the Airport. See “TERMINAL RELOCATION PROJECT – History of the Airport and the Terminal Relocation Project” and “– Developments from 2015 to 2017: Measure B” and “THE AUTHORITY – Joint Powers Agreement.” Also see Section 2.4 – Restrictions on Airport Development in the Airport Consultant Report in APPENDIX A and Section 3.1 – Airport Facility (Capital) Improvement Program (Excluding the Project) in APPENDIX A.

Outstanding Debt

The Authority has previously issued or incurred Senior Obligations pursuant to the Indenture that are secured by the Trust Estate on a parity basis with the 2024 Bonds. As of the date of issuance of the 2024 Bonds, the Outstanding Senior Obligations will consist of (1) \$66,930,000 aggregate principal amount of the 2012 Bonds outstanding under the Indenture, which will be the only other Bonds outstanding under the Indenture upon the issuance of the 2024 Bonds and of which \$2,055,000 will be subject to a mandatory sinking fund redemption on July 1, 2024, (2) up to \$200 million aggregate principal amount of Commercial Paper Notes, and (3) the related Commercial Paper Reimbursement Obligations, consisting of certain reimbursement obligations of the Authority under agreements with two banks that have issued irrevocable transferable direct-pay letters of credit to support the Commercial Paper Notes. As of the date hereof, the Authority has not issued any Commercial Paper Notes under the CP Program.

The Authority currently has two irrevocable direct-pay letters of credit totaling \$200 million in available principal amount to support the Commercial Paper Notes. The current letters of credit are described in Table 4 below.

Table 4
Current Letters of Credit

Series	Principal Amount	Letter of Credit Provider	Expiration Date
Series A-1 Notes Series B-1 Notes Series C-1 Notes	\$100,000,000	Barclays Bank PLC	June 21, 2028
Series A-2 Notes Series B-2 Notes Series C-2 Notes	\$100,000,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	June 21, 2028

See “INTRODUCTION – Outstanding Senior Obligations.” Also see “– Additional Senior Obligations,” “– Additional Subordinate Obligations” and “– Junior Subordinate Obligations, Special Facility Obligations and Other Indebtedness.”

AIRPORT OPERATIONS STATISTICS

The following is a summary of certain information regarding Airport operations. For further information concerning the operational and financial results of the Airport and the Authority, see “HISTORICAL FINANCIAL INFORMATION” and APPENDIX B: “AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022.”

Airport Traffic

The state of the national economy, changes in fuel costs, the restructuring of the airline industry and a variety of other factors could materially affect passenger traffic levels at the Airport. Table 5 below shows certain operational statistics for the Airport during the last ten Fiscal Years, as well as the first six months of FY 2024, as compared to the first six months of FY 2023. These statistics reflect a growth trend between FY 2014 and FY 2019. FY 2020 and FY 2021 were the years affected by the COVID-19 pandemic. Since FY 2022, Airport operations have been on the path of recovery and now exceed the levels experienced in FY 2019 prior to the COVID-19 pandemic.

Table 5
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Comparative Summary of Traffic Activities

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>6-month period ended 12/31/2022</u>	<u>6-month period ended 12/31/2023</u>
Commercial carrier flight operations (take-off & landings)	47,070	45,667	49,011	50,895	55,625	59,574	55,000	27,759	60,849	63,904	33,124	33,176
Landed weight (000's pounds)	2,825,497	2,750,671	2,897,938	3,206,360	3,621,073	3,860,176	3,734,685	1,994,519	4,200,608	4,433,115	2,286,994	2,011,181
Total enplaned and deplaned passengers	3,816,578	3,902,455	3,976,735	4,396,230	5,028,271	5,493,990	4,540,201	1,758,771	5,434,646	5,973,893	3,141,246	3,202,082
Cargo tonnage (tons)	53,967	56,104	54,060	54,445	54,512	53,635	53,762	56,495	51,061	38,979	20,741	19,027

Source: Burbank-Glendale-Pasadena Airport Authority.

Passenger Demand

Most of the passengers using the Airport either originate or terminate their journeys at the Airport. Domestic origination and destination (“O&D”) passengers accounted for approximately 92.9% of total scheduled passengers at the Airport in FY 2023.

Table 6 below shows that eight of the top ten O&D markets for the Airport in FY 2023 were in the western United States (with travel distances of less than 1,000 miles) and accounted for 91.6% of the total O&D passengers during this period. The top three cities in FY 2023 with the highest number of enplaned passengers for the Airport were Las Vegas, Oakland and Phoenix.

Table 6
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Top 10 Domestic O&D Enplaned Passenger Markets
(for the 12 months ended June 30, 2023)

Rank	City Market <i>Airport</i>	Nonstop Miles	Domestic O&D Passengers	Market as % of Total
1	San Francisco Bay Area		640,209	22.5%
	<i>Oakland</i>	325	253,351	8.9
	<i>San Jose</i>	296	200,052	7.0
	<i>San Francisco</i>	326	186,806	6.6
2	Las Vegas	223	338,140	11.9
3	Phoenix	369	233,120	8.2
4	Sacramento	358	232,031	8.1
5	Seattle	937	200,412	7.0
6	Denver	850	125,193	4.4
7	Portland	817	114,178	4.0
8	Salt Lake City	574	84,963	3.0
9	Dallas ⁽¹⁾	1,243	71,954	2.5
10	New York City ⁽²⁾	2,454	64,023	2.2
	Top 10 Markets		2,104,223	73.9%
	Other markets		743,412	26.1
	Total—All Markets		2,847,635	100.0%

⁽¹⁾ Market includes Love Field and DFW International airports.

⁽²⁾ Market includes John F. Kennedy, LaGuardia and Newark Liberty International airports.

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1

Several airlines announced expansions of service from the Airport commencing at various times in FY 2024. Such expansions of service are subject to schedule adjustments, suspensions or cancellations by the airlines.

In October 2023, Southwest announced that it will launch daily nonstop service to five new mid-continent domestic destinations in June 2024, including Boise Airport, Kansas City International Airport, Louis Armstrong New Orleans International Airport, San Antonio International Airport and St. Louis Lambert International Airport. These new destinations will expand the scope of Southwest’s service from the Airport to the middle of the country, which historically focused on the West Coast. Additionally, (1) Alaska launched nonstop service to San Francisco International Airport in December 2023; (2) Spirit started non-stop service to Oakland International Airport in April 2024; (3) Avelo announced that it will launch nonstop service to Harry Reid International Airport in Las Vegas in May 2024 and McNary Field in Salem, Oregon, in June 2024; and (4) Delta announced its plan to resume nonstop service to Hartsfield-Jackson Atlanta International Airport in June 2024.

Nearby Airports

Four commercial airports in the Greater Los Angeles Area are located within 50 driving miles of the Airport: Los Angeles International (LAX), Long Beach (LGB), LA/Ontario International (ONT) and John Wayne (SNA). Table 7 below shows the total number of enplaned passengers at the Airport (based on information from the

FAA’s website) and four nearby airports in calendar years 2013 through 2022 (the last calendar year, for which the data was available on the website of each airport). Each of the five airports serves a particular subset of passenger demand in the region due to each airport’s geographic proximity to businesses, tourist attractions and population concentrations in the region, as well as the availability of specific types of air services. The Airport primarily accommodates O&D travel to short and medium-haul domestic markets, including the West Coast corridor and recent expansions of service to the Midwest, and serves as a gateway to businesses, attractions and residents in the Cities of Burbank, Glendale and Pasadena and the San Fernando Valley and Ventura County.

Table 7
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Enplaned Passengers at BUR and Nearby Airports

Calendar Year	BUR		LAX		SNA		ONT		LGB		Total
	Enplaned Passengers	Percent of Total ⁽¹⁾	Enplaned Passengers	Percent of Total ⁽¹⁾	Enplaned Passengers	Percent of Total ⁽¹⁾	Enplaned Passengers	Percent of Total ⁽¹⁾	Enplaned Passengers	Percent of Total ⁽¹⁾	Enplaned Passengers ⁽²⁾
2013	1,918,011	4.5%	32,425,892	76.7%	4,540,628	10.7%	1,970,538	4.7%	1,438,756	3.4%	42,293,825
2014	1,928,491	4.4%	34,314,197	77.6%	4,584,147	10.4%	2,037,346	4.6%	1,368,923	3.1%	44,233,104
2015	1,973,897	4.2%	36,351,272	78.0%	4,945,209	10.6%	2,089,801	4.5%	1,220,937	2.6%	46,581,116
2016	2,077,892	4.1%	39,636,042	78.6%	5,217,242	10.3%	2,104,625	4.2%	1,386,357	2.7%	50,422,158
2017	2,402,106	4.5%	41,232,432	78.1%	5,082,716	9.6%	2,247,645	4.3%	1,830,745	3.5%	52,795,644
2018	2,680,240	4.9%	42,624,050	77.6%	5,201,642	9.5%	2,498,993	4.6%	1,908,635	3.5%	54,913,560
2019	2,988,720	5.4%	42,939,104	77.3%	5,153,276	9.3%	2,723,002	4.9%	1,752,283	3.2%	55,556,385
2020	1,056,838	5.7%	14,055,777	75.2%	1,824,836	9.8%	1,237,946	6.6%	504,478	2.7%	18,679,875
2021	1,942,417	5.6%	23,663,410	72.5%	3,807,205	11.7%	2,201,528	6.7%	1,039,432	3.2%	32,654,656
2022	3,054,729	6.7%	32,326,616	71.3%	5,536,313	12.2%	2,840,758	6.3%	1,600,987	3.5%	45,359,403

⁽¹⁾ Equals the number of enplaned passengers of the respective Airport divided by the “Total Enplaned Passengers” (rightmost column) for the calendar year.

⁽²⁾ Equals sum of the number of enplaned passengers at BUR, LAX, SNA, ONT and LGB for such calendar year, as shown in the columns to the left.

Source: Ricondo & Associates, based on FAA: System of Airports Reporting, Air Carrier Activity Information System, February 2024.

Passenger Airline Operations

Table 8 below presents the number of mainline operations and regional/commuter operations at the Airport for FY 2014 through FY 2023. “Mainline” refers to aircraft activity with more than 99 seats. “Regionals/commuters” refer to aircraft activity with 99 seats or less.

Table 8
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Aircraft Operations

Fiscal Year	Mainline ⁽¹⁾	Regionals/ Commuters ⁽²⁾	Airline Total
2014	33,029	13,559	46,588
2015	32,135	14,619	46,754
2016	33,172	14,170	47,342
2017	36,468	12,710	49,178
2018	40,663	13,301	53,964
2019	41,339	15,752	57,091
2020	38,324	14,872	53,196
2021	18,405	7,561	25,966
2022	47,269	11,610	58,879
2023	51,084	10,722	61,806

⁽¹⁾ Includes scheduled and charter operations on aircraft greater than 99 seats

⁽²⁾ Includes scheduled and charter operations by aircraft equal to or less than 99 seats

Source: Burbank-Glendale-Pasadena Airport Authority.

Airline Market Shares

For FY 2023, the top three airlines at the Airport by number of enplaned passengers are Southwest, Alaska and Avelo. Southwest has been the Airport’s largest airline in terms of passenger enplanements since FY 1991. Much of Southwest’s growth at the Airport occurred in the first half of the 1990s, as it expanded the frequency and scope of its operations at the Airport. Southwest’s share of total passenger enplanements in FY 2023 was approximately 65.0%. Alaska passengers constituted approximately 10% of all enplaned passengers at the Airport for FY 2023. Avelo was previously a charter flight operator. Avelo’s inaugural commercial passenger flight took off from the Airport in April 2022. In FY 2023, Avelo passengers constituted approximately 6% of all enplaned passengers at the Airport. Southwest, Alaska and Avelo’s percentage shares of enplaned passengers, and each category of revenues, are on trend to be similar in FY 2024. It is currently expected that, as of the opening of the Replacement Passenger Terminal, Southwest will continue to represent a dominant share of the Airport’s flight activities and, correspondingly, Rental, Common Use Fees and Landing Fees revenue. Southwest’s representative is the Chair of the AAAC (see “AIRPORT USE AGREEMENTS – Existing Airport Use Agreements”). See “CERTAIN INVESTMENT CONSIDERATIONS – Certain Factors Particular to the Airport – *Concentration of Southwest Airlines.*”

Table 9 below shows the number of total passengers at the Airport by airlines for the period FY 2019 through FY 2023. In FY 2023, the top two airlines (Southwest and Alaska) accounted for approximately 74.8% of total passengers, and the top four airlines accounted for approximately 87.6% of total passengers.

Table 9
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Total Passengers by Airline

Air Carrier	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
	Number of Passengers	Percent of Total	Number of Passengers	Percent of Total	Number of Passengers	Percent of Total	Number of Passengers	Percent of Total	Number of Passengers	Percent of Total
Southwest	3,963,632	72.1%	3,069,704	67.7%	1,133,353	64.5%	3,519,794	64.8%	3,884,657	65.0%
Alaska Airlines	614,585	11.2	432,779	9.5	181,780	10.3	467,546	8.6	586,313	9.8
<i>Alaska</i>	614,585	–	432,779	–	181,780	–	467,546	–	586,313	–
<i>Horizon Air</i>	–	–	–	–	–	–	–	–	–	–
American Airlines/U.S. Airways	208,558	3.8	286,663	6.3	203,083	11.5	380,642	7.0	421,007	7.0
<i>American/US Airways</i>	–	–	286,663	–	203,083	–	380,642	–	421,007	–
<i>Mesa</i>	208,558	–	–	–	–	–	–	–	–	–
Avelo Airlines	–	–	–	–	74,036	4.2	379,598	7.0	341,101	5.8
Delta Air Lines	169,855	3.1	220,814	4.9	80,143	4.6	189,510	3.5	155,467	2.6
<i>SkyWest</i>	169,855	–	220,814	–	80,143	–	189,510	–	155,467	–
Flair Airlines	–	–	–	–	–	–	10,529	0.2	9,162	0.2
Frontier Airlines	–	–	–	–	–	–	130,876	2.4	29,655	0.5
JetBlue	219,215	4.0	165,085	3.6	7,805	0.4	145,113	2.6	96,041	1.5
Spirit Airlines	3,681	0.1	96,530	2.1	32,757	1.9	83,243	1.5	192,949	3.2
United	314,464	5.7	268,626	5.9	45,814	2.6	127,795	2.4	257,541	4.4
<i>SkyWest</i>	314,464	–	268,626	–	45,814	–	127,795	–	257,541	–
Total Passengers	5,493,990	100.0%	4,540,201	100.0%	1,758,771	100.0%	5,434,646	100.0%	5,973,893	100.0%

Data represent sum of enplaned and deplaned passengers.

Spirit Airlines began operations at the Airport beginning June 2019.

Avelo Airlines began operations at the Airport beginning April 2021.

Frontier Airlines ceased operations in March 2023.

Flair Airlines ceased operations in November 2022.

Percentages may not sum to totals due to rounding.

Source: Burbank-Glendale-Pasadena Airport Authority.

Cargo and Other Non-Airline Services

Table 10 below presents the number of air cargo and other non-airline air service operations at the Airport from FY 2014 through FY 2023. “General Aviation” refers to, primarily, private charters and airplanes with fewer than 30 seats.

Table 10
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Aircraft Operations – Cargo and Other Non-Airline Services

<u>Fiscal Year</u>	<u>All-Cargo</u>	<u>General Aviation</u>	<u>Other Air Taxi</u>	<u>Military</u>
2014	6,577	60,098	9,987	702
2015	6,218	59,848	7,814	1,045
2016	4,977	69,014	9,807	1,035
2017	4,737	61,524	13,159	1,086
2018	4,702	58,494	15,836	999
2019	4,634	55,118	18,270	527
2020	4,652	54,698	16,946	531
2021	4,319	61,456	17,434	432
2022	4,011	57,134	20,608	384
2023	3,756	49,996	21,670	401

Source: Burbank-Glendale-Pasadena Airport Authority.

FedEx Corporation and United Parcel Service, Inc. operate aircraft at the Airport under Operating Permits. During the past decade (and especially since FY 2019), their business volumes have been impacted by changes in customer behavior and demands, as well as competition (for example, e-commerce giant Amazon using its own fleet). Some passenger carriers that carry cargo on their airplanes have also experienced a decrease in volume with respect to that portion of their business. These changes are reflected in the overall decrease in cargo volume at the Airport during the past decade.

Table 11 below shows the cargo (sum of enplaned and deplaned tonnage) by passenger carriers and cargo carriers for the last ten Fiscal Years.

Table 11
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Trends in Total Air Cargo⁽¹⁾ by Type of Carrier
(for the 12 months ended June 30; freight and mail in tons)

Fiscal Year	Passenger Carriers		All-Cargo Carriers		Total Cargo	% Change from Prior Year
	Cargo	% of Total	Cargo	% of Total		
2014	1,141	2.1%	52,826	97.9%	53,967	3.9%
2015	1,056	1.9	55,048	98.1	56,104	4.0
2016	971	1.8	53,089	98.2	54,060	-3.6
2017	881	1.6	53,564	98.4	54,445	0.7
2018	924	1.7	53,588	98.3	54,512	0.1
2019	1,065	2.0	52,569	98.0	53,634	-1.6
2020	901	1.7	52,861	98.3	53,762	0.2
2021	734	1.3	55,761	98.7	56,495	5.1
2022	1,604 ⁽²⁾	3.1	49,457	96.9	51,061	-9.6
2023 ⁽³⁾	792	2.0	38,187	98.0	38,979	-23.7

⁽¹⁾ Data represent the sum of enplaned and deplaned tonnage.

⁽²⁾ Increased FY 2022 passenger carrier cargo contributed by the surge in shipping demand during COVID-19 pandemic.

⁽³⁾ FY 2023 decrease particularly reflects the drop in e-commerce shipping demand, after the surge experienced during the COVID-19 pandemic. Also see paragraph immediately below Table 10 regarding the general decline in cargo volume during the past decade.

Source: Burbank-Glendale-Pasadena Airport Authority.

SOURCES OF REVENUES

Under the Master Indenture, Revenues include, generally, all of the operating revenues of the Authority. Such operating revenues constitute most of the Revenues. Revenues include certain non-operating revenues, such as investment income on certain funds but does exclude significant categories of income.

Unless deposited in the Revenue Fund, Revenues exclude grants received from the United States, the State of California, or any other governmental entity or agency, Passenger Facility Charges, Customer Facility Charges, proceeds from Obligations or other borrowings of the Authority, moneys derived with respect to any Special Facility while financed with outstanding Special Facility Bonds, and insurance proceeds and condemnation awards. See “ – Customer Facility Charges” below regarding Customer Facility Charges deposited in the Debt Service Fund each Fiscal Year that are pledged to the 2012 Bonds.

The principal sources of Revenues are discussed below.

General

The Authority derives most of its operating revenues from tenant rent, parking facilities, concessionaire-assessed rents and fees, aircraft landing fees, and other assessments including ground transportation access fees and fuel flowage fees. While parking revenues have historically been the biggest revenue source, by dollar amount, see discussions under “AIRPORT USE AGREEMENTS,” “AIRPORT CONSULTANT REPORT – Projected Net Revenues and Debt Service Projections” and “ – Projected Revenue From Rent and Fees, and Cost Per Enplanement” regarding the expectation that revenues from the airlines (rent and landing fees) will significantly increase – in dollar amounts and as percentages of the Authority’s operating revenues – once the Replacement Passenger Terminal opens.

Table 12 below provides a comparative summary of operating revenues for the last five Fiscal Years, along with information as to operating revenues for the initial six months of FY 2023 and FY 2024.

Table 12
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Comparative Summary of Operating Revenues⁽¹⁾

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	6 mos. ended Dec. 31, 2022	6 mos. ended Dec. 31, 2023
Parking fees ⁽²⁾	\$21,688,728	\$17,361,157	\$8,526,479	\$25,174,110	\$29,082,523	\$15,079,442	\$14,929,941
Tenant Rent:							
Signatory Airlines	2,183,813	2,187,332	2,114,888	2,214,697	2,204,368	1,099,852	1,092,815
RACs Facility Rent ⁽³⁾	1,006,940	1,030,962	1,056,735	950,146	982,512	515,481	616,217
RACs ⁽⁴⁾	559,430	582,162	510,410	523,297	550,665	275,042	280,235
Hangar leases	9,709,403	10,489,538	10,682,265	11,988,548	13,226,290	6,424,025	6,874,867
Ground leases	2,366,631	2,465,408	2,525,409	2,335,310	2,319,595	1,107,382	1,068,010
Other terminal rents	210,726	209,861	181,830	164,958	196,096	105,538	94,011
Fuel yard	49,297	50,962	52,227	54,331	57,440	28,260	29,411
Temporary ramp rentals	60,716	81,925	116,508	107,773	131,481	66,151	52,946
Total Tenant Rent	16,146,956	17,098,150	17,240,272	18,339,060	19,668,447	9,621,731	10,108,512
Concession fees	11,105,119	9,556,806	4,876,436	12,808,920	13,920,628	6,797,171	7,269,261
Landing fees	3,928,651	3,796,967	2,139,159	4,055,176	4,586,568	2,352,607	2,324,199
Ground transportation	3,988,429	3,899,653	948,286	2,815,018	3,681,065	1,884,103	2,019,633
Other	1,612,037	1,357,565	966,864	2,040,280	1,990,728	1,029,571	1,250,999
Total Operating Revenues:	<u>\$58,469,920</u>	<u>\$53,070,298</u>	<u>\$34,697,496</u>	<u>\$65,232,564</u>	<u>\$72,929,959</u>	<u>\$36,764,625</u>	<u>\$37,902,545</u>

⁽¹⁾ Presentation does not incorporate effect of GASB 87, *Leases*.

⁽²⁾ Includes a 12% City of Burbank parking tax, which is included in “other operating expenses” in Table 13 under “HISTORICAL FINANCIAL INFORMATION.”

⁽³⁾ Includes Rental Car Company Facility Rent under the Rental Car Company Agreements. See “– Tenant Rent – Rental Car Facility Rent; Rental Car Company Agreements” below.

⁽⁴⁾ Includes rent for Rental Car Company service/storage areas, overflow storage areas and rental counters at the Airport that is not located in the RITC.

Source: Burbank-Glendale-Pasadena Airport Authority.

As reflected in Table 12, total operating revenues* of the Authority increased by \$7,697,395 or approximately 11.8% from FY 2022 to FY 2023. Such increase shows the continued passenger activity recovery following the COVID-19 pandemic. The increase of \$3,908,413 in parking revenues was mostly a result of self-park options and a full year of parking rate increases implemented in mid-FY 2022. The increase in tenant rent revenues was contributed by the addition of new hangar leases and CPI-based increases to existing leases. The increase in concession fees revenue reflected increased passenger activity. The ground transportation revenues increase was due to returning ride share demand. The landing fees collection increased, as previously suspended routes have resumed, new routes have been added, and the airlines have increased the capacity of aircraft serving the Airport.

The operating revenues represented in Table 12 do not include Customer Facility Charges received by the Authority. See “– Customer Facility Charges.”

See APPENDIX B: “AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022 – Management’s Discussion and Analysis” for a discussion of operating revenues.

* Includes a 12% City of Burbank parking tax, which is included in “other operating expenses” in Table 13 under “HISTORICAL FINANCIAL INFORMATION.”

Parking Fees

General. Parking fees are collected by the Authority. Parking fee revenues were the most significant revenue source, comprising \$29,082,523 or approximately 40% of total operating revenues, for FY 2023. Parking revenues generally coincide with the levels of passenger activity. The decrease in parking revenues in FY 2021 was due to the decline in passenger activity because of the COVID-19 pandemic. Subsequent increases in FY 2022 and FY 2023 reflected the post-pandemic recovery of passenger activity. The Authority collects and forwards to the City of Burbank 12% of its public parking revenues as part of the City of Burbank’s transient parking tax.

Currently, there are approximately 5,000 available public parking spaces at the Airport, excluding employee parking. Public parking facilities at the Airport include a parking structure across from the Existing Terminal Building, a valet lot, four additional lots (Lots C, E, F and G) and parking spaces at the RITC. There is pedestrian access between each of Lots E, F and G and the existing Terminal Building. Shuttle services are provided to and from Lot C. Parking in the short-term parking garage cost \$34 per day. Parking in the other lots range from \$13 per day to \$24 per day depending on the lot. Valet parking is available at rates up to \$27 per day. Parking rates at the new garage that will be built as part of the Terminal Relocation Project have not yet been determined but are expected to be higher than the current rates. See “THE AIRPORT – Description of the Airport and Existing Terminal Building.”

Parking Services Agreement. On July 10, 2023, the Authority entered into a contract with ACE Parking for self-park management services, valet parking services and shuttle services, ending the Authority’s previous engagements with SP+ Corporation (self-park management services and valet parking services) and MV Transportation (shuttle services). In FY 2023, the costs under the contracts with SP+ Corporation and MV Transportation totaled \$7,982,673. Compensation under ACE Parking contract is based on a fixed management fee and reimbursement of operating costs.

Tenant Rent

The total amount of tenant rent the Authority received in FY 2023 was \$19,668,447. In FY 2022, the total amount of tenant rent received was \$18,339,060. The following is a discussion of the different types of rent received at the Airport.

Signatory Airline Passenger Terminal Rent. As discussed under “AIRPORT USE AGREEMENTS,” the Authority collects Rental (for Exclusive Use Space) and Joint Use Fees (for Joint Use Space) from the Signatory Airlines, based on rates which the Authority has not raised before July 2012. For FY 2023, the Signatory Airlines paid a total of \$2,204,368 in terminal rents (*i.e.*, the sum of Rental and Joint Use Fees), which is a slight decrease from the amount of \$2,214,697 in FY 2022. See discussions under “AIRPORT USE AGREEMENTS” and “AIRPORT CONSULTANT REPORT – Projected Net Revenues and Debt Service Projections” regarding significant changes to the methodology under which terminal rent will be calculated upon the opening of the Replacement Passenger Terminal. Also See APPENDIX D-1: “SUMMARY OF CERTAIN PROVISIONS OF THE EXISTING AIRPORT USE AGREEMENTS,” APPENDIX D-2: “SUMMARY OF CERTAIN PROVISIONS OF AMENDMENT TO AIRPORT USE AGREEMENT” and APPENDIX D-3: “SUMMARY OF CERTAIN PROVISIONS OF REPLACEMENT AIRPORT USE AGREEMENT.”

Other Terminal Rents. In addition to space made available to the Signatory Airlines under the Existing Airport Use Agreements, the Authority also leases spaces in the Existing Terminal Building to other tenants providing goods and services. For FY 2022 and FY 2023, the Authority received \$164,958 and \$196,096, respectively, under such leases.

Rental Car Facility Rent; Rental Car Company Agreements. Six rental car companies (the “Rental Car Companies” or “RACs”) currently have operations at the Rental Car Facilities at the RITC. See “THE AIRPORT – Regional Intermodal Transportation Center.” They are Avis Budget Car Rental, LLC (“Avis”), Budget Rent a Car System, Inc. (“Budget”), DTG Operations, Inc. (“DTG”), Enterprise Rent-A-Car Company of Los Angeles, LLC (“Enterprise”), Fox Rent A Car, Inc. (“Fox”), and The Hertz Corporation (“Hertz”). They operate at the RITC under eleven brand names: Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless and Thrifty. Each RAC

has entered into a Non-Exclusive, On-Airport Rental Car Lease and Concession Agreements (the “Rental Car Company Agreement”) with the Authority.

The term of each Rental Car Company Agreement began upon completion of the Rental Car Facilities on July 15, 2014. Each Rental Car Company Agreement grants a ten-year concession period, extendable by the Authority for two additional ten-year periods with the consent of a majority of the on-airport rental car companies and a majority of the on-airport market share interests, and a thirty-year lease period of a portion of the Rental Car Facilities; provided that such lease period will end prior to such time if the Authority does not extend the concession of the applicable Rental Car Company. The Authority has obtained the necessary consents to extension and the concession period of each Rental Car Company Agreement now is set to expire on January 1, 2035.

The Rental Car Company Agreements require all RACs operating at the Rental Car Facilities to conduct their Airport operations at the Rental Car Facilities. Under the Rental Car Company Agreements, the RACs are responsible for the on-going costs of operating, maintaining and repairing the Rental Car Facilities.

Under the Rental Car Company Agreements, the RACs must pay rent (“Facility Rent”), which is comprised of several components. One component constitutes the “Ground Rent.” Another component is based on the amount of the Authority’s debt service payments in connection with the 2012 Bonds, net of Customer Facility Charges budgeted to be remitted to the Authority by the RACs. Under the calculation of Facility Rent in the Rental Car Company Agreements, the RACs are expected to pay Facility Rent in an amount which, in combination with the Pledged Customer Facility Charges (see “– *Customer Facility Charges*” below) each Fiscal Year, is expected to be in excess of debt service on the 2012 Bonds. Such Facility Rent constitutes Revenues pursuant to the Indenture, and thus, also secures the other Obligations that are secured by the Trust Estate pursuant to the Indenture. The Authority began collecting Facility Rent under the Rental Car Company Agreement on July 15, 2014. The Authority received Facility Rent in the amount of \$950,146 for FY 2022 and \$982,512 for FY 2023.

In addition to Facility Rent, the RACs are obligated to pay concession fees (see “– *Concession Fees – Rental Cars*” below) and collect Customer Facility Charges and remit them to the Authority (see “– *Customer Facility Charges*” below).

The RACs also pay rent for service and storage areas, rental counters and other space at the Airport. Such rent amounted to \$523,297 and \$550,665 in FY 2022 and FY 2023, respectively.

Other Rent. The Authority also leases approximately 3,364,000 square feet of land and the buildings and improvements on the land. These leases include 11 hangars and unimproved land for automobile storage as well as the land and facilities for two fixed based operators. The Authority currently has 46 such leases expiring from 2024 to 2035. The Authority received \$14,485,962 in FY 2022 and \$15,734,806 in FY 2023, respectively, under such leases.

Concession Fees

In FY 2022 and FY 2023, the Authority received \$12,808,920 and \$13,920,628, respectively, from concessions. The following is a breakdown of certain concessionaires at the Airport. As discussed above, the concession period of the Rental Car Company Agreements expires on January 1, 2035. The Rental Car Facilities at the RITC will continue operation throughout the construction, and after the completion, of the Replacement Passenger Terminal. For concessions in the Replacement Passenger Terminal, the Authority is planning to implement a new set of FAA-approved goals for an Airport Concession Disadvantage Business Enterprise (“ACDBE”) program. The program will provide for a master concessionaire for each major category, such as “news and gifts” and “food and beverage.”

Rental Cars. Each Rental Car Company is obligated under its respective Rental Car Company Agreement to pay the Authority a concession fee consisting of the greater of such company’s minimum annual guarantee or 10% of its annual gross revenues as defined in the Rental Car Company Agreement. For FY 2023, the minimum annual guarantee under each Rental Car Company Agreement totaled \$4,893,126, and the Authority received \$8,053,394 in concession fees from the Rental Car Companies.

Food and Beverage. The Authority has entered into an agreement with MCS Burbank, LLC, a Nevada limited liability company, for the exclusive operation of public food and beverage concessions at the Airport. The food service agreement, which currently expires June 30, 2026, provides for payment to the Authority of the greater of an annual minimum or 12% of gross receipts from the sale of food and non-alcoholic beverages and 17% of the gross receipts from the sale of alcoholic beverages. Pursuant to a 2023 amendment, the annual minimum was increased (by \$124,564) to \$1,457,917, subject to a CPI adjustment up to 3% per year. During FY 2023, the Authority received \$3,628,764 from food and beverage concessions.

Gift and News. The Authority also has a non-exclusive agreement for gift and news concessions with HG Burbank JV (“Hudson”). The current Hudson agreement expires on May 31, 2025. Under the agreement, each Fiscal Year, Hudson pays the Authority an amount equal to the greater of 20% of annual gross revenue or an annual minimum, plus some additional payments for miscellaneous items. The minimum for FY 2023 totaled \$1,132,111. During FY 2023, the Authority received \$1,407,914 from gift and news concessions. In addition, the Authority received a total of \$830,556 in FY 2023 in connection with advertising concessions, flowers, wi-fi internet services, baggage carts and miscellaneous products and services.

Landing Fees

Landing Fees are, generally, the product of total landed weight multiplied by the applicable landing fee rate. As discussed under “AIRPORT USE AGREEMENTS,” the Authority has not raised the landing fee rate for the Signatory Airlines since July 2012. The current landing fee rate for Signatory Airlines is \$0.97 per 1,000 pounds landed weight. The landing fee for air carriers other than Signatory Airlines is \$1.56 per 1,000 pounds landed weight.

During FY 2023, the total amount of landed weight for all aircraft including all-cargo airplanes was approximately 4.433 billion pounds. The total amount of landing fees the Authority received in FY 2023 was \$4,586,568. This is an increase from the FY 2022 results, which were approximately 4.200 billion pounds and \$4,055,176.

See discussions under “AIRPORT USE AGREEMENTS” regarding significant changes to the methodology for determining the landing fee rate each Fiscal Year, to be implemented in connection with the Terminal Relocation Project. Also See APPENDIX D-1: “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS,” APPENDIX D-2: “SUMMARY OF CERTAIN PROVISIONS OF AMENDMENT TO AIRPORT USE AGREEMENT” and APPENDIX D-3: “SUMMARY OF CERTAIN PROVISIONS OF REPLACEMENT AIRPORT USE AGREEMENT.”

Customer Facility Charges

The Authority levies Customer Facility Charges pursuant to California Government Code Section 50474.3 (formerly California Civil Code Section 1936). Customer Facility Charges imposed by the Authority can be used only for consolidated rental car facilities at the Airport. Generally, “Revenues” under the Indenture exclude Customer Facility Charges. However, if the Authority so specifies, available proceeds can constitute part of the pledge for the designated Bonds. The 2012 Bonds were issued to finance the RITC. See “THE AIRPORT – Regional Intermodal Transportation Center.”

Pursuant to the Third Supplemental Indenture, the Customer Facility Charges received each Fiscal Year, up to the scheduled debt service on the 2012 Bonds accruing in such Fiscal Year, are Pledged Customer Facility Charges to be applied to the payment of debt service on the 2012 Bonds. The Pledged Customer Facility Charges are required to be deposited in the Debt Service Fund. The Pledged Customer Facility Charges are not available to pay debt service on the 2024 Bonds. See “SECURITY FOR THE 2024 BONDS – Pledge of Trust Estate – Available Revenues.” Historically, except for FY 2021 (due to the impact of COVID-19 on passenger traffic at the Airport), the Pledged Customer Facility Charges have been sufficient to pay a significant portion, though not all, of the principal and interest payment due on the 2012 Bonds each Fiscal Year (e.g., 86% in FY 2023, see Table 16 – Historical Net Revenues and Debt Service Coverage). As described in “ – Tenant Rent – Rental Car Facility Rent; Rental Car Agreements,” Facility Rent includes a component calculated to cover the amount of debt service on the

2012 Bonds not paid from Customer Facility Charges). Such Facility Rent constitutes Revenues pursuant to the Indenture, and thus also secures the other Obligations that are secured by the Trust Estate pursuant to the Indenture.

In accordance with California law, the Customer Facility Charge at the Airport is \$6.00 per transaction day, with a five-transaction day limit. The amounts of Customer Facility Charges receipts for FY 2022 and FY 2023 were \$4,581,378 and \$5,035,727, respectively, all of which were applied to the payment of the 2012 Bonds. See “HISTORICAL FINANCIAL INFORMATION – Historical Debt Service Coverage.”

Customer Facility Charges are collected by the RACs and remitted to the Authority on a monthly basis. Demand for rental cars, and the total amount of Customer Facility Charges, are highly correlated to passenger activity (although other factors do affect a traveler’s decision to rent a car upon arrival at the Airport, such as rental rates and alternative modes of transportation, including ride share demand). For a discussion of passenger activity at the Airport, see “AIRPORT OPERATIONS” and APPENDIX B: “AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022 – Management’s Discussion and Analysis.”

Passenger Facility Charges

Pursuant to the Indenture, Passenger Facility Charges received by the Authority are excluded from “Revenues,” and thus not part of the Trust Estate pledged to the Bonds under the Indenture, unless the Authority so specifies, and then, only the amount deposited in the Debt Service Fund would be pledged for the designated Bonds. Currently, no Passenger Facility Charges are pledged to the repayment of any Bonds. The projections of Ricondo in the Airport Consultant Report do not reflect any use of Passenger Facility Charges for the payment of Debt Service on the 2024 Bonds. See Table A-3 – Projected Revenue Collections and Table A-11 Cash Flow and Debt Service Coverage in APPENDIX A.

Federal law allows the collection of Passenger Facility Charges, through passenger tickets, to fund an airport’s eligible capital improvement projects, subject to FAA approval. Pursuant to current FAA approval, the Authority may, with certain exceptions, charge each paying passenger who enplanes at the Airport a Passenger Facility Charge of \$4.50. Airlines that serve the Airport are required to collect the Passenger Facility Charge and remit the proceeds to the Authority on a monthly basis, less a \$0.11 handling fee. The Authority currently collects Passenger Facility Charges and plans to use Passenger Facility Charges to pay for the costs of eligible portions of the Terminal Relocation Project, the off-Airport sound insulation program and other capital improvement projects.

The Passenger Facility Charge legislation (consisting of the Aviation Safety and Capacity Expansion Act of 1990, P.L. 101-508; the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century, P.L. 106-181; the VISION 100-Century of Aviation Reauthorization Act, P.L. 108-176; and the Federal Aviation Administration Extension Act of 2008, P.L. 110-330) provide that Passenger Facility Charges collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency imposing the Passenger Facility Charges, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for Passenger Facility Charge collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. The airlines are entitled to retain interest earned on the investment of Passenger Facility Charge collections until such Passenger Facility Charge collections are remitted. These provisions may not be enforceable in a bankruptcy of an airline, however.

HISTORICAL FINANCIAL INFORMATION

Historical Operating Results

The following Statements of Revenues and Expenses and Changes in Net Position for the Airport for FY 2019 through FY 2023 were prepared by the Authority based on its audited annual financial statements. The information for the six months ended December 31, 2022 and December 31, 2023 are unaudited. The Authority’s financial statement includes revenues which are not Revenues available to pay the 2024 Bonds and expenses which are not Operating Expenses under the Indenture in determining Net Revenues. Certain historical information on Bond debt service coverage from Net Revenues calculated pursuant to the Indenture is presented under “–Historical Debt Service Coverage” below. Certain adjustments have been made to conform the data in the financial statements

to the data presented below. The Authority's audited financial statements for the years ended June 30, 2023 and 2022 are attached hereto as APPENDIX B. For further information concerning the historic financial results of the Airport's operations, see the information in APPENDIX B: "AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022."

Table 13
Burbank-Glendale-Pasadena Airport Authority
Statements of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021 ⁽¹⁾	Fiscal Year 2022 ⁽²⁾	Fiscal Year 2023	6 mos. ended Dec. 31, 2022	6 mos. ended Dec. 31, 2023
Operating revenues: ⁽³⁾							
Parking ⁽⁴⁾	\$21,688,728	\$17,361,157	\$8,526,479	\$25,174,110	\$29,082,523	\$15,079,442	\$14,929,941
Tenant Rent ⁽⁵⁾	16,146,956	17,098,150	16,963,475	18,122,079	19,514,228	9,621,731	10,108,512
Concession Fees	11,105,119	9,556,806	4,871,064	12,506,117	13,681,344	6,797,171	7,269,261
Landing Fees	3,928,651	3,796,967	2,139,159	4,055,176	4,586,568	2,352,607	2,324,199
Other ⁽⁶⁾	5,600,466	5,257,218	1,915,150	4,855,298	5,671,794	2,913,674	3,270,632
Total operating revenues	58,469,920	53,070,298	34,415,327	64,712,780	72,536,457	36,764,625	37,902,545
Operating expenses:							
Contracted airport services	20,435,584	20,850,757	18,269,154	20,871,769	23,561,851	11,547,541	12,518,729
Salaries and benefits	5,465,519	5,893,032	6,301,997	6,362,897	7,277,119	3,602,506	3,668,705
Financial services	1,015,883	1,008,697	776,346	1,788,161	1,784,813	1,041,579	656,619
Rescue services	3,260,929	3,151,738	3,345,417	3,591,874	3,686,682	1,836,756	2,148,775
Materials and supplies	337,742	368,513	348,613	365,869	413,816	161,958	203,828
Repairs and maintenance	4,973,100	5,623,541	4,693,372	5,427,626	6,859,440	2,892,252	3,290,233
Utilities	1,918,002	1,854,677	1,715,301	1,942,277	2,008,420	1,095,603	1,123,969
Professional services	2,236,102	3,363,956	2,490,812	3,180,213	3,028,342	1,438,064	1,355,817
Insurance	1,132,971	1,276,271	1,353,231	1,337,733	1,341,036	670,518	892,064
Other operating expenses ⁽⁴⁾	4,074,631	3,818,678	1,609,079	4,020,804	4,894,497	2,524,245	2,742,110
Total operating expenses before depreciation	44,850,463	47,209,860	40,903,322	48,889,223	54,856,016	26,811,022	28,600,849
Operating income (loss) before depreciation	13,619,457	5,860,438	(6,487,995)	15,823,557	17,680,441	9,953,603	9,301,696
Depreciation and amortization	17,572,175	17,092,659	17,126,358	16,474,921	15,492,879	7,667,589	7,539,837
Operating Income (loss)	(3,952,718)	(11,232,221)	(23,614,353)	(651,364)	2,187,562	2,286,014	1,761,859
Nonoperating revenues/expenses ⁽³⁾							
Passenger Facility Charge revenue ⁽⁷⁾	12,575,929	10,397,681	4,195,443	9,687,636	12,882,716	5,611,698	11,115,404
Customer Facility Charge revenue	5,754,081	4,821,896	2,347,750	4,682,637	5,035,162	2,531,406	2,681,250
Investment income ⁽⁸⁾	9,408,767	9,499,897	438,124	(7,282,192)	3,781,146	(624,079)	9,238,964
Interest income ⁽¹⁾	0	0	282,169	519,784	393,501	196,751	133,548
Interest expense, debt service	(4,750,893)	(4,520,740)	(4,273,787)	(4,011,938)	(3,735,875)	(2,155,196)	(1,997,467)
Other interest expense ⁽²⁾	0	0	0	(6,007)	(11,273)	(5,637)	(4,365)
Gain (loss) on retirement of capital assets	24,765	3,805	0	0	13,123	13,123	104,085
Sound Insulation Program	(4,302)	(1,740)	(2,063)	(2,350)	(180)	(180)	0
Other noncapital grants ⁽⁹⁾	60,246	2,187,637	10,587,540	8,878,981	8,147,212	0	0
Replacement terminal development	(1,830,354)	(1,701,115)	(1,071,319)	0	(655,585)	0	0
Other expenses, net	(51,792)	(65,500)	0	0	0	(51,635)	(11,501)
Total nonoperating revenues/expenses, net	21,186,447	20,621,821	12,503,857	12,466,551	25,849,947	5,516,251	21,259,918
Income (loss) before capital contributions and special items	17,233,729	9,389,600	(11,110,496)	11,815,187	28,037,509	7,802,265	23,021,777
Capital contributions	5,170,716	3,568,014	12,730,126	7,233,553	8,030,233	2,282,250	0
Change in net position	22,404,445	12,957,614	1,619,630	19,048,740	36,067,742	10,084,515	23,021,777
Total net position – beginning	491,688,225	514,092,670	527,050,284	528,669,914	547,718,654	547,718,654	583,786,396
Total net position – ending	514,092,670	527,050,284	528,669,914	547,718,654	583,786,396	557,803,169	606,808,173
Invested in capital assets, net of related debt	238,185,073	235,909,562	228,168,126	226,762,973	252,577,172	230,749,758	288,907,705
Restricted, debt service	20,391,201	20,912,922	21,582,760	21,857,596	23,980,877	20,742,901	22,675,734
Restricted, capital projects	48,611,757	54,138,513	56,900,982	64,085,949	71,516,622	67,110,662	81,709,189
Restricted, federal asset seizure ⁽¹⁰⁾	23,369	23,875	24,298	24,615	25,049	24,801	25,371
Restricted, other purposes	3,148,712	3,232,640	3,316,569	3,400,497	3,484,425	3,442,461	3,526,389
Unrestricted	203,732,558	212,832,772	218,677,179	231,587,024	232,202,251	235,732,586	209,963,784
Total net position	\$514,092,670	\$527,050,284	\$528,669,914	\$547,718,654	\$583,786,396	\$557,803,169	\$606,808,173

- (1) Presentation starting with FY 2021 incorporates implementation of GASB 87, *Leases*, effective July 1, 2020.
- (2) Presentation starting with FY 2022 incorporates implementation of GASB 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.
- (3) Not all revenues are pledged to the payment of the Bonds. See “SECURITY FOR THE 2024 BONDS – Pledge of Trust Estate; Net Revenues” and “SOURCES OF REVENUES.”
- (4) Includes 12% Burbank parking tax.
- (5) For more details, see Table 12 under “SOURCES OF REVENUES – General.”
- (6) Other revenues consist primarily of ground transportation, fuel flowage fees, ground handling and airfield access fees.
- (7) Passenger Facility Charge revenues include accrued Passenger Facility Charge revenue net of fair value adjustments as of the end of each reporting period. Total accrued Passenger Facility Charge revenues were \$6,198,669 and \$5,855,104 for the six months ended December 31, 2023 and 2022, respectively.
- (8) Investment income/loss include accrued investment income net of fair value adjustments as of the end of each reporting period. Total accrued investment income was \$3,724,190 and \$2,194,178 for the six months ended December 31, 2023 and 2022, respectively.
- (9) Other noncapital grants consist primarily of federal COVID relief funds which were fully expended in FY 2023.
- (10) Related to law enforcement activities at the Airport; monies restricted to be used for specific law enforcement purposes.

Source: *Burbank-Glendale-Pasadena Airport Authority*.

Investment of Airport Funds

Authority funds are invested in accordance with the Authority’s investment policy (the “Investment Policy”). The Authority updates the Investment Policy annually. The Investment Policy was most recently updated in February 2024, and included a change to increase the maximum allowable amount of money market funds from 15% to 20% to support the Terminal Relocation Project. The objectives of the Authority’s Investment Policy in order of priority are preservation of principal and interest, allowing the easy and rapid conversion of investments into cash without loss of value, and an acceptable rate of return on investments, but only after considering the safety of principal and liquidity. The investment of Authority funds is required to be in compliance with California Government Code Sections 53601, 53601.1, 53601.5 and 53601.6, and if the Investment Policy is more restrictive than such provisions of the California Government Code, the Investment Policy will control. The Replacement Airport Use Agreement permits the Authority to accumulate, and then maintain, sufficient cash (or cash equivalent) to allow the Airport to continue operation for 540 days in the event of an unforeseen revenue interruption (such as the one caused by the COVID-19 pandemic). See “AIRPORT USE AGREEMENTS – Replacement Airport Use Agreement.”

Set forth in Tables 14 and 15 below are the approximate market values, as of December 31, 2023, of the cash and investments held by the Authority and the types of investments as of such date. The weighted average maturity of the investments as of December 31, 2023 was 1.38 years with a book value of approximately \$349.88 million.

Table 14
Burbank-Glendale-Pasadena Airport Authority
Cash and Investments in Funds as of December 31, 2023

Cash and Investments in Funds	
	(millions)
Operating Fund	\$ 25.51
Operating Reserve Fund	15.28
Surplus Fund	2.60
PFC Fund	75.80
CFC Fund	1.84
Authority Areas Reserve	3.53
Proceeds from sale of Airport property ⁽¹⁾	2.10
Asset Forfeiture Fund ⁽²⁾	0.03
Held by Bond Trustee ⁽³⁾	13.27
Facility Development Reserve ⁽⁴⁾	205.13
Total	\$ 345.09

⁽¹⁾ Includes proceeds from the sale of 66,000 square feet of undeveloped land in April 2016. Because the land sold was part of a larger piece of property acquired with federal grant, proceeds from the 2016 sale can only be used for eligible purposes. The Authority plans to use the money for eligible Terminal Relocation Project costs.

⁽²⁾ Related to law enforcement activities at Airport; monies restricted to be used for specific law enforcement purposes.

⁽³⁾ Includes (a) \$2,462,753 held in the Debt Service Reserve Fund established by the Original Master Indenture and allocable to the Authority’s Airport Revenue Bonds 2015 Series B, which was defeased on May 7, 2024 (b) \$6,542,461 held in the 2012 Series Debt Service Reserve Fund securing the 2012 Bonds, (c) \$4,101,186 held in the Debt Service Fund for payment of debt service on the 2012 Bonds; and (d) other miscellaneous amounts held pursuant to the Original Master Indenture and restricted to the uses provided for thereunder.

⁽⁴⁾ The Facility Development Reserve was established in FY 2000 to provide for the future development of the Terminal Relocation Project and other Airport facilities. The Authority expects to use \$100 million currently on deposit in the Facility Development Reserve for costs related to the Terminal Relocation Project. The Authority currently expects to apply any amounts remaining in the Facility Development Reserve after the completion of the Terminal Relocation Project towards the Authority’s liquidity requirements under the Replacement Airport Use Agreements and to fund a reserve account for routine capital and operational needs of the Authority.

Source: Burbank-Glendale-Pasadena Airport Authority.

Table 15
Burbank-Glendale-Pasadena Airport Authority
Investments as of December 31, 2023

Investment Distribution	
	(millions)
U.S. Treasury Securities	\$ 88.58
U.S. Agency Securities	98.75
Medium Term Corporate Notes	87.00
Money Market Mutual Funds	37.16
State Treasurer's LAIF	4.71
Bank Deposits ⁽¹⁾	28.89
Total	\$ 345.09

⁽¹⁾ Includes cash on hand, deposits with financial institutions.
Source: Burbank-Glendale-Pasadena Airport Authority.

Historical Debt Service Coverage

Table 16 below sets forth the ratio of the Authority's Net Revenues over Accrued Debt Service for the last ten Fiscal Years as calculated pursuant to the Indenture. While Table 16 has not been audited as part of the Authority's audited financial statement, the figures are based on the Authority's audited financial statements.

Table 16
Burbank-Glendale-Pasadena Airport Authority
Historical Net Revenues and Debt Service Coverage⁽¹⁾

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
NET REVENUES ⁽²⁾										
Revenues ⁽²⁾	\$47,595,741	\$51,099,117	\$51,422,789	\$51,574,115	\$56,353,195	\$67,878,687	\$65,834,395 ⁽⁸⁾	\$52,953,031 ⁽⁸⁾	\$72,817,851 ⁽⁹⁾	\$91,434,558 ⁽¹⁰⁾
Less: Operating Expenses ⁽²⁾	36,442,288	38,249,302	39,018,761	41,226,440	42,058,420	44,850,463	47,209,860	40,903,322	49,214,407	54,953,576
Net Revenues	\$11,153,453	\$12,849,815	\$12,404,028	\$10,347,675	\$14,294,775	\$23,028,224	\$18,624,535	\$12,049,709	\$23,603,444	\$36,480,982
Transfer ⁽³⁾	1,354,897	2,601,563	2,534,501	2,599,378	2,600,186	2,600,103	2,601,315	2,599,576	2,599,114	2,600,098
Net Revenues, plus Transfers	\$12,508,350	\$15,451,378	\$14,938,529	\$12,947,053	\$16,894,961	\$25,628,327	\$21,225,850	\$14,649,285	\$26,202,558	\$39,081,080
ACCRUED DEBT SERVICE⁽¹⁾⁽⁴⁾										
2005 Bonds ⁽⁵⁾	\$5,415,588	\$5,040,312	--	--	--	--	--	--	--	--
2012 Bonds	4,332,095	5,832,095	\$5,836,555	5,833,563	\$5,834,996	\$5,836,911	\$5,837,008	\$5,834,054	\$5,834,956	\$5,835,892
Less: Available CFC Revenues ⁽²⁾⁽⁶⁾	(4,332,095)	(5,550,353)	(5,761,140)	(5,550,060)	(5,920,394)	(5,660,457)	(5,174,449)	(2,182,234)	(4,581,381)	(5,035,704)
2015B Bonds	--	262,885	4,301,450	4,563,950	4,565,750	4,563,500	4,568,250	4,564,250	4,561,500	4,564,500
Accrued Debt Service	\$5,415,588	\$5,584,939	\$4,376,865	\$4,847,453	\$4,480,352	\$4,739,954	\$5,230,809	\$8,216,070	\$5,815,075	\$5,364,688
DEBT SERVICE COVERAGE ⁽⁷⁾	2.31	2.77	3.41	2.67	3.77	5.41	4.06	1.78	4.51	7.28

⁽¹⁾ Debt service coverage shown in Table 16 follows the methodology permitted under the Indenture for purposes of the rate covenant. See notes below.

⁽²⁾ As defined in the Indenture, see APPENDIX C-1: "FORM OF AMENDED AND RESTATED MASTER INDENTURE."

⁽³⁾ Represents portion of Surplus Fund balance permitted to be used for debt service calculation. The Indenture permits the use of moneys accumulated in the Surplus Fund in an amount not over 25% of the Accrued Debt Service on the Senior Bonds, to calculate debt service coverage each Fiscal Year, for purposes of the rate covenant under the Indenture. See "SECURITY FOR THE 2024 BONDS – Rate Covenant – General."

⁽⁴⁾ Represents the interest due on January 1 of that Fiscal Year plus principal and interest due on the following July 1.

⁽⁵⁾ Represents pledged Customer Facility Charge revenues deposited in the Debt Service Fund for the 2012 Bonds. See "SOURCES OF REVENUES – Customer Facility Charges."

⁽⁶⁾ Refunded by the 2015B Bonds.

⁽⁷⁾ Equals "Net Revenues, plus Transfer" divided by "Accrued Debt Service."

⁽⁸⁾ Includes federal grants resulting from the COVID-19 pandemic for eligible expenditures. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law, which included \$10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the prevention of, preparation for, and response to the pandemic. The Authority was awarded \$21,081,611 in CARES Act grants of which \$3,264,200 was used in FY 2020 and \$17,817,411 was used in FY 2021 to supplement the loss in revenues due to the unprecedented impacts of the pandemic.

⁽⁹⁾ Includes additional federal grants resulting from the COVID-19 pandemic for eligible expenditures. In April and June 2021, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA), respectively, were signed into law, which allocated additional relief to eligible U.S. airports affected by the pandemic. The Authority was awarded \$7,674,141 and \$20,749,123 in CRRSAA and ARPA grant funds, respectively, of which \$7,038,348 and \$7,829,131, respectively, were expended in FY 2022 to supplement the loss in revenues due to the unprecedented impacts of the COVID-19 pandemic.

⁽¹⁰⁾ Includes additional federal relief grants for eligible expenditures. A total of \$13,571,162 in combined CRRSAA, ARPA, and Federal Emergency Management Agency grant funds (allocated as additional relief to eligible U.S. airports affected by the COVID-19 pandemic) received in FY 2023 for eligible expenditures are included in the pledged Revenues calculation for FY 2023. Without the \$13,571,162 in federal relief fund, the debt service coverage ratio would have been 4.76.

Source: Burbank-Glendale-Pasadena Airport Authority.

ENVIRONMENTAL MATTERS AFFECTING AIRPORT OPERATIONS

Several significant environmental matters have direct and indirect impacts on Airport operations and costs, including mitigation of aircraft noise impacts, hazardous substance cleanup and clean air requirements.

Noise Restrictions

General. The Airport, similar to other California airports serving jet aircraft, is subject to a number of restrictions relating to aircraft noise, in addition to the provisions of the Joint Powers Act specifically relating to the Airport. In particular, the Authority is required to find ways and means to reduce the number of incompatible land acres within its state-law defined noise impact area. To this end, the Authority has installed noise monitoring equipment on and around the Airport and instituted noise regulations that affect operations of air carriers and general aviation aircraft at the Airport. The Authority believes that the restrictions currently in effect will have no material adverse effect on the Authority's ability to make timely payments on the Bonds. Federal law prohibits the Authority from unilaterally implementing additional or new noise or access restrictions. No assurance can be given that additional Congressionally-approved restrictions or changes in noise restrictions may not adversely affect operations at the Airport.

Joint Powers Act. California Government Code Section 6546.1 prohibits the Authority from authorizing activity which results in an increase in the size of the Airport noise impact area (as that term has been defined in the California Government Code's Noise Standard Section and California case law) above certain levels. The Airport's current noise impact level is significantly below that level. The California Noise Standards also require the Authority to make good faith effort to the best of its ability to eliminate the Airport's noise impact area and to operate, pursuant to a variance from the State, until its noise impact area is eliminated.

California Noise Standards. Specifically, under the California Noise Standards, the State Department of Transportation is authorized to adopt noise standards governing the Airport's responsibilities, principally with respect to noise impact (measured cumulatively) acceptable to a reasonable person residing in the vicinity of the Airport. Generally, the standards encourage the adoption of "abatement" and "mitigation" measures which reduce the number of incompatible acres of property in the Airport environs. Abatement measures reduce noise at the source (e.g., by changing operational procedures) and mitigation measures attempt to remedy an existing problem or prevent a new one (e.g., sound insulation or better zoning practices).

To this end, the Authority is periodically required, in the form of a hearing before an administrative law judge, to outline its noise reduction efforts in order to obtain a variance from the state noise standards. Many commercial airports in California serviced by jet aircraft, including the Los Angeles International Airport, LA/Ontario International Airport, John Wayne Airport, San Jose International Airport and San Diego International Airport, are also required to obtain such a variance.

The most recent administrative hearing occurred on February 28, 2008, with a final decision effective March 29, 2008. In that decision, a variance from the noise requirements of Section 5062, Chapter 2.5, Subchapter 6, Title 21 of the California Code of Regulations was granted to the Authority, effective for three years. The Authority has applied for a new variance and both the City of Burbank and the Authority have sought and obtained extensions. The State Department of Transportation has allowed the Authority to continue operation at the Airport consistent with the last approved variance. The Authority can give no assurances as to future actions by the State of California or the courts with respect to these administrative hearings.

Federal Restrictions. In grant agreements with the FAA, the Authority has agreed that, to the extent feasible, it will not permit or authorize any actions in conjunction with its operation of the Airport that will increase the noise levels or noise exposure impact boundaries beyond those existing as of August 1977. However, the federal government later enacted the Airport Noise and Capacity Act ("ANCA") in 1990. ANCA, and its implementing regulation known as Part 161, restrict the Authority from imposing any operational restrictions on aircraft operation absent compliance with ANCA's requirement for such restrictions. The Authority submitted an application pursuant to ANCA, to obtain FAA approval of a mandatory curfew at the Airport. That application was denied.

Noise Abatement Programs

Part 150 Noise Compatibility Program. Title 14 of the Code of Federal Regulations, Part 150 (“Part 150”) establishes the requirements that airport sponsors, such as the Authority, must follow if they desire to obtain federal funding for implementation of noise mitigation and abatement measures. Those requirements dictate that the Authority must complete and receive FAA approval for a Part 150 Noise Compatibility Study as a precondition to receiving such funding. Further, the FAA requires that airport sponsors update their Noise Exposure Maps (“NEM”) approximately every five years. The FAA requires review and acceptance of an updated NEM based on a five-year forecast of incompatible noise exposure surrounding the airport which is used as the foundation for developing an updated Part 150 Noise Compatibility Study. Once the plan is updated and made available to the public for review, it is submitted to FAA for approval. Once the updated Part 150 Noise Compatibility Study is approved, the Authority is then eligible to submit applications for Airport Improvement Program grants to help pay for implementation of any approved noise compatibility measures. Certain elements of the Authority’s Part 150 Noise Compatibility Study are described below.

Airport Noise Rules and Restrictions. The Authority has adopted a comprehensive plan of noise regulations which affects air carrier and general aviation aircraft. Under the rules, all air carrier flights must be conducted in FAA Regulation Part 36, Stage 3 aircraft. Stage 2 General Aviation aircraft are restricted between the hours of 10:00 p.m. and 7:00 a.m. Since 1987 all scheduled air carrier aircraft operating out of the Airport have been Stage 3 aircraft. The rule has had the effect of reducing the noise impact area, as measured in acres, from that existing at the time the Authority acquired the Airport.

The Authority also has an aircraft noise compatibility program at the Airport that is based largely on a set of rules adopted prior to – and in effect since – the Airport Noise and Capacity Act of 1990. The Authority’s program includes nighttime noise limits and prohibited activities at night (e.g., engine maintenance run-ups, flight training, practice approaches, “touch-and-go-landings” and intersection takeoffs) for both propeller-driven aircraft and non-airline jets, penalties for exceeding those limits or violating the prohibited activities and a program known as a “voluntary curfew” that asks airlines to refrain from scheduling or operating flights, if possible, between 10 p.m. and 7 a.m. Moreover, a single-event noise limit precludes takeoffs or landings of noisier aircraft during the same hours.

The Authority promotes “quiet flying procedures,” as adopted by the National Business Aircraft Association and has approved the “quiet flying procedures” developed by an Airport tenant that operates night flights in its cargo business.

Failure by the Authority to comply with the FAA Part 161 and Part 150 regulations could result in the loss of current and future AIP grants from the FAA, and could subject to Authority to the reimbursement of any previously received AIP grants.

Regulated and Hazardous Substances

General. Airport operations involve the storage and use of a number of substances that are regulated under various federal, state and local regulations. In the event such storage and handling of regulated substances causes environmental damage, the costs resulting from such damage and the remediation of such damage may be significant. These regulated substances at the Airport are predominantly used by Airport tenants. In recognition of the need for a comprehensive hazardous materials policy, the Authority included provisions as to the handling of hazardous and regulated material in the Existing Airport Use Agreements and adopted Rules and Regulations for other users of the Airport as to the handling of hazardous substances at the Airport.

The Authority’s Fire Department has used aqueous film-forming foam (“AFFF”) known to contain per- and polyfluoroalkyl substances (“PFAS”), in accordance with FAA requirements for fire suppression. AFFF is effective in smothering fuel fires and FAA standards historically contained PFAS in AFFF. In March 2019, the Authority received a California Water Code Section 13267 Order (“Order”) issued by the State Water Resources Control Board and transmitted to the Authority by the Los Angeles Regional Water Quality Control Board for investigation of the presence of PFAS at the Airport. The Order required the preparation of a work plan to conduct a site investigation of potential PFAS contamination in soil and groundwater and to provide a sampling and analysis report. The Authority engaged a third-party environmental consultant to conduct the investigation and prepare the report into the presence

of PFAS at the Airport. Samples were taken from seven monitoring wells between December 9, 2019 and September 16, 2020. The results and report were timely submitted to the Los Angeles Regional Water Quality Control Board. In sum, with respect to the soil investigation, the report detected PFAS near the AFFF aboveground storage tank in the fuel farm area, and “the concentrations show decreasing trend with depth . . . and indicates . . . that the impacts are limited to 120 ft bgs and do not extend to the groundwater which is approximately 230 to 290 ft bgs.” With respect to groundwater, the report concluded “that the groundwater is not likely impacted from AFFF-use/potential release at the Airport but likely from other sources.”

Lockheed, the prior owner of the Airport site, operated an aircraft manufacturing facility at the Airport site prior to the Authority’s purchase of such site, and such operations by Lockheed included using a number of substances that are regulated under federal, state and local regulations. As the owner of the Airport, the Authority may be held liable for any damages caused by a release of a hazardous substance or a regulated compound occurring at the Airport whether or not the Authority was the cause of such event. The contract with Lockheed for the acquisition of the initial Airport property, subsequent agreements with Lockheed for additional acquisitions or access (by purchase or otherwise) of property that is now part of the Airport, the Existing Airport Use Agreements, and the Replacement Airport Use Agreements all provide for indemnification to the Authority from any responsible party for any costs incurred by the Authority in connection with a hazardous substance release at the Airport caused by such party. No assurances can be given that the Authority will not be held liable by governmental agencies or private parties in connection with any such hazardous substance event or that the costs to the Authority in connection with a hazardous substance event will be paid through indemnification. In the event the Authority has to bear the costs of damages caused by a hazardous substance release or the costs of remediating such an event, such costs could have a material adverse effect on the costs of the airlines operating at the Airport and the financial condition of the Authority.

Federal Action Regarding Clean-Up of Hazardous Substances. The United States Environmental Protection Agency (“EPA”) has placed selected areas within the eastern San Fernando Valley, including property adjacent to the Airport, on the National Priority List of areas requiring substantial clean-up of hazardous substances contained in the groundwater. In 2010, the Authority received a letter from the EPA formally designating the Authority as one of approximately 30 parties designated under the federal Superfund law (“CERCLA”) as “potentially responsible parties” (“PRPs”) for the second interim remedy at the North Hollywood Operable Unit (the “Second Interim Remedy”). The letter also requested that the Authority, along with other named PRPs, form a group and submit a good faith settlement to offer to EPA to undertake the work required for the Second Interim Remedy, which is expected to last to 2041.

The EPA has indicated in response to Authority inquiries that it regards the western half of the Airport (that portion west of the north/south runway) to be within the North Hollywood Operable Unit. In 2009, the EPA estimated that the net present value of the Second Interim Remedy would be \$108 million (none of which was attributed by the EPA to the Authority). This is a preliminary estimate made without benefit of a detailed engineering analysis and the actual remediation costs could vary considerably from the EPA estimate. In addition, in 2019, EPA gave notice to the Authority and other PRPs that they are responsible for approximately \$27.7 million in costs incurred by EPA as part of its basin-wide remediation efforts, of which some portion EPA may ask the Authority to pay. As noted above, the Authority may have an indemnity with Lockheed to cover some or all of such costs.

Litigation as to Indemnification. The Authority separately filed a lawsuit in April 2010 against Lockheed in United States District Court for the Central District of California as to its being named a PRP with respect to the Second Interim Remedy. That lawsuit claimed that Lockheed owes the Authority a contractual duty to defend and indemnify the Authority against the costs of the EPA’s Second Interim Remedy claim. The Authority based its claim upon a written indemnification provision in the 1978 Airport Purchase Agreement executed by it and by Lockheed. Subsequently, the Authority reached a settlement agreement in February 2011 with Lockheed on the matter. The terms of this settlement agreement provide that Lockheed will defend the Authority with its counsel and assume any costs that EPA or any other party would otherwise assign to the Authority regarding the North Hollywood Operable Unit cleanup, including the Second Interim Remedy. As a further part of the settlement, the Authority made a payment of \$2 million to Lockheed. The settlement agreement, however, provides for certain exclusions from the scope of the indemnified matters and the Authority cannot give any assurances that Lockheed might not assert one or more of these exclusions to avoid indemnification as to some or all of the EPA claim, that the Authority may not

otherwise be adversely affected by the EPA claim or other EPA actions, or that Lockheed will otherwise perform its obligations under such settlement agreement.

See “CERTAIN INVESTMENT CONSIDERATIONS – Certain Factors Particular to the Airport – *EPA Claim*” and “CERTAIN INVESTMENT CONSIDERATIONS – Certain Factors Particular to the Airport – *Environmental Contamination*.”

Emission Standards

Air emissions associated with airport activities are governed by federal, state and local regulations. Most notable are the federal Clean Air Act (the “FCAA”), the California Clean Air Act (the “CCAA”), and various rules and regulations promulgated by the South Coast Air Quality Management District (“SCAQMD”). Authority-owned back-up power generators currently operate under a Title V operating permit issued by the SCAQMD.

The Airport is subject to various agreements and mitigation measures designed to reduce emissions from airport operations including, among other measures: provisions for ground service equipment to meet low emission goals; provisions for airport shuttle buses to meet zero emission goals; and reducing construction emissions through the use of low polluting construction equipment and exhaust emission controls, and mitigation measures associated with the recent environmental approvals pursuant to CEQA and NEPA, including but not limited to the Terminal Relocation Project. For each significant construction project undertaken, the Authority must disclose project level air quality environmental impacts for both project operational and construction impacts, and must ensure each project commits to highest levels of clean construction as feasible.

On December 3, 2019, the Authority approved an air quality improvement program (the “AQIP”) developed in consultation with SCAQMD. The AQIP outlines measures the Authority plans to take to reduce emissions of NOx from Airport operations and includes a Memorandum of Understanding with SCAQMD (the “SCAQMD MOU”) which provides for the Authority to implement two specific air quality improvement measures: 1) the Ground Support Equipment Emissions Reduction Program and the conversion of airport shuttle buses to zero-emission vehicles, and 2) quantify emissions from those measures to assist SCAQMD in obtaining reductions for those measures to meet SCAQMD’s obligations under the FCAA and CCAA. The Authority is implementing the SCAQMD MOU and the AQIP at the Airport, and continues to meet all target requirements to date.

The SCAQMD imposes rules and regulations specifically targeted at various air pollutants and types of operations such as hydrant fueling, private vehicle fueling, power generators, boilers and the use of various volatile organic chemical containing materials. The Authority’s Noise & Environmental Department monitors the Authority’s compliance with these air quality rules and regulations. The Noise & Environmental Department has three full-time professional staff assigned to maintain compliance with the various air quality rules and regulations.

AIRPORT CONSULTANT REPORT

This section, the Airport Consultant Report in APPENDIX A, and elsewhere in this Official Statement contain “forward-looking statements.” Ricondo has made certain assumptions in making its projections that it believes are reasonable. The Authority has reviewed Ricondo’s assumptions that are described in the Airport Consultant Report and believes that they are reasonable. However, all forward-looking statements, including intentions, expectations and projections, are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of the Authority and Ricondo. Projected results may not be realized, and actual results could be significantly different than projected. Neither the Authority nor Ricondo is 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 if any or all of the assumptions are shown to be in error.

Overview

The Airport Consultant Report is included in this Official Statement as APPENDIX A. The Airport Consultant Report is part of this Official Statement, and potential purchasers of the 2024 Bonds should read the

Airport Consultant Report, in its entirety. The Airport Consultant Report has been included in this Official Statement in reliance on the authority of Ricondo and its subconsultants as experts in air traffic matters and financial projections relating to airports such as the Airport.

The Airport Consultant Report provides an overview of the economic base of the Air Service Area and of the primary economic and demographic variables (including population, personal income, gross regional and domestic product, employment, consumer prices and other economic conditions and events) nationally and in the Air Service Area that drive demand for passenger and cargo air transportation services and a projection of such variables for Fiscal Years 2024 through 2032. The Airport Consultant Report describes air service at the Airport currently, identifies the primary factors that affect demand for air travel, including factors (such as costs and availability of jet fuel, other industry consolidation costs and national and Airport aviation security and capacity) that influence passenger and cargo airline profitability and decisions, and summarizes Ricondo's projection, and the assumptions behind the projection, of air traffic, including passenger enplanements, aircraft operations and landed weights, at the Airport for the Projection Period.

The Airport Consultant Report also includes Ricondo's review of existing Airport facilities and a review of the Authority's capital improvement program, strategic plan and adopted budget for Fiscal Year 2024 and existing Authority agreements and obligations. Ricondo's conclusion is that based upon Ricondo's approach and assumptions described in the Airport Consultant Report, the Net Revenues in each year during the Projection Period will be sufficient to satisfy the Authority's obligations under the Indenture, and at the same time, remain acceptable on an airline cost per enplaned passenger basis compared to airports in the Los Angeles metropolitan region.

Ricondo notes that although it believes that its approach and assumptions are reasonable and provide an appropriate basis for the financial projections set forth in the Airport Consultant Report, any projection is subject to uncertainties and some assumptions used as the basis of the projections will not be realized, unanticipated events and circumstances may occur, there are likely to be differences between the financial projection and actual financial results and those variations could be material. The Airport Consultant Report should be read in its entirety for an understanding of the projections and the underlying assumptions contained therein. Ricondo has no responsibility to update the Airport Consultant Report because of events and transactions occurring after the date of the Airport Consultant Report. The Airport Consultant Report has not been updated to reflect the final terms of the 2024 Bonds or other changes occurring after the date of such report.

In addition to assumptions regarding regional economic activity, passenger growth and services provided at the Airport, Ricondo assumed that the Replacement Passenger Terminal will begin operation by October 13, 2026, as anticipated, the rent and fees paid by the commercial airlines serving the Airport will follow the methodologies set forth in the Replacement Airport Use Agreement from FY 2027 onward and all current Signatory Airlines will execute the AUA Amendment and the Replacement Airport Use Agreement. See "AIRPORT USE AGREEMENTS" above for a description of Southwest's letter to the Authority dated May 1, 2024 confirming its intent to execute the AUA Amendment and Replacement Airport Use Agreement.

Projected Net Revenues and Debt Service Coverage

By dollar amount, the Terminal Relocation Project is the biggest project that the Authority has ever undertaken, and the 2024 Bonds represent its largest bond issue. The first principal payment for the 2024 Bonds will be due July 1, 2028. A portion of the proceeds of the 2024 Bonds will be used for capitalized interest, to be applied toward interest to accrue to and including April 1, 2027. As a result, starting in FY 2027, the Authority's debt service obligation will significantly increase compared to prior Fiscal Years.

The Authority has budgeted approximately \$10.4 million for bond debt service (comprised of payments for the 2012 Bonds and the 2015B Bonds) for FY 2024. Debt service will decrease to approximately \$5.8 million for FY 2025 because all 2015B Bonds were defeased to their maturity date of July 1, 2024 and as of the date of this Official Statement are no longer outstanding under the Indenture. Once the Authority begins paying debt service on the 2024 Bonds from sources other than capitalized interest in FY 2027, debt service will increase to approximately \$19.7 million, including projected debt service of the Anticipated Future Bonds. Debt service for FY 2028 is expected to increase to approximately \$79.6 million. Starting in FY 2029, assuming there are no additional bonds other than the Anticipated Future Bonds, annual debt service is projected to remain at approximately \$79.6 million.

For the purposes of the projections in this Official Statement and in the Airport Consultant Report, it is assumed that the Anticipated Future Bonds issued in 2026 will be in the principal amount of \$340 million and will bear interest at the annual rate of 5.83%. It is also assumed that any Commercial Paper Notes then outstanding will be refunded by the Anticipated Future Bonds or otherwise retired on or before FY 2028.

In anticipation of the significant increase in future debt service, the Authority is modifying the method used to calculate base rates for rent and fees to be paid by the Signatory Airlines once the Replacement Passenger Terminal opens. The modifications are reflected in the Replacement Airport Use Agreement. As described in further detail under “AIRPORT USE AGREEMENT,” the Replacement Airport Use Agreement will govern the terms under which each Signatory Airline will operate at the Airport, starting on the “Commencement Date” – the date on which the Authority allows such airline to start revenue-generating operations at the Replacement Passenger Terminal (expected to be October 2026).

Under the Existing Airport Use Agreement, the rents and fees payable by the Signatory Airlines are calculated based on rates set by the Authority before the start of each Fiscal Year; provided that the Authority may make certain extraordinary adjustments if its revenues are insufficient to satisfy operating expenses during that year. The Authority has not raised the rates (nor has it invoked the extraordinary adjustment provisions) under the Existing Airport Use Agreements in over a decade, since July 2012.

In contrast, under the Replacement Airport Use Agreement, a Signatory Airline’s rent and fees payable to the Authority each Fiscal Year will be based on formulas, which are designed so that the rent and fees will be adjusted each Fiscal Year to sufficiently cover the Authority’s expenditures and expenses to operate the Airport (including amounts to be paid or set aside by the Indenture, such as debt service payments on Obligations issued by the Authority, debt service reserve deposits and operating reserve deposits) for the Fiscal Year. Therefore, the revenues to be collected from the airlines are expected to significantly increase commencing in FY 2027 relative to past years – to enable to Authority to have enough revenues to pay principal and interest on the 2024 Bonds (and other outstanding obligations) and comply with the rate covenants under the Indenture. There is a covenant in the Replacement Airport Use Agreement that the Authority may not grant to any Non-Signatory Airline more favorable terms than those granted under the Replacement Airport Use Agreement.

The Replacement Passenger Terminal is expected to open in October 2026. Regardless of the status of the Terminal Relocation Project, the Indenture requires the Authority to set rates at levels sufficient to meet the coverage requirements provided for in the Indenture, including the payment of debt service on the 2024 Bonds (although there can be no guarantee that the Authority will receive sufficient revenues to meet such requirements). In the event of a significant delay to the Replacement Passenger Terminal opening (and hence a delay to the provisions of the Replacement Airport Use Agreement taking effect), the Authority may issue Commercial Paper Notes (see “INTRODUCTION – Outstanding Senior Obligations”) and use proceeds from such issuance to pay principal and interest on the 2024 Bonds in the interim. The costs of additional Commercial Paper Notes are not included in the projections included in the Airport Consultant Report, and may be significant.

The following Table 17 shows the projected Net Revenues and debt service coverage through FY 2032 as shown on Table A-11 of the Airport Consultant Report in APPENDIX A. Table 17 below follows the presentation in the Airport Consultant Report and has not been updated to reflect actual debt service on the 2024 Bonds.

Table 17
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Projected Net Revenues and Debt Service Coverage ⁽¹⁾
Fiscal Years 2024-25 to 2031-32

	FY 2024 Budgeted (for reference)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
NET REVENUES ⁽²⁾									
Signatory Airlines revenues	\$5,637,882	\$6,131,048	\$6,162,002	\$21,663,701	\$73,429,841	\$74,604,924	\$75,890,010	\$77,274,189	\$78,787,506
Non-Signatory Airlines revenues	750,000	409,325	422,014	1,311,426	1,726,811	1,818,887	1,917,124	2,020,255	2,132,096
Non-airline revenues ⁽³⁾	63,144,551	71,025,765	74,475,919	81,293,580	87,373,124	89,128,587	90,900,631	92,706,244	94,507,246
Non-operating revenues ⁽⁴⁾	5,450,000	2,541,802	2,140,777	2,042,585	2,052,080	2,063,312	2,076,323	2,090,996	2,105,638
Revenues ⁽²⁾	74,982,433	80,107,940	83,200,712	106,311,291	164,581,856	167,615,710	170,784,087	174,091,684	177,532,487
Less: Operating Expenses ⁽²⁾	(62,860,394)	(65,581,129)	(68,542,020)	(74,907,220)	(77,797,255)	(80,808,496)	(83,946,337)	(87,216,883)	(90,626,361)
Net Revenues	12,122,039	14,526,811	14,658,692	31,404,071	86,784,601	86,807,214	86,837,750	86,874,801	86,906,126
Transfer ⁽²⁾⁽⁵⁾	2,599,983	1,458,284	1,458,110	1,458,767	16,106,968	15,926,590	15,756,117	15,726,481	15,693,577
Adjusted Net Revenues	\$14,722,022	\$15,985,094	\$16,116,802	\$32,862,838	\$102,891,569	\$102,733,804	\$102,593,867	\$102,601,281	\$102,599,703
ACCRUED DEBT SERVICE ⁽²⁾⁽⁶⁾									
2012 Bonds & 2015 Bonds ⁽⁷⁾	\$10,399,933)	\$5,833,134	\$5,832,439	\$5,835,069	\$5,835,469	\$5,833,360	\$5,833,464	\$5,835,225	\$5,833,087
Commercial Paper Notes ⁽⁸⁾	0	0	0	10,000,691	0	0	0	0	0
2024 Bonds & Anticipated Future Bonds ⁽⁹⁾	0	0	0	15,828,757	82,080,028	82,074,234	82,075,094	82,081,025	82,079,763
Total Debt Service	\$10,399,933	\$5,833,134	\$5,832,439	\$31,664,517	\$87,915,496	\$87,907,594	\$87,908,557	\$87,916,250	\$87,912,849
Less:									
Available CFC Revenues ⁽¹⁰⁾⁽¹⁰⁾	(4,600,000)	(5,251,493)	(5,367,841)	(5,484,742)	(5,602,241)	(5,720,550)	(5,833,464)	(5,835,225)	(5,833,087)
Accrued Debt Service	\$5,799,933	\$581,641	\$464,598	\$26,179,775	\$82,313,255	\$82,187,044	\$82,075,094	\$82,081,025	\$82,079,763
DEBT SERVICE COVERAGE ⁽¹¹⁾	2.54	27.48	34.69	1.26	1.25	1.25	1.25	1.25	1.25

⁽¹⁾ See APPENDIX A: "AIRPORT CONSULTANT REPORT" for assumptions used for projections. Totals in the table may not add due to rounding.

⁽²⁾ As defined in the Indenture, see APPENDIX C-1: "FORM OF AMENDED AND RESTATED MASTER INDENTURE."

⁽³⁾ Includes parking fees, concession fee, non-airline tenant rent, ground transportation revenues, fuel operating revenues and other operating revenues.

⁽⁴⁾ Represents investment and interest income, assumed equal to 1.5% of Authority's cash and investment balance as of the end of the prior Fiscal Year.

⁽⁵⁾ Represents Surplus Fund moneys permitted to be used for debt service coverage calculation. The Indenture permits the use of moneys accumulated in the Surplus Fund, in an amount not in excess of 25% of the Accrued Debt Service on the Senior Bonds, to calculate debt service coverage each Fiscal Year, for purposes of the rate covenant. See "SECURITY FOR THE 2024 BONDS – Rate Covenant – General." The Authority intends to retain an amount equal to at least 25% of the Accrued Debt Service on the Senior Bonds in the Surplus Fund. This is consistent with the Authority's past practice. See Table 16 under "HISTORICAL FINANCIAL INFORMATION – Historical Debt Service Coverage."

⁽⁶⁾ Represents the interest due on January 1 of that Fiscal Year plus principal and interest due on the following July 1. Debt service projections provided by Public Resources Advisory Group.

⁽⁷⁾ Last principal and interest payment of 2015 Bonds, in the total amount of \$4,458,750, deposited with Trustee to defease the 2015 Bonds on May 7, 2024.

⁽⁸⁾ Represents interest on the outstanding Commercial Paper Notes. Principal on the Commercial Paper Notes are expected to be refunded by the Anticipated Future Bonds.

⁽⁹⁾ Projected; actual debt service on the 2024 Bonds will be determined at the sale of the 2024 Bonds.

⁽¹⁰⁾ Represents Customer Facility Charge revenues available for deposit into the Debt Service Fund and pledged for the 2012 Bonds.

⁽¹¹⁾ Equals "Adjusted Net Revenues" divided by "Accrued Debt Service."

Source: Table A-11 of the Airport Consultant Report.

Projected Revenue From Rent and Fees, and Cost Per Enplanement

For the Airport Consultant Report, Ricondo assumed that the Replacement Passenger Terminal will begin operation by October 13, 2026, as anticipated by the Authority, all current Signatory Airlines will execute the AUA Amendment and Replacement Airport Use Agreement and the rent and fees paid by the commercial airlines serving the Airport will follow the methodologies set forth in the Replacement Airport Use Agreement starting in FY 2027. The following Table 18, based on Table A-10 in the Airport Consultant Report in APPENDIX A, shows the projected revenues from Rental, Common Use Fees and Landing Fees, and the cost per enplanement through FY 2032.

Table 18
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport, commonly known as Hollywood Burbank Airport
Projected Airline Rent and Fees, Cost Per Enplanement ⁽¹⁾
Fiscal Years 2023-24 to 2031-32

	BUDGET FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
AIRLINE REVENUES									
Rental and Common Use Fees	\$2,137,882	\$2,137,882	\$2,137,882	\$7,005,096	\$54,453,500	\$54,957,984	\$55,540,027	\$56,205,806	\$56,947,798
Landing Fees	3,500,000	3,993,166	4,024,120	14,658,605	18,976,341	19,646,940	20,349,983	21,068,383	21,839,708
Total Airline Revenue	\$5,637,882	\$6,131,048	\$6,162,002	\$21,663,701	\$73,429,841	\$74,604,924	\$75,890,010	\$77,274,189	\$78,787,506
Enplaned Passengers	3,037,933	3,107,031	3,175,868	3,245,032	3,314,549	3,384,547	3,455,001	3,525,742	3,596,883
Average Cost Per Enplanement ⁽²⁾	\$1.86	\$1.97	\$1.94	\$6.68	\$22.15	\$22.04	\$21.97	\$21.92	\$21.90
Average Cost Per Enplanement (2023 Dollars)	\$1.82	\$1.90	\$1.83	\$6.17	\$20.07	\$19.57	\$19.12	\$18.71	\$18.33

⁽¹⁾ See APPENDIX A: "AIRPORT CONSULTANT REPORT" for assumptions used for projections.

⁽²⁾ Equals "Total Airline Revenue" divided by "Enplaned Passengers."

Source: Table A-10 of the Airport Consultant Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Environmental Sustainability Initiatives

Environmental sustainability is a priority for the Authority. The Authority has made significant efforts to reduce the Airport's environmental footprint, integrate sustainable practices into airport operations, and respond to community concerns while providing economic benefits to the region.

See "ENVIRONMENTAL MATTERS AFFECTING AIRPORT OPERATIONS – Emission Standards" for a description of the AQIP developed by the Authority to reduce emissions from non-aircraft mobile sources.

The Authority has pledged to reach carbon neutrality at the Airport by 2045, consistent with the goals of the City of Burbank and the State of California. In 2023, the Authority developed a Carbon Management Plan and received a Level 2 accreditation from Airports Council International under its Airport Carbon Accreditation program ("ACA Program"). The ACA Program is a voluntary accredited global greenhouse gas ("GHG") reporting program for airports, enabling the airports to implement best practices in carbon management and GHG emission reductions.

The Authority's waste disposal provider recycles up to two-thirds of the Airport's waste stream, preventing it from ever reaching a landfill. Use of recycled water has been enhanced and catch basin filters have been installed to help collect pollutants before they enter the storm drain system. Faucet aerators and hands-free faucets in the Existing Terminal Building make water usage more efficient, and drip irrigation plus low water-consuming landscaping conserve water on the premises of the Airport.

The lights in Terminal A and Terminal B of the Existing Terminal Building, as well as the short-term parking structure, have been replaced with energy efficient bulbs. Taxiway lighting systems have been replaced with LED lighting and other "smart technology" enhancements have been made.

Pursuant to the Development Agreement (see "TERMINAL RELOCATION PROJECT – Development from 2015-2017; Measure B"), the Authority is committed to achieve LEED Silver certification or better (or the equivalent under the California Green Building Standards Code) for the Terminal Relocation Project.

Social Equity

The Authority is committed to a policy of non-discrimination in the conduct of its business and the delivery of equitable and accessible Airport services.

The Authority has adopted a Disadvantaged Business Enterprise ("DBE") Program and an Airport Concession Disadvantaged Business Enterprise ("ACDBE") Program in accordance with U.S. Department of Transportation ("DOT") regulations respectively set forth in Part 26 and Part 23 of Title 49 of the Code of Federal Regulations. The FAA is an agency within the DOT and most of the Authority's capital projects receive some form of FAA assistance. Each contract that the Authority signs with a contractor (and each subcontract that the prime contractor signs with a subcontractor) contains non-discrimination assurances as required by DOT regulations. Each DBE Program and ACDBE Program is in effect for a three federal fiscal year ("FFY," which commences on October 1 ends on September 30) period. The Authority establishes an overall DBE participation goal (18% for FFY 2023-26) and an overall ACDBE participation goal (9.42% for car rental concessionaires, and 39.2% for other concessionaires, for FFY 2023-26) in these programs. The Authority has instituted procedures for the proper administration, monitoring, and enforcement to ensure that the programs are implemented in a manner consistent with DOT regulations.

With respect to Airport services, the Authority complies with Title VI of the Civil Rights Act of 1964 ("Title VI"), the Americans with Disabilities Act of 1990 (the "ADA") and Section 504 of the Rehabilitation Act of 1973 ("Section 504"). It is the Authority's policy to not exclude any person from participation in, be denied the benefits of, or be subjected to discrimination in the receipt of the Authority's services on the basis of race, color, sex, religion, age, national origin, or disability, or any other category protected by Title VI, Section 504, or the ADA.

Governance

The Authority is a joint powers agency created under California law, separate and apart from its three member cities. The Authority's mission is to own and operate the Airport. See discussions under "THE AUTHORITY" and "TERMINAL RELOCATION PROJECT – History of the Airport and the Terminal Relocation Project." The Authority Commission (i.e., the governing board of the Authority) is composed of nine members. Each of the Cities of Burbank, Glendale and Pasadena appoints three members. This equal representation ensures that each community has a voice in the making of decisions and the setting of policies. The Authority Commission's decisions are made at public meetings, as required by California law, to ensure transparency.

The Authority Commission has entered in a management services contract with a corporate entity, TBI, for the day-to-day planning, management, operation and maintenance of the Airport. See "THE AIRPORT – Airport Manager and the Airport Management Services Agreement" and "– Senior Management." TBI, is a subsidiary of VINCI Airports, which manages the development and operations of dozens of airports around the world. TBI's senior management team at the Airport has a depth of experience in a wide variety of roles in the aviation industry. Some among them have dedicated decades of service to the Airport. Others have joined more recently bringing their unique expertise and skill sets.

The Authority's governance and management structure allows the Airport to be run in a collaborative manner, with high-performance, efficiency, and professionalism, while providing friendly and convenient services to passengers travelling to and from the region, whether for business or leisure.

CERTAIN INVESTMENT CONSIDERATIONS

The 2024 Bonds may not be suitable for all investors. Prospective purchasers of the 2024 Bonds should give careful consideration to the information set forth in this Official Statement, including the matters referred to in the following summary. The information herein does not purport to be a comprehensive or exhaustive discussion of all risks or other considerations that may be relevant to an investment in the 2024 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other risks or considerations not discussed herein are not or will not become material in the future.

General

The following is a general discussion of certain factors affecting the air transportation industry and the revenues, expenses and operations of the Authority and does not purport to be an exhaustive listing of all such factors and other considerations. As a result of these and other factors, historical results presented in this Official Statement, including the Authority's operation and financial figures contained in this Official Statement, may not be indicative of future operating results of the Authority.

The Revenues of the Authority are affected substantially by the economic health of the airline industry, the airlines serving the Airport and various other factors, which include but are not limited to:

- national and international economic conditions;
- the availability and cost of aviation fuel and other necessary supplies;
- the financial health and viability of the airline industry;
- airline service and route networks;
- population growth and the economic health of the region surrounding the Airport and the nation;
- changes in demand for air travel;
- service and cost competition;
- levels of air fares;
- fixed costs and capital requirements;
- the cost and availability of financing;
- the capacity of the national air traffic control system;
- the capacity of the Airport and the capacity of the competing airports;

- national and international disasters, health emergencies and hostilities;
- the cost and availability of employees;
- labor relations within the airline industry;
- regulation by the federal government;
- environmental risks and regulations, noise abatement concerns and regulations;
- bankruptcy and insolvency laws;
- safety concerns arising from international conflicts and the possibility of additional terrorist attacks and other risks; and
- legislative action which would affect federal funding of Airport projects.

Several of these factors reduced profits and caused significant losses for all but a few airlines. As a result of these and other factors, many airlines have operated at a loss in the past and many have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, many airlines have taken many actions to restructure and reduce costs including reducing their workforce, renegotiating labor agreements, consolidating connecting activity and replacing mainline jets with regional jets. Financial difficulties of individual airlines could, over time, materially alter the relative financial obligations of the individual Signatory Airlines and lead to reductions of service at the Airport.

The Authority cannot predict regional, national and world economies, the likelihood of future terrorist attacks, the likelihood of future air transportation or supply chain disruptions, including contagious diseases, the costs of aviation fuel or the impact on the Airport or the airlines from such factors. No assurance can be given that each Signatory Airline will continue operations at the Airport, that passenger activity at the Airport will not decrease or that revenues will not decrease.

2024 Bonds Special Obligations of Authority

The 2024 Bonds will be special obligations of the Authority payable solely from, and secured solely by a pledge of, the Trust Estate. The 2024 Bonds will not constitute a general obligation of the Authority. The 2024 Bonds will not be secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except the Trust Estate. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof, including the Cities of Burbank, Glendale and Pasadena, will be pledged to the payment of the 2024 Bonds, and the payment of the 2024 Bonds will not constitute a debt, liability or obligation of the State or any public agency thereof, including the Cities of Burbank, Glendale and Pasadena, other than the special obligation of the Authority as provided in the Indenture. The Authority has no taxing power. See “SECURITY FOR THE 2024 BONDS.”

Pursuant to the Indenture, the Authority also has the ability to cause a category of income, receipt or other revenues that are included in the definition of Revenues in the Indenture to be excluded from such definition for all purposes of the Indenture, thereby creating Released Revenues. Such exclusion, which is subject to a number of conditions, would reduce the security for the 2024 Bonds. The Authority has not previously excluded any such Released Revenues.

Uncertainties of Projections and Assumptions

In its Airport Consultant Report, based on the assumptions contained in the report, Ricondo forecasts that the projected Revenues of the Authority will be sufficient to allow the Authority to comply with the Rate Covenant in the Indenture through FY 2032. See APPENDIX A: “AIRPORT CONSULTANT REPORT.” One of the principal assumptions upon which Ricondo relies in making its projection is that passenger traffic will increase as a function of growth in the economy of the region served by the Airport. Whether the projected passenger traffic materializes depends on a number of factors outside of the Authority’s control, such as economic growth of the United States and the greater Los Angeles region, airline financial condition, general costs of air travel, capacity of the national air traffic control system, operational decisions made by airlines, public health concerns, and other similar assumptions. In addition, Ricondo makes numerous other assumptions as described in the Airport Consultant Report.

The Airport Consultant Report should be read in its entirety for an understanding of the projections and the underlying assumptions. As noted in the Report, projections are subject to uncertainties. Inevitably, some of the assumptions used to develop the projections will not be realized, and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those projections, and the variations may be material and adverse. Also see “AIRPORT CONSULTANT REPORT – Projected Net Revenues and Debt Service Projections” and APPENDIX A: “AIRPORT CONSULTANT REPORT.”

Expiration and Possible Termination of Airport Use Agreements

Pursuant to its Existing Airport Use Agreement, each Signatory Airline has agreed to pay rates and charges for its use of the Airport. The Existing Airport Use Agreements expire on June 30, 2025 (prior to the expected completion of the Terminal Relocation Project), but may be terminated by the Authority or, under certain conditions, by a Signatory Airline before such expiration. While the Airport Consultant Report assumes that each Signatory Airline will execute the AUA Amendment and the Replacement Airport Use Agreement, as of May 8, 2024, no Signatory Airline has executed the AUA Amendment or the Replacement Airport Use Agreement and the Authority cannot provide any assurances that each Signatory Airline will execute the AUA Amendment or the Replacement Airport Use Agreement. When and if executed, the terms of the AUA Amendment and the Replacement Airport Use Agreement each expire before the final maturity of the 2024 Bonds. The Authority cannot provide any assurances that the Existing Airport Use Agreements, the AUA Amendment or the Replacement Airport Use Agreement will be renewed and, if renewed, what the terms of such agreements will be. If an airline elects not to execute an airport use agreement (including the AUA Amendment and the Replacement Airport Use Agreement), such airline will be free to discontinue flights at the Airport. Any Non-Signatory Airlines that do elect to operate at the Airport will do so on a month-to-month basis pursuant to the rate schedules in the related Operating Permit or as provided in a Rate Resolution. In such circumstances, the ability of the Authority to continue to generate revenues required by the Indenture will depend on the Authority’s ability to provide services at rates which continue to attract airlines to provide service at the Airport at the levels contemplated in the Airport Consultant Report. It is expected that rates will significantly increase from current levels. See “AIRPORT USE AGREEMENTS,” “– Regulation of Rates and Charges,” “– Initiatives and Referenda,” “– Initiative 1935,” APPENDIX D-1: “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS,” APPENDIX D-2: “SUMMARY OF CERTAIN PROVISIONS OF AMENDMENT TO AIRPORT USE AGREEMENT” and APPENDIX D-3: “SUMMARY OF CERTAIN PROVISIONS OF REPLACEMENT AIRPORT USE AGREEMENT.”

Certain Factors Affecting the Terminal Relocation Project

Any large construction project, such as the Terminal Relocation Project is subject to increased costs, delays and related risks, the occurrence of any of which could have a material adverse effect on the Terminal Relocation Project. In a project of this magnitude, there is a significant possibility of cost increases, delays and other adverse effects resulting from, among other things, (i) design, engineering, or construction problems, and resulting change orders; (ii) subsurface conditions, concealed or unknown conditions or other site or safety and health conditions; (iii) environmental conditions or compliance with hazardous material laws; (iv) utility relocation problems; (v) labor or significant material price increases, shortages, interruptions, disputes or stoppages, including those resulting from global supply chain issues due to a pandemic or conflict; (vi) permitting and governmental approval issues, including the inability to obtain or renew necessary permits; (vii) extraordinary inclement or severe weather conditions; (viii) occurrence of a casualty, or damage or destruction of completed or partially completed work; (ix) discovery of artifacts, fossils, relics or other archeologically significant items that must be preserved and compliance with historic preservation laws and related agreements with historic preservation authorities; (x) discovery of endangered or threatened species protected under federal or state law; (xi) changes in laws; (xii) variable cost of contract allowances, and (xiii) other force majeure events. As a result, the Authority may encounter unanticipated difficulties and the construction and development of the Terminal Relocation Project may be more costly or time-consuming than the Authority anticipates. While the Authority and the Design-Builder have established a GMP for the Terminal Relocation Project, contracts that are described as “fixed price,” “lump sum,” “guaranteed maximum price,” or “flat fee” are not guaranteed to be free from cost increases resulting from the conditions described above or for other reasons. The Authority’s budget for the Terminal Relocation Project includes the Contingency Amount, which is approximately \$53.5 million budgeted to cover contingencies including potential costs associated with the conditions described above. The Contingency Amount is not included in the GMP.

The Authority may use change orders to address the conditions described above or other changes to the Terminal Relocation Project's scope, but the use of change orders does not guarantee prices remain fixed or delays do not occur. For instance, the Design-Build Agreement does not allow a party to unilaterally make changes to the scope of work under such agreement, and if the Design-Builder or the Authority, as applicable, believes that a change in scope is necessary, the Design-Builder or the Authority, as applicable, must, under some circumstances, obtain the relevant party's consent to change the scope. Obtaining consent could be difficult or require additional costs or cause delays in constructing the Terminal Relocation Project. See "TERMINAL RELOCATION PROJECT – Project Management, Design and Construction" for a description of excusable and compensable delays under the Design-Build Agreement.

Any schedule delays or cost increases could result in the need to issue additional Obligations, which may result in increased costs per enplaned passengers to the airlines. 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.

In addition, the Authority is relying on various sources of funding for the Terminal Relocation Project, including federal grants and future issuances of revenue bonds. No assurance can be given that the Authority will be able to access such sources of funded when needed.

In order to complete construction of the Terminal Relocation Project, the Authority needs to take a significant number of steps and obtain a number of approvals and permits, none of which is assured of attainment. The Authority will need to obtain a number of required permits in connection with the construction and operation of the Terminal Relocation Project, which can be a time-consuming process. The timing of the delivery of such permits may be outside of the Authority's control and may be subject to staffing levels of the issuing agency. If the Authority experiences delays in obtaining the required approvals and permits for the Terminal Relocation Project, the expected construction completion date may be delayed. If the Authority is unable to obtain the required approvals and permits for the Terminal Relocation Project, the Authority will not be able to construct or operate the Terminal Relocation Project. In addition, federal, state and local governmental requirements could substantially increase the Authority's costs, which could materially harm the operations and financial condition of the Airport.

The construction activity occurring in connection with the Terminal Relocation Project may materially and adversely affect operations of the existing Airport facilities, which could decrease passenger activity at the Airport and the use of ancillary services, such as parking and concessions, and thereby harm the financial condition of the Airport.

The Design-Build Agreement contains provisions for the payment of liquidated damages by the Design-Builder to the Authority in connection with certain delays. There can be no assurance that any such liquidated damages payments would be sufficient to fully compensate the Authority for such delays. Further, there can be no assurance that the Design-Builder will have the financial resources available to pay the entire amount of liquidated damages if it is required to do so.

Due to the complex and interconnected nature of the relationships between the members of the joint venture comprising the Design-Builder and any other subcontractors, disputes between two or more of these parties often result in the involvement of one or more of the remaining parties. If a default occurs or conflict arises under the prime contracts or any subcontract, it may be further complicated by the lack of consistent hierarchy and dispute resolution language in the construction and equipment procurement contracts as to which forum and choice of law govern such disputes and whether related claims may be consolidated. There can be no assurances that no party will commence a dispute or that, should one arise, it will be resolved quickly or efficiently, which could delay or halt construction of the Terminal Relocation Project.

Availability of Electrical Utility Services

The construction of the Terminal Relocation Project and the operation of the Replacement Passenger Terminal requires a significant upgrade to the current electrical power supply and an uninterrupted supply of electrical service. The Authority is dependent on BWP to supply and construct interim electrical facilities to supply electrical power for the construction of the Terminal Relocation Project and to operate the Replacement Passenger

Terminal from its opening date until the BWP is complete. The supply chain for key components of electrical infrastructure continues to experience delays from the COVID-19 pandemic, and certain key materials for electrical facilities are sourced from regions of the world currently experiencing armed conflict, which may result in delivery delays. If the provision of upgraded electric utility services is significantly delayed, the Authority may be required to use its Contingency Amount to fund alternative electrical power sources, and may result in delays to the Terminal Relocation Project and cost increases to the Authority.

Certain Factors Affecting the Airline Industry and Air Travel

Uncertainties of the Airline Industry. The airline industry is 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. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year. The ability of the Authority to derive revenues from its operations depends largely upon the financial health of the airlines serving the Airport and the airline industry as a whole. The financial results of the airline industry are subject to substantial volatility, and at times, many carriers have had overlapping, extended periods of unprofitability. Certain events, such as global health events or terrorist activity have resulted in substantial financial challenges for airlines serving the Airport, including substantial financial losses and reductions in airline workforces. While the Airport has seen passenger traffic return after or grow through airline bankruptcies and consolidations and other events affecting the airline industry, the effects of any future events cannot be predicted with certainty.

Market conditions may limit an airline's access to additional financing if their existing sources of funds, including any funds provided by the U.S. Department of Transportation, are exhausted. Certain factors (such as business conditions within the airline industry, the effects of an economic downturn and high aviation fuel costs) can adversely affect the ability of the airlines that serve the Airport, including the Signatory Airlines, to meet their financial obligations to the Authority. These conditions could, in the future, result in additional airline bankruptcies, elimination or reduction of service at the Airport by certain airlines, in increased airline concentration at the Airport or other restructuring of the airline industry. Although the Existing Airport Use Agreements and the Replacement Airport Use Agreements (when executed) permit the Authority to adjust rental rates and landing fees to take into account amounts that go unpaid by a defaulting airline, no assurance can be given that the non-defaulting airlines will continue to serve the Airport and to pay the higher rates and fees. The Existing Airport Use Agreements and the Replacement Airport Use Agreements (when executed) permit the Signatory Airlines to terminate their respective agreements in accordance with certain conditions. The Existing Airport Use Agreements expire on June 30, 2025. As discussed under "INTRODUCTION – Airport Use Agreements," the Authority furnished the AUA Amendments and the Replacement Airport Use Agreements to all of the Signatory Airlines in April 2024. While Southwest has provided a letter of intent indicating its plan to execute its AUA Amendment and Replacement Airport Use Agreement, the Authority cannot guarantee the final execution of the AUA Amendments and the Replacement Airport Use Agreements by any airline until they are received. See "AIRPORT USE AGREEMENTS."

Cost of Aviation Fuel. Airline earnings are significantly affected by the price of aviation fuel. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability.

Fuel prices continue to be subject to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries policy, increased demand for fuel caused by growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, reserve levels maintained by governments, currency fluctuations, disruptions to production and refining facilities and the weather. Significant increases in the cost of aviation fuel have had an adverse impact on airline industry profitability and are expected to have a continued impact on the airline industry. Such adverse impacts could, or have already caused, certain airlines to reduce capacity, fleet and personnel as well as increase airfares and implement various surcharges upon its passengers, all of which may negatively affect the demand for air travel and passenger activity at the Airport.

Labor Shortages. The airlines have been faced with labor shortages, including a shortage of pilots, flight attendants and other staff that have resulted in some cases have resulted in reduced flight schedules and cancelled flights. The aviation industry may experience a more enduring shortage, or may face additional shortages in the future. The aviation industry is also impacted by shortages of air traffic controllers.

Airline Mergers; Consolidation. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving the Airport could consolidate operations through acquisition, merger, alliances and code share sales strategies. Historic mergers, as well as future mergers, could change airline service patterns at the Airport, including a possible reduction in service at the Airport. The Authority cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport.

Competition

Other Regional Airports. The Airport's air trade area is served by a number of other airports. Operations at these airports may impact passenger activity at the Airport. Other airports in the Airport's air trade area may not be subject to the same operating restrictions as the Airport, and activities at these other airports may affect demand at the Airport. For example, the other airports in the air trade area may be able to increase flight operations or use larger aircraft than those permitted to be used at the Airport, and such changes could affect passenger demand at the Airport. There are also two busy general aviation airports in close proximity to the Airport: Van Nuys Airport, located approximately seven miles from the Airport, and Whiteman Airport, located approximately four miles from the Airport.

The Airport may continue to experience increases in its operating costs due to compliance with federally-mandated and other security and operating changes. Such increased costs, combined with reductions in enplaned passengers at the Airport, may increase costs per enplaned passenger to the airlines, which could put the Airport at a competitive disadvantage relative to other regional airports and transportation modes.

California High Speed Rail. The California High-Speed Rail Authority, or CHSRA, is in the process of planning and constructing a high-speed train service linking Southern California, the Sacramento San Joaquin Valley and the San Francisco Bay Area. The Airport could experience reductions in passenger traffic as a result of a high-speed rail system. The Authority is unable to predict when or whether a high-speed rail system will be completed, what areas of the State it will serve, or the effect that any such high-speed rail system would have on passenger traffic at and revenues of the Airport. As discussed under "TERMINAL RELOCATION PROJECT – California High-Speed Rail Authority Settlement," pursuant to CHSRA's current plan, the overall high-speed rail project will include a 14-mile segment between the Airport to Los Angeles Union Station, with stops at both locations.

Travel Alternatives. Advancements in technology with teleconferences, video-conferences and web-based meetings have provided satisfactory alternatives to face-to-face business meetings. Such alternatives, in certain cases, have reduced and may continue to reduce the demand for air travel.

Economic Conditions of Air Trade Area

Generally, at origination and destination airports such as the Airport, air traffic is significantly dependent upon the economy of the airport trade area. Although the Airport's two-county air trade area is large and has a relatively diversified socioeconomic base, the economy in the air trade area depends in significant part upon the financial strength and stability of the industries within the air trade area and upon the success of major employers in the air trade area. Reduced demand for air travel in and out of the air trade area could result in fewer airlines serving the Airport and lower levels of passenger activity at the Airport.

Effects of Airline Bankruptcy

A bankruptcy of an airline operating at the Airport could result in a decrease in Net Revenues, along with delays or reductions in payments on, or other losses with respect to, the 2024 Bonds, and an increase in the costs of operation to the other airlines operating at the Airport.

In the event of an airline bankruptcy, the automatic stay provisions of the United States Bankruptcy Code (the "Bankruptcy Code") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the airline to the Authority, any action to remove the airline from possession of any premises or other space, any action to terminate any agreement with the airline, or any action to enforce any obligation of the airline to the Authority. With the authorization of the bankruptcy court, the airline may be able to reject some or all

of its agreements with the Authority, including the Existing Airport Use Agreements, the Replacement Airport Use Agreements (when executed), or other lease, operating, or other agreements, and stop performing its obligations (including payment obligations) under such agreements. Such a rejection could also excuse the other parties to such agreements from performing any of their obligations. The airline may be able, without the consent and over the objection of the Authority, the Trustee, and the holders of the 2024 Bonds, to alter the terms, including the payment terms, of its agreements with the Authority, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the airline may be able to assign any of its agreements with the Authority to another entity, despite any contractual provisions prohibiting such an assignment. The Trustee and the holders of the 2024 Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the 2024 Bonds and that was received by the Authority or the Trustee from the airline during the 90 days (or in some cases one year) immediately preceding the filing of the bankruptcy petition. Claims by the Authority under any lease, or any agreement that is determined to be a lease, with the airline may be subject to limitations.

The Existing Airport Use Agreements and the Replacement Airport Use Agreements (when executed) permit the Authority to adjust rental rates and landing fees to take into account amounts that go unpaid by a defaulting Signatory Airline, and no assurance can be given that the non-defaulting Signatory Airlines will continue to serve the Airport and to pay the higher rates and fees.

There may be delays in payments on the 2024 Bonds while the court considers any of these issues. There may be other possible effects from a bankruptcy filing by an airline that could result in delays or reductions in payments on, or other losses with respect to, the 2024 Bonds. Regardless of any specific adverse determinations by a court in an airline bankruptcy proceeding, an airline bankruptcy proceeding itself could have an adverse effect on the liquidity and value of the 2024 Bonds.

Effects of Bankruptcy of Tenant, Concessionaire, or other Contracting Party

A bankruptcy of any significant tenant, concessionaire, or other entity that has a contract with the Airport could also result in a decrease in Net Revenues, along with delays or reductions in payments on, or other losses with respect to, the 2024 Bonds, for reasons similar to those discussed above with respect to airline bankruptcies. Regardless of any specific adverse determinations by a court in a bankruptcy proceeding of a significant tenant, concessionaire, or other contract counterparty, a bankruptcy proceeding itself could have an adverse effect on the liquidity and value of the 2024 Bonds.

Effects of Bankruptcy of Project Manager or Design-Builder

A bankruptcy of the Project Manager or the Design-Builder may result in delays to the Terminal Relocation Project or material increased costs to complete the Terminal Relocation Project for reasons similar to those discussed above with respect to airline bankruptcies. This risk of bankruptcy would be heightened in connection with another global health emergency or other event that resulted in a significant inflation, disruption of supply chains or construction activity in the sectors in which the Project Manager or the Design-Builder operates. In the event of a bankruptcy by the Project Manager or Design-Builder, the Authority may not be able to enter into a replacement agreement with a different contract on similar terms to the existing agreements. Regardless of any specific adverse determinations by a court in a bankruptcy proceeding of the Project Manager or the Design-Builder, a bankruptcy proceeding itself could have an adverse effect on the liquidity and value of the 2024 Bonds.

Effect of Authority Bankruptcy

The Authority may be able to file for bankruptcy under Chapter 9 of the Bankruptcy Code. An involuntary bankruptcy petition cannot be filed against the Authority. A bankruptcy of the Authority could result in delays or reductions in payments on, or other losses with respect to, the 2024 Bonds.

Should the Authority become the debtor in a bankruptcy case, the holders of the 2024 Bonds will not have a lien on Net Revenues received by the Authority or the Trustee after the commencement of the bankruptcy case unless such revenues constitute “special revenues” within the meaning of the Bankruptcy Code. “Special revenues”

are defined to include receipts from the ownership, operation, or disposition of projects or systems that are primarily used to provide transportation services, as well as other revenues or receipts derived from particular functions of the debtor. While the Authority intends that the Net Revenues should be treated as special revenues, no assurance can be given that a court would not find otherwise. In a case arising from the insolvency proceedings of Puerto Rico, the United States Court of Appeals for the First Circuit concluded that while a debtor has the right to voluntarily apply special revenues to the payment of debt service during the pendency of a bankruptcy case, the debtor is not obligated to do so, even though the special revenues are subject to the lien of the bond documents.

If some or all of the Net Revenues are determined to not be “special revenues,” then any such amounts collected after the commencement of the bankruptcy case may not be subject to the lien of the Indenture. The holders of the 2024 Bonds may not be able to assert a claim against any property of the Authority other than the Net Revenues, and if any or all of the Net Revenues no longer secure the 2024 Bonds, then there may be limited, if any, funds from which the holders of the 2024 Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, the Authority may be able to use Net Revenues to pay necessary operating expenses of the Airport (even if those expenses are broader than the defined term Operating Expenses under the Indenture) before making payments on the 2024 Bonds, notwithstanding the provisions of the Indenture. It is not clear precisely which expenses would constitute necessary operating expenses and the definitions in the transaction documents may not be controlling.

If the Authority is in bankruptcy, the Trustee and the holders of the 2024 Bonds may be prohibited from taking any action to collect any amount from the Authority or to enforce any obligation of the Authority, unless the permission of the bankruptcy court is obtained. In particular, the Trustee may be prevented from foreclosing on any collateral (including the Trust Estate) that belongs to the Authority. The Trustee may also be prevented from exercising any of the rights of the Authority that have been assigned to the Trustee. These restrictions may also prevent the Trustee from making payments to the holders of 2024 Bonds from funds in the Trustee’s possession during the pendency of the bankruptcy proceedings. The Rate Covenant contained in the Indenture may be unenforceable in bankruptcy.

The Authority is permitted to hold Net Revenues for up to one month before transferring any Net Revenues to the Trustee as required by the Indenture. If the Authority goes into bankruptcy, the Authority may not be required to turn over to the Trustee any Net Revenues that are in its possession at the time of the bankruptcy filing. If the Authority has possession of Net Revenues (whether collected before or after commencement of the bankruptcy) and if the Authority does not voluntarily turn over such Net Revenues to the Trustee, it is not entirely clear what procedures the Trustee and the holders of the 2024 Bonds would have to follow to attempt to obtain possession of such Net Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Under such circumstances, there may be delays or reductions in payments on the 2024 Bonds. The United States Court of Appeals for the First Circuit, in another case involving the insolvency proceedings of Puerto Rico, concluded that a bankruptcy court does not have the power to order a debtor to comply with state law.

If the Authority is in bankruptcy, it may be able to reject the Airport Management Services Agreement with the Airport Manager, and enter into an agreement with a new manager, regardless of any restrictions in the Airport Management Services Agreement. The Authority may also be able to reject any other agreement it has entered into. A rejection of any of such agreement would excuse the Authority from performing any of its obligations (including payment obligations) under such agreement. Such a rejection could also excuse the other parties to such agreement from performing any of their obligations.

The Authority may be able to borrow additional money that is secured by a lien on any of its property (including the Net Revenues), which lien could have priority senior to the lien of the Indenture, as long as the bankruptcy court determines that the rights of the holders of the 2024 Bonds will be adequately protected. The Authority may be able to cause some of the Net Revenues to be released to it, free and clear of the lien of the Indenture, as long as the bankruptcy court determines that the rights of the holders of the 2024 Bonds will be adequately protected.

The Authority may be able, without the consent and over the objection of the holders of the 2024 Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the 2024 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the 2024 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Authority that could result in delays or reductions in payments on, or other losses with respect to, the 2024 Bonds. Regardless of any specific adverse determinations in a bankruptcy proceeding of the Authority, the fact of an Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the 2024 Bonds.

Bankruptcy of the Airport Manager

The day-to-day planning, management, operation and maintenance of the Airport is provided by the Airport Manager. If the Airport Manager were to go into bankruptcy or become insolvent, it may stop performing its functions as Airport Manager of the Airport, and it may be difficult to find a third party to act as successor Airport Manager. Alternatively, the Airport Manager may take the position that unless the amount of its compensation is increased or the terms of its obligations are otherwise altered, it will stop performing its functions as Airport Manager. If it would be difficult to find a third party to act as Airport Manager, the Authority, as a practical matter, may have no choice but to agree to the demands of the Airport Manager. The Airport Manager may also have the power, with the approval of the court, to assign its rights and obligations as Airport Manager to a third party without the consent, and even over the objection, of the Authority, and without complying with the requirements of the applicable documents.

If the Airport Manager is in bankruptcy or is insolvent, then the Authority may be prohibited from taking any action to enforce any obligations of the Airport Manager under the applicable documents or to collect any amount owing by the Airport Manager under the applicable documents, unless the permission of the court is obtained.

If the Airport Manager is in bankruptcy or is insolvent, then, despite the terms of the documents, the Authority may be prohibited from terminating the Airport Manager and appointing a successor Airport Manager.

The Trustee and the holders of the 2024 Bonds may not have a perfected or priority interest in any Net Revenues that are in the Airport Manager's possession at the time of the commencement of the bankruptcy or insolvency proceeding. The Airport Manager may not be required to remit to the Authority or the Trustee any Net Revenues that are in its possession at the time it goes into a bankruptcy or insolvency proceeding. To the extent that the Airport Manager has commingled Net Revenues with its own funds, the holders of the 2024 Bonds may be required to return to the Airport Manager as preferential transfers payments received on the 2024 Bonds that are traceable to funds received from the Airport Manager.

There may be delays in payments on the 2024 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy or insolvency of the Airport Manager that could result in delays or reductions in payments on the 2024 Bonds or in other losses to the holders of the 2024 Bonds. Regardless of any specific adverse determinations in an Airport Manager bankruptcy or insolvency proceeding, the fact of an Airport Manager bankruptcy or insolvency proceeding could have an adverse effect on the liquidity and value of the 2024 Bonds.

Investment Losses

While it is holding Net Revenues, the Authority may invest the Net Revenues in Permitted Investments. Should those investments suffer any losses, the Authority may have insufficient funds to make payments on the 2024 Bonds.

Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds

The Authority has obtained letters of credit from commercial banks relating to its outstanding Commercial Paper Notes, and may obtain other forms of credit enhancement related to the Obligations secured by the Indenture from a variety of financial institutions. During and following the U.S. recession in 2007-2009 each of the Rating Agencies downgraded the claims paying ability and financial strength ratings of most of the nation's monoline bond insurance companies and many commercial banks and other financial institutions, though many of the institutions have subsequently been upgraded. The Rating Agencies could announce downgrades of these entities in the future. Such adverse ratings developments with respect to credit providers could have an adverse effect on the Authority, including significant increases in its debt service costs.

Availability of Pledged Customer Facility Charges

The Third Supplemental Indenture pledged, as Available Revenues, the Pledged Customer Facility Charges to the payment of debt service on the 2012 Bonds. Only Customer Facility Charges received in each Fiscal Year up to the scheduled debt service on the 2012 Bonds accruing in such Fiscal Year, are Pledged Customer Facility Charges to be applied to the payment of debt service on the 2012 Bonds. Although Pledged Customer Facility Charges are not available to pay debt service on the 2024 Bonds, a reduction in Pledged Customer Facility Charges would require debt service on the 2012 Bonds to be paid by Revenues, which are available to pay debt service on the 2024 Bonds. The availability of Customer Facility Charges will vary depending on the number of car rentals subject to Customer Facility Charges. No assurance can be given on the amount of total Customer Facility Charges that will be realized or the amount of Customer Facility Charges that will be applied to the payment of debt service on the Bonds. Further, no assurance can be given that there will not be any changes in law that will affect the amount of total Customer Facility Charges that will be realized. The amount of total Customer Facility Charges is reasonably expected to correlate with the level of deplaned passengers at the Airport, which the Authority also cannot predict as discussed above in "–Airline Activity at the Airport."

Risks Related to the Authority's Capital Projects

The Authority's current capital improvement plan includes spending on capital projects in addition to the Terminal Relocation Project in the coming years. The Authority currently does not plan to incur any additional debt obligations for these other capital projects. The Airport Consultant Report also assumes that no Senior Obligations (other than the 2024 Bonds, the Anticipated Future Bonds and the Commercial Paper Notes, if any, issued to finance the Terminal Relocation Project) will be incurred through FY 2032. However, current plans may change depending on passenger and cargo demand, the availability of other funding sources, the timing of capital expenditures and market conditions. It is also possible that the Authority may undertake additional capital projects that are not presently included in its capital improvement plan, and the Authority may in the future undertake other major capital projects following the completion of the current capital improvement plan. Other capital needs that are not presently known may arise, and the costs of now known and future capital needs could increase significantly between the times that they are identified and when they are addressed. The incurrence of a significant amount of additional Obligations for capital projects will result in higher debt service costs, which will increase landing fees and terminal rents at the Airport, thereby increasing the costs borne by the airlines serving the Airport, which in turn could make the Airport comparatively less competitive.

Although the Authority uses a variety of strategies to mitigate risk associated with the implementation of its capital projects, project development could be delayed, and the cost of completing capital projects could be higher than expected due to various factors that are outside of the control of the Authority, including but not limited to economic conditions; pandemics; natural or manmade disasters; events such as the September 11, 2001 terrorist attacks; new or ongoing military hostilities; unexpected issues with integration into existing facilities; the inability to obtain, or delays in obtaining, regulatory approvals; the inability to comply with the conditions of regulatory approvals; changes in laws or regulations; inability to obtain, or delays in obtaining, federal approvals or federal funding; labor, bidding and contracting requirements; delays caused by the airline review process; weather; litigation; tariffs; cost overruns; casualty; strikes; unanticipated engineering, environmental or geological problems; shortages or increased costs of materials or labor; and financial difficulties of contractors. In addition, it is possible that funding sources such as federal grants may not be available as expected. If costs are higher than projected or

funds are not available to finance the projects or portions thereof, the Authority may have to delay or cancel projects and/or incur additional debt.

Certain projects at the Airport, including the Terminal Relocation Project, are assumed to be funded from a variety of different sources. Certain projects at the Airport, including the Terminal Relocation Project are assumed in part with federal grants, but the Authority cannot guarantee that such funds will be available or will be received in a timely manner. In some cases, moneys from grant awards are remitted to the Authority on a reimbursement basis, after the Authority has paid the costs of a project and the Authority's use of such money would generally be subject to audit. These projects are also assumed to be funded in part from PFCs, but PFCs may not be available in the amounts and at the times currently forecasted if additional FAA approvals are not obtained or if there are fewer enplaned passengers than project. Additionally, market conditions, the status of operations at the Authority or other factors could adversely affect the ability of the Authority to issue the Anticipated Future Bonds, Commercial Paper Notes or other debt obligations to finance a portion of the costs of the Terminal Relocation Project or other capital projects at the Airport. The availability of Commercial Paper Note proceeds could also be reduced or eliminated if the letters of credit supporting such Commercial Paper Notes are terminated or expire and are not replaced.

In the future, the Authority may be required to undertake additional capital projects to comply with regulatory requirements or to preserve the overall viability of the Airport. If, for any reason, the Authority is unable to undertake critical capital projects, then the condition of Airport facilities may decline, which can affect customer experience, airline satisfaction, and operational efficiency and effectiveness.

Operations at the Airport

Airline Activity. The Authority derives a substantial portion of its operating revenues from landing fees, facility rent and concession fees. The financial strength and stability of the airlines using the Airport, together with numerous other factors, most notably demand for airline services by passengers, influence the level of aviation activity at the Airport. In addition, individual airline decisions regarding level of service, particularly flight activity and aircraft size, can be expected to affect passenger activity at the Airport, as well as be affected by passenger activity at the Airport. The level of passenger activity at the Airport is reasonably expected to impact the level of other sources of revenue for the Airport, such as parking revenues, concession fees, Passenger Facility Charges and Customer Facility Charges.

The Authority cannot predict the duration or extent of reductions and disruptions in air travel or the extent of any adverse impact on Revenues, Passenger Facility Charge collections, Customer Facility Charge collections, passenger activity, general Airport operations or the financial condition of the Airport which may result from the financial difficulties of airlines serving the Airport. No assurances can be given that any of the airlines currently serving the Airport will continue operations at the Airport or maintain their current level of operations at the Airport. If one or more of these airlines discontinues operations at the Airport, its current level of activity may not be replaced by other carriers. The Authority, however, proactively seeks to retain and further develop air service to the Airport. See "FINANCIAL CONDITION OF SIGNATORY AIRLINES" and "AIRPORT OPERATIONS – Airport Traffic."

Parking Revenues. Parking fees are collected by the Authority and such revenues, including the 12% Burbank parking tax collected and forwarded to Burbank, comprised approximately 40% of total operating revenues for FY 2023. The level of passenger activity at the Airport is expected to impact the level of parking revenues. The Authority cannot give any assurance that parking fees will continue to produce the same level of revenue for the Authority in future Fiscal Years.

Other Activities. Although the Signatory Airlines are a significant part of the Airport's operations and an important source, whether directly or indirectly, of Airport revenues, the Authority also relies on other Airport operations for revenues, including concessionaires and rental car companies. While the Signatory Airlines, as mentioned above in "AIRPORT USE AGREEMENTS," are responsible for Airport expenses under the rental, common use fee and landing fee adjustment method, the Authority relies on other operations at the Airport, including parking, tenant payments from tenants other than Signatory Airlines, and concession income, to provide the majority of its revenues. The Authority cannot give any assurances that these operations will continue at the Airport at current levels or produce the same level of revenue for the Authority.

Certain Factors Particular to the Airport

Proximity of Passenger Terminal to Runway. The FAA has opined that the Airport is not in compliance with current design safety standards concerning the distance between the Existing Terminal Building and the runway. The Authority is undertaking the Terminal Relocation Project to remedy compliance with current FAA design safety standards. See “TERMINAL RELOCATION PROJECT.”

Concentration of Southwest Airlines. Southwest Airlines is the dominant airline serving the Airport, accounting for approximately 65% of total passengers at the Airport in FY 2023. See “AIRPORT OPERATIONS.” No assurances can be given that Southwest will continue to provide service at the Airport at the current level or what effect any reduction in service at the Airport by Southwest would have on the operations or financial condition of the Airport.

Restrictions on Airport Facilities and Operations. There are restrictions on the Authority’s ability to expand and develop facilities at the Airport. The length of the two runways and the noise contour of the Airport are limited by California statute. The Authority and the City of Burbank have executed the Development Agreement, as ratified by voters of Burbank through Measure B. The Development Agreement limits the number of gates at the Replacement Passenger Terminal, the square footage of the Replacement Passenger Terminal and the number of public parking spaces for the Terminal Relocation Project. See “TERMINAL RELOCATION PROJECT – Developments from 2015 to 2017: Measure B -17; Measure B.” In addition to the constraints resulting from the limited facilities, there are direct restrictions on Airport operations, primarily relating to noise abatement. See “ENVIRONMENTAL MATTERS AFFECTING AIRPORT OPERATIONS.”

These restrictions on Airport facilities and operations limit the number of passengers and flights which the Airport can accommodate which, in turn, limit the amount of Revenues and Available Revenues the Authority receives.

EPA Claim. The Authority has been named as a Potentially Responsible Party by the EPA in connection with a claim regarding environmental contamination in the North Hollywood Operable Unit. The Authority has entered into a written settlement agreement with Lockheed in which Lockheed agreed to defend and indemnify the Authority with respect to the EPA claim for the North Hollywood Operable Unit. The settlement agreement, however, provides for certain exclusions from the scope of the indemnified matters and the Authority cannot give any assurances that Lockheed might not assert one or more of these exclusions to avoid indemnification as to some or all of the EPA claim, that the Authority may not otherwise be adversely affected by the EPA claim or other EPA actions, or that Lockheed will otherwise perform its obligations under such settlement agreement. See “ENVIRONMENTAL MATTERS AFFECTING AIRPORT OPERATIONS – Regulated and Hazardous Substances.”

Environmental Contamination. The Authority acquired the initial parcels for the Airport operations from Lockheed in 1978. Since that time, the Authority has acquired additional real property to add to the Airport, principally from Lockheed. The Authority acquired the additional parcels either by purchase or through the exercise of its eminent domain powers. The Authority has received from Lockheed and other sellers of real property various indemnification agreements that appear to provide coverage for costs (including environmental cleanup costs) arising from the seller’s prior ownership or occupancy of the parcel in question. In the event that a hazardous substance release requires cleanup in one of the acquired parcels and it is determined that the indemnification agreement for that parcel is inapplicable or the indemnifying party is unable to pay, then the Authority could be subject to significant clean-up or remediation expenses, absent other potential defenses under applicable law.

Technological Innovations

New technologies and innovative business strategies in established markets are likely to be developed in the future. Increased adoption of videoconferencing technologies during the COVID-19 pandemic and increased acceptance of these methods of communicating could reduce the demand for business travel, though the impact of such technologies on the demand for business travel is not known. As another example, transportation network companies (“TNCs”), such as Uber Technologies Inc., Lyft, Inc. and Tickengo, Inc. d/b/a Wingz were increasingly popular in the years prior to the COVID-19 pandemic, resulting in shifts in the relative share of non-airline revenues

from various ground transportation activities and operational issues such as increased curbside congestion. The popularity of different forms of ground transportation also has shifted during the pandemic and post-pandemic. While the Authority makes every effort to anticipate changes resulting from new technologies and innovative business strategies and to minimize negative impacts on revenues, if any, there may be times when the Authority's expectations differ from actual outcomes. In such event, revenues could be lower than expected and additional capital or operating expenses might be incurred.

In connection with the expansion of wireless broadband operations into the 3.7-3.98 GHz frequency band service ("5G service") on January 19, 2022, the FAA issued certain guidelines for aircraft manufacturers, aircraft operators and airports because 5G service uses frequencies in a radio spectrum that the FAA has determined may interfere with those used by radar altimeters, which are important equipment in certain aircraft. The FAA continues to work with aircraft equipment manufacturers and airlines to clear aircraft models, versions and airlines to operate at airports nationally, including the Airport, in low visibility conditions. Throughout this process, visual approaches, standard Category I instrument approaches, and other instrument procedures, including GPS-based approaches, are unaffected by 5G service. The deployment of 5G technology has not impacted the Airport's operations or the Authority's revenues.

Seismic and other Natural Disasters or Emergencies

The Airport is located in a seismically active region of California. During the past 150 years, the Los Angeles area, where the Airport is located, experienced several major and numerous minor earthquakes, including an earthquake that measured 6.7 on the Richter Scale on January 17, 1994. According to the website of the California Earthquake Authority, there is a 75% probability of one or more magnitude 7.0 earthquakes striking Southern California (Los Angeles, Ventura and Orange counties). If such an earthquake were to occur, the Airport's facilities could sustain damage, ranging from total destruction to little or no damage at all. Damage could include pavement displacement (which could, in the worst case, necessitate the closing of one or more runways for extended periods of time), distortions of pavement grades, breaks in utilities, damage to drainage and sewage lines, displacement or collapse of buildings and rupture of gas and fuel lines. Furthermore, a major earthquake anywhere in the greater Los Angeles area may cause significant temporary and possibly long-term harm to the economy of one or more region's cities or the entire region, which could in turn have a negative effect on passenger traffic and on Revenues, and such effect could be material.

The central section of the Existing Terminal Building does not meet current California seismic building standards. Although the RITC was designed and constructed using seismic isolation to reduce seismic forces in the structures, and although the Replacement Passenger Terminal is being designed to comply with current California seismic building standards, no assurances can be provided that the RITC, the Replacement Passenger Terminal, or other Airport facilities will not sustain damages in the event of an earthquake. Any damage to facilities or other properties could adversely affect the Authority's revenues. The Authority carries only limited earthquake insurance as described in "THE AIRPORT—Insurance." The Authority is unable to predict when or if another earthquake will occur and what impact it will have on Airport operations.

Furthermore, the Airport could sustain damage as a result of other events, such as terrorist attacks, extreme weather events and other natural occurrences, wildfires, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades, and riots.

While the Authority has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered. Furthermore, even for events that are covered by insurance, the Authority cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the Authority may change the types of and limits and deductibles on the insurance coverage that it carries.

Environmental Matters and Climate Change

General. The Authority is required to comply with numerous federal, state and local laws and regulations designed to protect the environment, health and safety, and to inform the public of important environmental issues and potential impacts of Airport activities. The Airport is also directly or indirectly affected by certain laws, regulations and State orders, including, without limitation, air quality regulations and storm water regulations.

The standards for required environmental impact review and for compliance under several state and federal laws and regulations are becoming more rigorous and complex. Permits issued to the Authority under such laws and regulations may be frequently amended, often resulting in more stringent and more costly requirements and uncertainty about the scope of the Authority's future obligations and associated costs.

These types of changes may result in increased compliance costs that, in turn, significantly delay or affect the Authority's efforts to maintain and repair existing infrastructure or to construct additional revenue-generating infrastructure. Additionally, the costs to mitigate environmental impacts, obtain regulatory approvals, and manage potential legal or procedural challenges for such projects may result in substantial increases to total project costs and delays in completing the projects. Air quality regulations that directly or indirectly impact the Airport may result in the Airport being required to, or desiring to, expend funds to assist the Airport's business partners in complying with various regulations.

Costs associated with these compliance and related activities may consume an increasingly significant portion of the Authority's capital and operating budgets, and the Airport may have unanticipated capital or operating expenditures. In addition, for projects with forecasted costs, the Authority cannot provide assurances that the actual cost of the required measures will not exceed the forecasted amount. The Authority also cannot provide assurances that the cost of compliance and related activities required of the Authority and/or its business partners will not negatively affect Airport operations and, therefore, Authority revenues and/or expenses.

Additional environmental laws and regulations may be enacted and adopted in the future that could apply to the Authority, its tenants or its concessionaires, which could result in an adverse impact on projected revenues or expenses. The Authority is not able to predict with certainty what those laws and regulations may be or the impacts to the Airport or its business partners of compliance with such laws and regulations.

Also, certain individuals, organizations and/or regulatory agencies may seek other legal remedies to compel the Authority to take further actions to mitigate perceived or identified environmental impacts and/or health hazards or to seek damages in connection with the potential environmental impacts of the Airport. The Authority has undertaken a number of initiatives over the years to address potential concerns. Nonetheless, there is a risk that, despite the Authority's adopted environmental plans, mitigation programs, and policies, legal action challenging the Authority could ensue. Such legal action could be costly to defend, could result in substantial damage awards against the Authority, and could curtail certain Airport developments or operations.

Climate Change. Projections of the impacts of global climate change on the Airport and its tenants, and on the Airport's operations are complex and depend on many factors that are outside the Authority's control. The various scientific studies that forecast the amount and timing of the adverse impacts of global climate change are based on assumptions contained in such studies, but actual events are proving to be unpredictable and may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Authority is unable to forecast when adverse impacts of climate change will occur. In particular, the Authority cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse impacts on the business operations or financial condition of the Authority and the local economy during the term of the 2024 Bonds. While the impacts of climate change may be mitigated by the Authority's past and future investment in adaptation strategies, the Authority can give no assurance about the net effects of those strategies and whether the Airport will be required to take additional adaptive mitigation measures.

Beyond the direct adverse material impact of global climate change itself, present, pending and possible regulations aimed at curbing the effects of climate change may directly or indirectly materially impact the operations or financial condition of the Authority. Of particular importance are regulations pertaining to GHG emissions.

The Authority is unable to predict what additional laws and regulations with respect to GHG emissions or other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on the Airport, airlines operating at the Airport, other Airport tenants, or the local economy. The effects, however, could be material.

Cyber and Data Security

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 and other attacks on its computing and other digital networks and systems (collectively, “Systems Technology”). Successful cybersecurity breaches could damage the Airport’s technology environment, compromise safety and security at the Airport, or cause material disruption to the Airport’s finances or operations. As a recipient and provider of personal, private, or sensitive information (collectively, “Data”) and as a part of the country’s critical infrastructure services, the Airport may be the target of cybersecurity incidents that could result in adverse consequences to the Airport’s Systems Technology and Data, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport’s Systems Technology and Data in order to misappropriate assets or information or cause operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the Authority maintains multiple forms of cybersecurity and operational safeguards. The Authority maintains a cybersecurity framework supported by policies, procedures, and controls in line with industry best practices and applicable regulations (collectively, the “Cyber Security Program”) to support, maintain, and secure the Airport’s Systems Technology and Data. The objectives of the Cyber Security Program also include managing risk, improving cybersecurity event detection and remediation, and facilitating cyber awareness across all Airport departments.

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

The airlines serving the Airport and other Airport tenants also face cybersecurity threats that could affect their operations and finances. Notwithstanding security measures, information technology and infrastructure at the Airport, any of the airlines serving the Airport or any other tenants at the Airport may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored therein. Any such disruption or other loss of information could disrupt the operations of the Airport and/or the airlines serving the Airport and the services provided at the Airport, thereby adversely affecting the ability of the Authority to generate revenue.

Regulatory Uncertainties

Development at the Airport is regulated extensively by the State of California and requires a number of reviews and permits. The collection and application of Customer Facility Charges and noise waivers may also be subject to audit. Operations and development at the Airport are also subject to extensive federal oversight. The Authority operates the Airport pursuant to an airport operating certificate issued annually by the FAA after on-site review. In addition to this operating certificate, the Authority is required to obtain other permits and/or authorizations from the FAA and from other regulatory agencies and is bound by contractual agreements included as a condition to receiving grants from the FAA Airport Improvement Program. All long-term planning is subject to the FAA’s approval, outside audits of the Authority’s financial statements are subject to periodic audits by the FAA, the Authority’s use of Airport revenues, which is generally limited to airport-related purposes, is subject to audit and review by the FAA and the Authority’s use of Passenger Facility Charges and grant proceeds is also subject to approval, audit and review.

The term of the current Development Agreement runs until February 7, 2037. If negotiations for any future extension or replacement agreements with the City of Burbank are not successful, it is possible that the City of Burbank could attempt in the future to use its police or land use power to obstruct Airport activities both outside and inside the Airport’s existing property line.

Regulation of Rates and Charges

The Federal Aviation Administration Authorization Act of 1994, as amended (the “1994 Act”) and FAA regulations require that an airport maintain a rate structure that is as “self-sustaining” as possible and limit the use of all revenue generated by an airport receiving federal financing assistance (including local taxes on aviation fuel and other airport-related receipts) to purposes related to the airport. The statutes and regulations provide that for all airports, with certain exceptions, the use of airport revenue for purposes other than the capital or operating costs of the airport, the local airport system or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property is unlawful revenue diversion and provide for monetary penalties and other remedies in the event of violations.

The 1994 Act also provides that without air carrier approval, an airport may not include in its rate base debt service allocable to projects not yet completed and in service. Section 113 of the 1994 Act (“Section 113”) requires that airport fees be “reasonable” and provides a mechanism by which the Secretary of Transportation can review complaints about rates and charges by air carriers. Section 113 specifically states that its provisions do not apply to (a) a fee imposed pursuant to a written agreement with air carriers using airport facilities, (b) a fee imposed pursuant to a financing agreement or covenant entered into prior to August 23, 1994, the date of enactment of Section 113, or (c) any other existing fee not in dispute as of August 23, 1994.

The Airport’s operations and the Authority’s revenues are affected by a variety of federal and state legislative, legal, contractual, statutory, regulatory and practical restrictions, including restrictions in the 1994 Act, the federal acts authorizing the imposition, collection and use of Passenger Facility Charges, the federal acts relating to the FAA AIP and other federal grants, the statutes and regulations relating to Customer Facility Charges, and other extensive legislation and regulations applicable to all airports. It is not possible to predict whether future restrictions or limitations on the Airport’s operation will be imposed, whether future legislation or regulation will affect anticipated federal funding or Passenger Facility Charge or Customer Facility Charge collections, whether additional requirements will be funded by the federal government or require funding by the Authority, or whether such restrictions, legislations or regulations would adversely affect the revenues of the Authority.

In establishing any new rates and charges methodology for the Airport, the Authority intends to comply with federal law and with the Rate Covenant contained in the Indenture. The Authority’s ability to raise rates under the Existing Airport Use Agreements, the Replacement Airport Use Agreements (when executed) or otherwise may be limited by federal law. The Authority, however, cannot predict any future restrictions or limitations imposed by federal or state legislation. There is currently no dispute between the Authority and any of the air carriers serving the Airport over any existing rates and charges. No assurances can be given that disputes will not arise in the future.

Aviation Security

Acts of terrorism or other major breaches of security at the Airport can result in a decline in passenger traffic at the Airport which can materially adversely impact Revenues. The September 11, 2001 terrorist attacks resulted in increased safety and security measures at the Airport mandated by the Aviation and Transportation Security Act passed by the U.S. Congress in November 2001 and by directives of the FAA. In addition, certain safety and security operations at the Airport have been assumed by the Transportation Security Administration (“TSA”). In spite of the increased security measures, additional acts of terrorism resulting in disruption to the North American air traffic system, increased passenger and flight delays, damage to the Airport, reductions in Airport passenger traffic and/or reductions in Revenues, remain possible. The Authority maintains an insurance program that includes airport owner’s and operator’s liability insurance with policy limits of \$500 million for each occurrence (no deductible), including war/terrorism liability also with a policy limit of \$500 million. The program also includes terrorism coverage under Terrorism Risk Insurance Program Reauthorization Act of 2019 up to the policy limit of \$350 million. See “THE AIRPORT – Insurance.” It is possible that liability could exceed coverage or otherwise not be covered.

The airlines and the federal government were primarily responsible for the capital costs associated with implementing the new security measures. The Airport is currently in compliance with all federally mandated security requirements. But the Authority has taken measures on some financial burden in installing and in complying with the added security requirements. For example, the Authority performed certain building

modifications and installed an in-line baggage screening system which became operational in February 2005. In addition, each time the Department of Homeland Security issues a specific threat warning, the Authority's operating costs increase with these raised threat levels.

The Authority currently intends to continue to operate the Existing Terminal Building until the Replacement Passenger Terminal opens for air service. As a result, the Existing Terminal Building will continue to use existing passenger and baggage security equipment and the Authority will need separate passenger and baggage security equipment for the Replacement Passenger Terminal. The timely opening of the Replacement Passenger Terminal is therefore dependent on the TSA's ability to deliver new passenger and baggage security equipment for Replacement Passenger Terminal on schedule. While the Authority may be able to procure passenger screening and equipment itself, such costs would not be covered by the GMP. Any delay in delivery and installation of the passenger and baggage security equipment would result in a delay in the opening of the Replacement Passenger Terminal and would not be covered by the liquidated damages provisions of the Design-Build Agreement. The Authority cannot predict the effect of any future government-required security measures on passenger activity at the Airport. Nor can the Authority predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels in the future.

Effect of COVID Pandemic and Other Worldwide Health Concerns

The COVID-19 pandemic and resulting restrictions on human activities severely disrupted the economies of the United States and other countries. There can be no assurances that any resurgence of COVID-19 will not have a material adverse effect on the demand for passenger air travel, although air travel volumes have begun to recover in FY 2022 and FY 2023.

In addition, the COVID-19 pandemic resulted in operational difficulties for certain airlines as they have increased capacity to meet demand. In some cases, this has resulted in higher flight cancellation rates and reductions in previously planned additions of scheduled capacity. These difficulties have resulted from a variety of factors, including, but not limited to, delays in re-hiring or hiring sufficient personnel as a result of generally prevailing labor shortages, increased customer service demands due to ongoing changes in ticketing rules and information technology disruptions.

Future outbreaks, pandemics or events outside the Authority's control may reduce demand for air travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Authority revenues. After opening of the Replacement Passenger Terminal, the Authority intends to accumulate, and then maintain, sufficient cash (or cash equivalent) to allow the Airport to continue operation for 540 days in the event of an unforeseen revenue interruption. The accumulation and replenishment of this reserve will be included in the calculation of the Landing Fee Rate under the Replacement Airport Use Agreement. See "AIRPORT USE AGREEMENTS – Replacement Airport Use Agreement."

Initiative and Referenda

The ability of the Authority to comply with its covenants under the Indenture, including to generate revenues sufficient to pay the principal of and interest on the 2024 Bonds, may be adversely affected by actions taken (or not taken) by voters. Under the State Constitution, the voters of the State have the ability to initiate legislation or amendments to the State Constitution, and require a public vote on legislation passed by the State Legislature, through the powers of initiative and referendum, respectively. Interpretations of existing and future laws may change over time and such changes may impact the ability of the Authority to generate revenues. Furthermore, initiatives arise from time to time that could limit the ability of the Authority and other governmental entities to establish, amend, impose or extend fees and charges. See "– Initiative 1935." The Authority is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, interpretations of initiatives or existing law, or their potential impact on the Authority or the Airport.

Initiative 1935

A voter initiative entitled “The Taxpayer Protection and Government Accountability Act” (“Initiative 1935”), has been determined to be eligible for the November 2024 Statewide general election. The California Legislature and Governor have filed an emergency petition for writ of mandate with the California Supreme Court, arguing that the initiative constitutes an unlawful revision of the State Constitution and should not be placed on the ballot. The California Supreme Court is expected to hear oral arguments in the case on May 8, 2024 and both sides have asked for a decision before June 27, 2024, which is the deadline for the Secretary of State to certify the general election ballot in the State of California.

Unless withdrawn by its proponent or blocked by the California Supreme Court before June 27, 2024, Initiative 1935 will be certified as qualified for the ballot in such election. Were it to be adopted in the Statewide general election, Initiative 1935 would amend the California Constitution to, among other things, declare that every levy, charge or exaction of any kind imposed by local law is either a “tax” or an “exempt charge,” and would amend the definition of “tax” to declare that “every levy, charge, or exaction of any kind imposed by a local law that is not an exempt charge” constitutes a tax. The term “exempt charge” is defined in Initiative 1935 to include, among other things: (i) “a reasonable charge for entrance to or use of local government property, or the purchase, rental, or lease of local government property,” and (ii) a “reasonable charge for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the actual costs to the local government of providing the service or product.” The term “actual costs” is defined in Initiative 1935 to mean “the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor ... where the amount charged is not used by the government for any purpose other than reimbursing that cost.” In computing “actual cost,” Initiative 1935 declares that the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.

The Authority believes that amounts payable to it pursuant to the Existing Airport Use Agreement, or that would be payable to it pursuant to the AUA Amendment or the Replacement Airport Use Agreement, are not “imposed” by the Authority within the meaning of Article XIII C of the California Constitution as such provision will be amended if Initiative 1935 is enacted. If Initiative 1935 is enacted and, no airport use agreement is in place and the Authority establishes rates for the terminal rental and landing fees pursuant to a resolution, the Authority believes there are strong arguments that such a resolution would be valid and enforceable. Further, in the Authority’s view, it is unclear if other sources of Revenues may be deemed to be subject to the requirements of Initiative 1935, including rental car revenues, parking revenues, ground transportation charges, concession and advertising revenues, and passenger facility charges (which are subject to federal regulations). Ultimately, if Initiative 1935 is enacted, it will be subject to judicial interpretation.

The Authority is unable to predict whether Initiative 1935 will be placed on the ballot, whether the measure will be approved by the voters if it appears on the ballot, or how the measure will be interpreted by the courts if it is enacted. There can be no assurance that any such interpretation or application would not have an adverse impact on the Authority, the operation of the Airport or Revenues. If Initiative 1935 is enacted, charges subject to Initiative 1935 would be required to be “reasonable” and the charges (excluding charges for “entrance to or use of [Authority] property, or purchase, rental, or lease of [Authority] property”) may not exceed the “actual costs to [the Authority] of providing the service or product.” Initiative 1935 would require that such fees and charges (including any extension) be imposed by ordinance (which may be subject to referendum) and the requirements of Initiative 1935 would apply to charges adopted after January 1, 2022 (meaning that some charges may be void if not reimposed within a year of the effective date of Initiative 1935). The elimination or reduction of charges currently imposed by the Authority may require the Authority to increase landing fees and terminal rental charges to pay debt service on the 2024 Bonds.

Limitations on Remedies

Upon the occurrence and continuance of an event of default under the Indenture, the owners of the 2024 Bonds have limited remedies. Enforceability of the rights and remedies of the owners of the 2024 Bonds, and the obligations incurred by the Authority, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of

creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against public entities such as the Authority in the State. Bankruptcy proceedings, or the exercise of powers by the Federal or State government, if initiated, could subject the owners of the 2024 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

Potential Limitations of Tax Exemption of Interest on the 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 2024A Bonds and the 2024B Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or could cause interest on the 2024 Bonds to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners of the 2024 Bonds from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code, or court decisions may also cause interest on the 2024A Bonds and the 2024B Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or may cause interest on the 2024 Bonds to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code or court decisions may also affect the market price for, or marketability of, the 2024 Bonds. Prospective purchasers of the 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. See "TAX MATTERS."

LITIGATION

No Litigation Relating to the 2024 Bonds. There is no litigation or proceeding of any nature now pending against the Authority (of which notice has been received by the Authority) or, to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2024 Bonds or in any way contesting or affecting the validity of the 2024 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2024 Bonds or the use of the 2024 Bond proceeds.

EPA Claim. The Authority has been named as a Potentially Responsible Party by the EPA in connection with a claim regarding environmental contamination. Although the Authority has reached an agreement pursuant to which Lockheed is to provide the Authority with indemnification with respect to such claim, the Authority cannot give any assurances that Lockheed will in fact indemnify the Authority in this matter, or that the Authority may not be otherwise adversely affected by such action. See "ENVIRONMENTAL MATTERS AFFECTING AIRPORT OPERATIONS – Regulated and Hazardous Substances" and "CERTAIN INVESTMENT CONSIDERATIONS – Certain Factors Particular to the Airport – *EPA Claim.*"

No Other Material Litigation. The Authority is exposed to several lawsuits and claims arising in the normal course of its operations. The Authority does not anticipate material adverse effects on the financial position of the Authority from the disposition of these lawsuits and claims.

LEGAL MATTERS

The validity of the 2024 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"). A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX F hereto. Certain other legal matters will be passed upon on behalf of the Authority by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and by Richards Watson & Gershon, A Professional Corporation, as General Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters of the 2024 Bonds by its counsel Stradling Yocca Carlson & Rauth LLP.

TAX MATTERS

2024A Bonds and 2024B Bonds (Non-AMT/AMT)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024A Bonds and 2024B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the status of interest on any 2024B Bond for any period that such 2024B Bond is held by a “substantial user” of the facilities financed or refinanced by the 2024B Bonds or by a “related person” within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the 2024A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2024B Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the 2024A Bonds and the 2024B Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2024A Bonds and the 2024B Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2024A Bonds and 2024B Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F hereto.

To the extent the issue price of any maturity of the 2024A Bonds or 2024B Bonds is less than the amount to be paid at maturity of such 2024A Bonds or 2024B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2024A Bonds or 2024B Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2024A Bonds or 2024B Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2024A Bonds or 2024B Bonds is the first price at which a substantial amount of such maturity of the 2024A Bonds or 2024B Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2024A Bonds or 2024B Bonds accrues daily over the term to maturity of such 2024A Bonds or 2024B Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2024A Bonds or 2024B Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such 2024A Bonds or 2024B Bonds. Beneficial Owners of the 2024A Bonds or 2024B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2024A Bonds or 2024B Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2024A Bonds or 2024B Bonds in the original offering to the public at the first price at which a substantial amount of such 2024A Bonds or 2024B Bonds is sold to the public.

2024A Bonds or 2024B Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024A Bonds or 2024B Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2024A Bonds or 2024B Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2024A Bonds or 2024B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2024A Bonds or 2024B Bonds. The opinion of Bond Counsel assumes the

accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2024A Bonds or 2024B Bonds may adversely affect the value of, or the tax status of interest on, the 2024A Bonds or 2024B Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2024A Bonds or 2024B Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2024A Bonds or 2024B Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2024A Bonds or 2024B Bonds to be subject, directly or indirectly, in whole or in part, 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. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2024A Bonds or 2024B Bonds. Prospective purchasers of the 2024A Bonds or 2024B Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2024A Bonds or 2024B Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2024A Bonds or 2024B Bonds ends with the issuance of the 2024A Bonds or 2024B Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the 2024A Bonds or 2024B Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2024A Bonds or 2024B Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2024A Bonds or 2024B Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Payments on the 2024A Bonds or 2024B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of the 2024A Bonds or 2024B Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2024A Bonds or 2024B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2024A Bonds or 2024B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among

others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

2024C Bonds (Taxable)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, interest on the 2024C Bonds is exempt from State of California personal income taxes. Bond Counsel is also of the opinion that interest on the 2024C Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2024C Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX F hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the 2024C Bonds that acquire their 2024C Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2024C Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2024C Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their 2024C Bonds pursuant to this offering for the issue price that is applicable to such 2024C Bonds (i.e., the price at which a substantial amount of the 2024C Bonds are sold to the public) and who will hold their 2024C Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the 2024C Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a 2024C Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity 2024C as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds 2024C Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2024C Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2024C Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2024C Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the 2024C Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

2024C Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a 2024C Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2024C Bond.

Sale or Other Taxable Disposition of the 2024C Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a 2024C Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2024C Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2024C Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the 2024C Bond (generally, the purchase price paid by the U.S. Holder for the 2024C Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2024C Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the 2024C Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the 2024C Bonds. If the Issuer defeases any 2024C Bond, the 2024C Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the 2024C Bond.

Information Reporting and Backup Withholding. Payments on the 2024C Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2024C Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the 2024C Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2024C Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act ("FATCA")

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of 2024C Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of 2024C Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

UNDERWRITING

The Underwriters have agreed to purchase the 2024A Bonds at a purchase price of \$33,420,826.65 (representing the principal amount of \$34,680,000.00, less an underwriting discount of \$79,359.75, and less an original issue discount of \$1,179,813.60). The Underwriters have agreed to purchase the 2024B Bonds at a purchase price of \$670,445,252.99 (representing the principal amount of \$642,420,000.00, less an underwriting discount of \$1,456,371.61, and plus a net original issue premium of \$29,481,624.60). The Underwriters have agreed to purchase the 2024C Bonds at a purchase price of \$47,570,968.04 (representing the principal amount of \$47,680,000.00, less an underwriting discount of \$109,031.96).

The Bond Purchase Agreement pursuant to which the 2024 Bonds are being sold (the "Purchase Agreement") provides that the Underwriters' obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. Under the Purchase Agreement, the purchase of any 2024 Bonds by the Underwriters is conditioned upon the delivery of all 2024 Bonds.

The Underwriters may offer and sell the 2024 Bonds to certain dealers and others at prices or yields different than the initial offering prices or yields set forth on the inside cover of this Official Statement. The offering prices or yields of the 2024 Bonds may be changed from time to time by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their 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 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.

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

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

RATINGS

Moody's Investors Service ("Moody's"), S&P Global Ratings ("S&P") and Fitch Ratings have assigned underlying ratings of "A2 (Stable)," "A (Stable)" and "A- (Stable)," respectively, to the 2024 Bonds.

Moody's and S&P are expected to assign the insured ratings of "A1 (Stable)" and "AA (Stable)", respectively, to the Insured 2024 Bonds, with the understanding that the 2024 Insurer will issue the 2024 Bond Insurance Policy concurrently with the delivery of the 2024 Insured Bonds.

Each such rating reflects only the views of the respective rating agency organization furnishing such rating and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Such ratings are not a recommendation to buy, sell or hold the 2024 Bonds, and may be subject to revisions or withdrawal at any time.

The Authority furnished the rating agencies with information and material relating to the 2024 Bonds and the Airport, certain of which has not been included in this Official Statement. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings on the 2024 Bonds described above will continue for any given period of time or that such a rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if in the judgment of such rating agency, circumstances so warrant. Except as otherwise provided in the Continuing Disclosure Agreement (see "CONTINUING DISCLOSURE" below), the Authority has not undertaken any responsibility to bring to the attention of the Owners of the 2024 Bonds any proposed change in or withdrawal of a rating or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of a rating may have an adverse effect on the marketability or the market price of the 2024 Bonds.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of the Owners and the Beneficial Owners of the 2024 Bonds to provide the "Annual Report, commencing with the Annual Report for FY 2024, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of events will be filed by the Authority electronically with the EMMA system. The specific nature of the information to be contained in the Annual Report and notice of events is set forth in APPENDIX G: "PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT." The covenants have been made to assist the Underwriters in complying with Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5).

MUNICIPAL ADVISOR

The Authority has retained the services of Public Resources Advisory Group, Los Angeles, California, as Municipal Advisor (the "Municipal Advisor") in connection with the sale of the 2024 Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent municipal advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities.

AIRPORT CONSULTANT

The Airport Consultant Report, prepared by Ricondo has been included in this Official Statement with Ricondo's consent, and in reliance upon Ricondo's expertise in preparing such report. As noted in the Airport Consultant Report, Ricondo is of the opinion that Net Revenues generated in each year from 2024-2032 are expected to be sufficient to comply with the requirements under the Indenture. Any projection, however, is subject to uncertainties and inevitably some assumptions regarding future trends will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projected and actual results, and differences may be material. See APPENDIX A: "AIRPORT CONSULTANT REPORT." The Airport Consultant Report should be read in its entirety.

FINANCIAL STATEMENTS

The Basic Financial Statements of the Authority as of and for the years ended June 30, 2023 and 2022 set forth in APPENDIX B have been examined by Macias Gini & O'Connell LLP, independent certified public accountants (the "Auditor"), for the periods indicated and to the extent set forth in their report thereon. The

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APPENDIX A
AIRPORT CONSULTANT REPORT

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Bob Hope Airport
(commonly known as Hollywood Burbank Airport)

Report of the Airport Consultant

Burbank-Glendale-Pasadena Airport Authority, Airport Senior Revenue Bonds, 2024 Series A (Non-AMT)

Burbank-Glendale-Pasadena Airport Authority, Airport Senior Revenue Bonds, 2024 Series B (AMT)

Burbank-Glendale-Pasadena Airport Authority, Airport Senior Revenue Bonds, 2024 Series C (Taxable)

Prepared for:

Burbank-Glendale-Pasadena Airport Authority

Prepared by:

RICONDO

In association with:

Partners for Economic Solutions

Ricondo & Associates, Inc. (Ricondo) prepared this document for the stated purposes as expressly set forth herein and for the sole use of Burbank-Glendale-Pasadena Airport Authority and its intended recipients. The techniques and methodologies used in preparing this document are consistent with industry practices at the time of preparation and this Report should be read in its entirety for an understanding of the analysis, assumptions, and opinions presented. Ricondo & Associates, Inc. is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 and does not provide financial advisory services within the meaning of such act.

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May 8, 2024

Mr. Frank R. Miller, A.A.E.
Executive Director
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport
2627 N. Hollywood Way
Burbank, CA 91505

RE: Report of the Airport Consultant for the Burbank-Glendale-Pasadena Airport Authority Senior Revenue Bonds, 2024 Series A, 2024 Series B, and 2024 Series C

Dear Mr. Miller:

Ricondo & Associates, Inc. (Ricondo) is pleased to present this Report of the Airport Consultant (Report) for inclusion as Appendix A in the Official Statement for the Burbank-Glendale-Pasadena Airport Authority (Authority) Airport Senior Revenue Bonds, 2024 Series A, 2024 Series B, and 2024 Series C (collectively, 2024 Bonds).

The 2024 Bonds will be issued pursuant to the Authority's Master Indenture of Trust (as amended and supplemented, Original Master Indenture), and the Supplemental Indenture relating to the issuance of the 2024 Bonds (2024 Supplemental Indenture). In connection with the issuance of the 2024 Bonds, the Original Master Indenture will be amended and restated by the Amended and Restated Master Indenture of Trust (Master Indenture), effective as of the date of the issuance of the 2024 Bonds. The Master Indenture and the 2024 Supplemental Indenture together are referred to in this Report as the Indenture. Unless otherwise defined herein, all capitalized terms used in this Report are defined in the Official Statement or the Indenture. The 2024 Bonds will be payable from the Net Revenues generated from the operation of the Bob Hope Airport (Airport) commonly referred to as the Hollywood Burbank Airport.

Proceeds of the 2024 Bonds, along with other available Airport funds, will be used to (1) fund a portion of the costs of the construction of the new Replacement Passenger Terminal and supporting ancillary infrastructure projects (Replacement Passenger Terminal Project), (2) fund capitalized interest to April 1, 2027, (3) fund the required deposit to the Senior Debt Service Reserve Fund, and (4) pay costs of issuance incurred in connection with the 2024 Bonds.

This Report presents the analyses undertaken by Ricondo to demonstrate the ability of the Authority to comply with the requirements of the Indenture for Fiscal Years ending June 30, 2024 through 2032 (Projection Period) based on the assumptions regarding the planned issuance of the 2024 Bonds and the timely completion of the Replacement Passenger Terminal Project as established by the Authority after consultation with its municipal advisor, underwriter, and program manager. In developing its analyses, Ricondo has reviewed historical trends and formulated projections, based on the assumptions set forth in

this Report which have been reviewed and agreed to by the Authority regarding the ability of the Air Trade Area (defined herein) to generate demand for air service at the Airport, trends in air service and passenger activity at the Airport, and the financial performance of the Authority.

The Report is organized as follows:

- Summary of Findings
- Chapter 1: The 2024 Bonds and Project Funding
- Chapter 2: The Airport
- Chapter 3: Airport Facility (Capital) Program and The Project
- Chapter 4: Demographic and Economic Analysis
- Chapter 5: Air Traffic
- Chapter 6: Financial Analysis

On the basis of the analyses set forth in this Report, Ricondo is of the opinion that the Net Revenues of the Authority in each Fiscal Year of the Projection Period are expected to be sufficient to comply with the requirements of the Rate Covenant established in the Indenture. Given the nature of this safety driven project, Ricondo is also of the opinion that throughout the Projection Period the Authority's airline rates and charges will remain competitive on an airline cost per enplaned passenger (CPE) basis compared to other airports in the Los Angeles Metropolitan region. Although summary information is provided in this letter, a complete understanding of the justification for Ricondo's opinion cannot be achieved without reading this Report in its entirety.

Founded in 1989, Ricondo is a full-service aviation consulting firm providing airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. Ricondo has prepared Reports of the Airport Consultant in support of over \$40 billion of airport related revenue bonds since 1996 and has served as a financial consultant to the Authority for more than 20 years. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934. Ricondo is not acting as a municipal advisor and has not been engaged by the Authority to provide advice with respect to the structure, timing, terms, or other similar matters regarding the issuance of municipal securities. The assumptions about such matters included in this Report were provided by the Authority or the Authority's municipal advisors or underwriters, or were derived from general, publicly available data approved by the Authority. Ricondo owes no fiduciary duty to the Authority. Ricondo recommends that the Authority discuss the information and analyses contained in this Report with internal and external advisors and experts that the Authority deems appropriate before taking any action. Any opinions, assumptions, views, or information contained herein are not intended to be, and do not constitute, "advice" within the meaning set forth in Section 15B of the Securities Exchange Act of 1934.

Mr. Frank R. Miller, A.A.E.
Burbank-Glendale-Pasadena Airport Authority
May 8, 2024
Page 3

The techniques and methodologies used by Ricondo in preparing this Report and the analyses described therein are consistent with industry practices for similar studies in connection with the issuance of airport revenue bonds. While Ricondo believes that the approach and assumptions used are reasonable, some assumptions regarding future trends and events discussed in this Report, including, but not limited to, the implementation schedule and the projections of passenger-related activity and financial performance, may not materialize. Therefore, actual performance will likely differ from the projections set forth in this Report and the variations may be material. In developing its analyses, Ricondo used information from various sources, including the Authority, the underwriters, the municipal advisors, federal and local governmental agencies, and independent providers of economic and aviation industry data, as identified in the notes accompanying the related tables and exhibits in this Report. Ricondo believes these sources to be reliable, but has not audited the data and does not warrant their accuracy. The analyses presented are based on conditions known as of the date of this letter. Ricondo has no obligation to update this Report.

Sincerely,



RICONDO & ASSOCIATES, INC.

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TABLE OF CONTENTS

Summary of Findings	A-13
The 2024 Bonds and Project Funding.....	A-14
Bob Hope Airport (Commonly Known as Hollywood Burbank Airport).....	A-14
Airport Facility (Capital) Program and the Project.....	A-15
Demographic and Economic Analysis.....	A-16
Passenger Demand and Air Service Analysis.....	A-19
Financial Analysis.....	A-21
1. The 2024 Bonds and Project Funding	A-25
1.1 The 2024 Bonds.....	A-25
1.2 Plan of Finance.....	A-25
1.2.1 General Airport Senior Revenue Bonds.....	A-27
1.2.2 Commercial Paper Notes	A-27
1.2.3 Federal Aviation Administration Airport Improvement Program Grants.....	A-28
1.2.4 Bipartisan Infrastructure Law (Infrastructure Investment Job Act)	A-29
1.2.5 Passenger Facility Charge Revenue	A-29
1.2.6 Facility Development Reserve	A-29
1.2.7 Kenwood Property Proceeds.....	A-29
2. The Airport	A-30
2.1 Management Agreement.....	A-30
2.2 Location and Setting	A-30
2.3 Existing Airport Facilities.....	A-31
2.3.1 Airfield	A-31
2.3.2 Existing Terminal	A-33
2.3.3 Cargo Facilities	A-33
2.3.4 Ground Transportation.....	A-34
2.3.5 General Aviation	A-34
2.3.6 Maintenance / Airport Support Areas / Other Facilities.....	A-34
2.4 Restrictions on Airport Development.....	A-35
3. The Airport Facility (Capital) Improvement Program and the Project	A-37
3.1 Airport Facility (Capital) Improvement Program (Excluding the Project)	A-37

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

3.2	The Project.....	A-38
3.2.1	Project Delivery Method.....	A-38
3.2.2	Overview of the Project	A-38
3.2.3	Replacement Passenger Terminal	A-40
3.2.4	Terminal Aircraft Parking Apron.....	A-40
3.2.5	Landside Roadway Construction.....	A-41
3.2.6	Public Parking.....	A-41
3.2.7	Community Substation	A-42
3.2.8	Terminal Demolition	A-42
3.3	Taxiway A and C Extensions (Phase 2).....	A-43
4.	Demographic and Economic Analysis	A-44
4.1	The Air Trade Area.....	A-44
4.2	Tri-Cities, San Fernando Valley and Ventura County.....	A-44
4.3	Demographic Analysis	A-47
4.3.1	Population.....	A-47
4.3.2	Components of Air Trade Area Population Change (2013-2020).....	A-49
4.3.3	Age Distribution and Education	A-50
4.3.4	Per Capita Personal Income	A-50
4.3.5	Household Income Distribution and Median Household Income.....	A-53
4.4	Economic Analysis	A-54
4.4.1	Per Capita Gross Domestic/Regional Product.....	A-54
4.4.2	Employment Trends	A-54
4.4.3	Business Climate.....	A-57
4.4.4	Major Employers and Fortune 1000 Headquarters	A-57
4.4.5	Major Industry Sectors.....	A-59
4.4.6	Air Trade Area Tourism Industry	A-61
4.5	Economic Outlook.....	A-62
4.5.1	Short-Term Economic Outlook.....	A-62
4.5.2	2023-2032 US Real Gross Domestic Product Growth Rate Projections	A-63
4.5.3	Long-Term Economic Outlook.....	A-64
4.5.4	Conclusions	A-65
5.	Air Traffic	A-66

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

5.1	Regional Perspective of the Airport	A-66
5.2	Airlines Serving the Airport.....	A-66
5.3	Historical Airport Activity	A-69
5.3.1	Enplaned Passenger Activity and Airline Operations.....	A-69
5.3.2	Air Service	A-71
5.3.3	Aircraft Operations	A-77
5.3.4	Landed Weight.....	A-77
5.4	Factors Affecting Aviation Demand at the Airport.....	A-79
5.4.1	Impact of the COVID-19 Pandemic.....	A-79
5.4.2	National Economy.....	A-79
5.4.3	Airline Financial Performance.....	A-80
5.4.4	Mergers and Acquisitions.....	A-80
5.4.5	Cost of Aviation Fuel.....	A-81
5.4.6	Threat of Terrorism and Geopolitical Issues.....	A-81
5.4.7	Operational Capacity of the National Airspace System.....	A-82
5.4.8	Other Airports in the Region	A-82
5.5	Forecasts of Passenger Demand.....	A-84
5.5.1	Forecast Methodology.....	A-84
5.5.2	Key Assumptions.....	A-84
5.5.3	Forecasts of Passenger Demand.....	A-85
5.5.4	Aircraft Operations Forecast.....	A-88
5.5.5	Landed Weight Forecasts.....	A-89
6.	Financial Analysis	A-91
6.1	Financial Framework.....	A-91
6.1.1	Airport Rates and Charges	A-92
6.1.2	Description of Replacement AUA Rate Setting Methodology.....	A-93
6.1.3	The Master Indenture of Trust.....	A-94
6.1.4	Security Pledged for Repayment of Bonds.....	A-94
6.1.5	Flow of Funds.....	A-96
6.1.6	Rate Covenant	A-98
6.1.7	Capital Project Approval.....	A-98
6.2	Operation and Maintenance Expenses	A-99

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

6.2.1	Historical Operation and Maintenance Expenses	A-99
6.2.2	Fiscal Year 2024 Budget Operation and Maintenance Expenses	A-100
6.2.3	Operation and Maintenance Expenses Related to the Project	A-100
6.2.4	Operation and Maintenance Expense Projections	A-101
6.3	Non-Airline Revenues	A-104
6.3.1	Historical Non-Airline Revenues	A-105
6.3.2	Fiscal Year 2024 Budgeted Non-Airline Revenues.....	A-105
6.3.3	Non-Airline Revenue Impacts From the Project	A-106
6.3.4	Non-Airline Revenue Projections.....	A-106
6.4	Passenger Facility Charge Revenue	A-112
6.5	Customer Facility Charge Revenue	A-113
6.6	Amortization of Authority Funds.....	A-113
6.7	Debt Service	A-114
6.8	Airline Revenues.....	A-115
6.8.1	Terminal Rental Revenue	A-115
6.8.2	Landing Fees	A-116
6.9	Airline Cost per Enplanement.....	A-117
6.10	Financial Performance and Debt Service Coverage	A-118
6.11	Assumptions Underlying the Financial Projections.....	A-119

LIST OF APPENDICES

Appendix A Financial Projection Tables

LIST OF TABLES

Table S-1	Project Funding Summary.....	A-14
Table S-2	Summary of Economic and Demographic Characteristics	A-17
Table S-3	Historical and Forecast Enplaned Passengers.....	A-20
Table 1-1	Estimated 2024 Bonds Sources and Uses (Assumed for this Report).....	A-26
Table 1-2	Replacement Passenger Terminal Project Cost Estimate.....	A-26
Table 1-3	Estimated Project Funding Sources.....	A-27
Table 1-4	Future Bond Sources and Uses (Assumed).....	A-28

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

Table 3-1	Five-Year CIP (Excluding the Project).....	A-38
Table 4-1	Major Employers in the Tri-Cities, San Fernando Valley and Ventura County (2023).....	A-46
Table 4-2	Largest Metropolitan Regions in the United States (2023)	A-47
Table 4-3	Historical and Projected Population (2003–2032).....	A-48
Table 4-4	Age Distribution and Educational Attainment (2023).....	A-51
Table 4-5	Largest Employers in the Air Trade Area (2023)	A-58
Table 4-6	Fortune 1000 Companies Headquartered in the Air Trade Area (2023).....	A-59
Table 4-7	Projected Select Economic Variables (2023–2032)	A-64
Table 5-1	Airlines Serving the Airport (Listed Alphabetically).....	A-66
Table 5-2	Scheduled Passenger Airline Base	A-68
Table 5-3	Historical Enplaned Passengers	A-69
Table 5-4	Historical Total Enplaned Passengers by Airline	A-72
Table 5-5	Historical Origin and Destination and Connecting Enplaned Passengers.....	A-74
Table 5-6	Top 15 Domestic Origin and Destination Passenger Markets for the Airport in FY 2023.....	A-75
Table 5-7	Historical Aircraft Operations	A-77
Table 5-8	Historical Landed Weight by Airline.....	A-78
Table 5-9	Airports in the Region	A-83
Table 5-10	Socioeconomic Variables Included in Analysis	A-86
Table 5-11	Enplaned Passenger Forecast.....	A-87
Table 5-12	Aircraft Operations Forecast	A-88
Table 5-13	Passenger Airline Landed-Weight Forecast.....	A-90
Table 6-1	Schedule of Airline Rates and Charges – FY 2024 Budget.....	A-93
Table 6-2	Historical Operation and Maintenance Expenses, FY 2018 Through FY 2023.....	A-99
Table 6-3	Historical Non-Airline Revenues, FY 2018 – FY 2023	A-105
Table 6-4	Public and Valet Parking Revenue Projection	A-108
Table 6-5	Rental Car Facility Rent.....	A-111

LIST OF EXHIBITS

Exhibit S-1	Rendering of New Replacement Passenger Terminal.....	A-16
Exhibit 2-1	Airport Location	A-31
Exhibit 2-2	Existing Airport Facilities.....	A-32

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

Exhibit 3-1	Replacement Passenger Terminal and Associated Projects	A-39
Exhibit 3-2	Rendering of the Replacement Passenger Terminal	A-40
Exhibit 3-3	View of Terminal Area Roads and Curbs.....	A-41
Exhibit 3-4	View of New Landside Roadways and Metrolink Bus Routes.....	A-42
Exhibit 4-1	Air Trade Area	A-45
Exhibit 4-2	Components of Air Trade Area Population Change (2013-2020)	A-49
Exhibit 4-3	Per Capita Personal Income (2013–2023).....	A-52
Exhibit 4-4	Household Income Distribution (2023)	A-53
Exhibit 4-5	Per Capita Gross Domestic/Regional Products (2013–2023)	A-55
Exhibit 4-6	Unemployment Rate (2013–December 2023).....	A-56
Exhibit 4-7	Jobs by Major Industry Sectors (2023).....	A-60
Exhibit 4-8	US Real GDP Growth Rate Projections (2023-2032)	A-63
Exhibit 5-1	FY 2023 Airline Market Share (Measured by Enplaned Passengers).....	A-67
Exhibit 5-2	Enplaned Passengers and Operations.....	A-70
Exhibit 5-3	FY 2019 and FY 2023 Airline Market Shares	A-73
Exhibit 5-4	Hollywood Burbank Airport Nonstop Domestic Markets.....	A-76
Exhibit 5-5	Scheduled Domestic Seat Capacity Recovery	A-79
Exhibit 5-6	Operating Revenue and Profit of United States Commercial Airlines (CY 2015 – CY 2022).....	A-80
Exhibit 5-7	Historical Monthly Averages of Jet Fuel and Crude Oil Prices	A-81
Exhibit 6-1	Flow of Funds	A-97
Exhibit 6-1	Budget Fiscal Year 2024 Operating Expenses by Cost Category	A-100
Exhibit 6-2	Projected Operating and Maintenance Expenses.....	A-104
Exhibit 6-3	Non-Airline Revenues – Fiscal Year 2024 Budget.....	A-106
Exhibit 6-4	Projected Non-Airline Revenues	A-112
Exhibit 6-5	Debt Service.....	A-114
Exhibit 6-6	Terminal Airline Rental Revenue.....	A-116
Exhibit 6-7	Landing Fee Revenue	A-117
Exhibit 6-8	Average Airline Cost per Enplaned Passenger.....	A-118

SUMMARY OF FINDINGS

The Burbank-Glendale-Pasadena Airport Authority (Authority) commissioned Ricondo & Associates, Inc. (Ricondo) to prepare the Report of the Airport Consultant (Report) to provide an independent assessment of the Authority's ability to comply with the requirements of the hereinafter defined Indenture regarding the issuance of Authority's Airport Senior Revenue Bonds, 2024 Series A (2024A Bonds), 2024 Series B (2024B Bonds), and 2024 Series C (2024C Bonds) during the Projection Period¹. The 2024A Bonds, 2024B Bonds and 2024C Bonds are collectively referred to as the 2024 Bonds.

The 2024 Bonds will be issued pursuant to the Authority's Master Indenture of Trust (as amended and supplemented, Original Master Indenture), and the Supplemental Indenture relating to the issuance of the 2024 Bonds (2024 Supplemental Indenture). In connection with the issuance of the 2024 Bonds, the Original Master Indenture will be amended and restated by the Amended and Restated Master Indenture of Trust (Master Indenture), effective as of the date of the issuance of the 2024 Bonds. The Master Indenture and the 2024 Supplemental Indenture, together, are referred to in this Report as the Indenture. Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement, or the Indenture.

The Authority also has outstanding, Airport Revenue Bonds, 2012 Series A and 2012 Series B (together, 2012 Bonds). The 2012 Bonds are governed by the terms of the Master Indenture and a Supplemental Indenture, dated May 1, 2012. As of April 1, 2024, the outstanding principal amount of the 2012 Bonds² was \$66,930,000. In addition, the Authority has established a commercial paper program, under which it may issue up \$200 million in principal amount (outstanding at any time) of commercial paper notes (Commercial Paper Notes) pursuant an Issuing and Paying Agent Agreement, dated as of June 1, 2023. As of May 1, 2024, no outstanding principal amount of Commercial Paper Notes were outstanding.

In developing the analyses, Ricondo reviewed the terms of the 2024 Bonds, as provided by Public Resources Advisory Group, the Authority's municipal advisor; the outstanding financial obligations of the Authority; the capacity of the existing and planned Airport facilities to accommodate current and forecast demand; components of the Replacement Passenger Terminal Project; and proposed funding sources, including future bonds assumed to be issued by the Authority.

To develop the projected analysis of the financial performance of the Authority, Ricondo reviewed key provisions of the existing and proposed agreements that establish the business arrangements between the Authority and its various airport tenants, including the commercial airlines serving the Airport. Assumptions regarding airline rates and charges resulting from the existing and proposed agreements are described in Chapter 6.1.1.

The Authority's Revenues are in large measure driven by passenger demand for air service from the Airport, which is a function of local, national, and international economic conditions, as well as the ability and willingness of the commercial airlines to supply service at a level commensurate with this demand. Thus, Ricondo reviewed the historical relationships between economic activity and demand for air service at the Airport, the airlines' provision of air service at the Airport, and the financial performance of the Authority. Based on this historical review, Ricondo developed assumptions regarding these factors and relationships through the period from Fiscal Year (FY) 2024

¹ Project Period is from FY 2024 through FY 2032.

² Final maturity date for 2012 Bonds is July 1, 2042.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

through FY 2032, which provide the basis for the forecasts of passenger activity and the projections of financial performance presented in this Report.³

On the basis of the analysis set forth in this Report, Ricondo is of the opinion that the Net Revenues generated each FY of the Projection Period will be sufficient for the Authority to comply with the requirements of the Indenture, including but not limited to the rate covenants. The following Chapters summarize Ricondo's assumptions, projections, and findings. Additional details are included in Chapters 1 through 6 of this Report, which should be read in their entirety.

THE 2024 BONDS AND PROJECT FUNDING

Chapter 1 presents the 2024 Bonds and the Project funding sources. The Authority is issuing the 2024 Bonds to fund a portion of the construction of the new Replacement Passenger Terminal and supporting ancillary infrastructure projects as described in Chapter 3.2 of this Report, herein referenced as the Project. The 2024 Bonds are anticipated to fund approximately \$671.2 million of costs related to the Project.

Proceeds from the 2024 Bonds, along with other available Airport funds, will be used to i) fund portions of the Project costs, ii) fund capitalized interest through April 1, 2027, six-months after the anticipated date that the Replacement Passenger Terminal will commence operation⁴, iii) fund the required deposit to the Senior Debt Service Reserve Fund, and iv) pay costs of issuance incurred in connection with the 2024 Bonds.

The design and construction of the Project is estimated to cost \$1.29 billion and is expected to be funded through a combination of funding sources summarized in **Table S-1**.

TABLE S-1 PROJECT FUNDING SUMMARY

	2024 BONDS	FUTURE BONDS	GRANT PROCEEDS ¹	PFC	FDR	PROPERTY PROCEEDS ²
The Project	\$671,229	\$309,813	\$162,270	\$53,283	\$100,000	\$2,105

NOTES:

FDR – Authority's Facility Development Reserve

PFC – Passenger Facility Charge

Amounts are in thousands.

1 Grant Proceeds include Airport Improvement Program, Airport Infrastructure Grant, and Airport Terminal Program funds.

2 Proceeds from the sale of the Kenwood property

SOURCE: Ricondo & Associates, Inc., April 2024.

The Project funding assumptions reflected in the financial analysis in this Report are described in Chapter 1, and the resulting financial impacts are discussed in Chapter 6.

BOB HOPE AIRPORT (COMMONLY KNOWN AS HOLLYWOOD BURBANK AIRPORT)

Chapter 2 presents the Airport, including its management, location and setting, existing Airport facilities and restrictions on Airport development. The Airport is owned by the Authority, a joint powers agency created in June

³ FY ending June 30.

⁴ Anticipated commencement date for operation at the Replacement Passenger Terminal is October 13, 2026.

1977 pursuant to the Joint Exercise of Powers Act (Joint Powers Act) and a Joint Exercise of Powers Agreement (JPA) among the Cities of Burbank, Glendale, and Pasadena, California. The Commission of the Authority is responsible for the overall management and operation of the Airport. The Authority has an agreement with TBI Airport Management, Inc. (TBI) for the day-to-day planning, management, operation and maintenance of the Airport. TBI is a subsidiary of Vinci SA, a concession and construction company headquartered in Paris, France.

The Airport is located on approximately 555 acres of land approximately 12 miles northwest of downtown Los Angeles. The Airport's current passenger terminal facilities consist of three connected buildings totaling approximately 232,000 square feet, divided into two concourses (Terminal A and Terminal B) and an administration building. The concourses have a total of 14 aircraft gates. The existing Airport facilities include the airfield, terminal area, general aviation facilities, air cargo, aircraft storage and maintenance areas, public parking areas, and a Regional Intermodal Transportation Center (RITC) that connects the Airport to the regional rail and bus network.

The current terminal location is noncompliant with current Federal Aviation Administration (FAA) airfield design and California seismic building standards. Since 1980, the FAA has issued a series of letters to the Authority advising relocation of the terminal due to safety concerns. The terminal is located approximately 125 feet from the centerline of an active runway, which conflicts with the FAA's commonly designated runway safety area and object free area of 250 feet from the runway centerline. In addition, the central section of the terminal has been operational since 1930 and does not meet current California seismic building standards. Interior spaces such as the holdrooms, concession space, and baggage make-up areas are undersized and inefficient for the Airport's current passenger activity.

AIRPORT FACILITY (CAPITAL) PROGRAM AND THE PROJECT

Chapter 3 presents the Authority's Facility (Capital) Improvement Program (CIP) and details of the Project. The Authority's CIP for FY 2025 through FY 2029 totals approximately \$21.9 million which will be funded through FAA grant proceeds, PFC revenue, and Authority funds. CIP projects include Runway 8-26 Rehabilitation (FY 2025); ARFF Vehicle Replacement (FY 2026); Airport Layout Plan Update/Master Plan (FY 2026); Runway 15-33 Rehabilitation (FY 2028); and Vehicle Service Road Rehabilitation (FY 2029).

Chapter 3 also describes the Project, which will replace the existing terminal located in the southeast section of the Airport and includes a new 14-gate 355,000 square foot terminal, in the northeast section of the Airport. Other ancillary infrastructure construction includes an aircraft ramp, ground service equipment (GSE) facility, cargo facility, automobile parking structure, employee automobile surface parking area, new loop access road and reconfiguration of existing airfield service roads, and demolition of the existing terminal and parking structure (**Exhibit S-1**).

EXHIBIT S-1 RENDERING OF NEW REPLACEMENT PASSENGER TERMINAL



SOURCE: Holder, Pankow, TEC, Joint Venture (HPTJV), November 2023.

DEMOGRAPHIC AND ECONOMIC ANALYSIS

Chapter 4 presents the demographic and economic analysis of the Airport's air trade area (Air Trade Area). The demand for air transportation at a particular airport is, to a large degree, dependent upon the demographic and economic characteristics of the airport's air trade area. This relationship is particularly true for origin and destination (O&D) passenger traffic, which has historically been the largest component of demand at the Airport. O&D passengers are travelers that either begin or end their trips at the Airport, as opposed to passengers connecting through the Airport to other destinations. Therefore, the major portion of demand for air travel at the Airport is influenced more by the local socioeconomic characteristics of the area served than by individual air carrier decisions regarding service patterns in support of connecting activity.

For purposes of this Report, the Air Trade Area consists of Los Angeles County and Ventura County. Chapter 4 presents data indicating that the Airport's Air Trade Area has an economic base capable of supporting increased demand for air travel during the Projection Period. A summary of demographic and economic data described in Chapter 4 is presented in **Table S-2**. Key findings include the following:

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

TABLE S-2 SUMMARY OF ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

POPULATION	HISTORICAL 2023	PROJECTED 2032	CAGR
Air Trade Area	10,591,341	10,881,415	0.3%
US	335,546,979	355,532,044	0.6%
PER CAPITA PERSONAL INCOME (2023 DOLLARS)			
Air Trade Area	\$82,157	\$95,519	1.7%
US	\$70,728	\$81,377	1.6%
GRP/GDP (BILLIONS OF 2023 DOLLARS)			
Air Trade Area	\$1,047	\$1,245	1.9%
US	\$26,952	\$32,209	2.0%

NON-SEASONALLY ADJUSTED UNEMPLOYMENT RATES	AIR TRADE AREA	US	VARIANCE
2013	9.6%	7.4%	2.2%
2022 (latest available)	4.8%	3.6%	1.2%
December 2023	5.0%	3.5%	1.5%

NOTES:

CAGR – Compound Annual Growth Rate

GRP – Gross Regional Product

GDP – Gross Domestic Product

SOURCES: Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, June 2023, (population, per capita income, GDP/GRP); US Department of Labor, Bureau of Labor Statistics, February 2024 (unemployment rate).

The Airport's proximity to the Cities of Burbank, Glendale, and Pasadena (Tri-Cities), San Fernando Valley, and Ventura County allows it to serve as a convenient gateway to important economic sub-regions with strengths in entertainment, bioscience, and aerospace, as well as 160,000 businesses.

- The Air Trade Area, which consists of Los Angeles County and Ventura County, is one of the largest population centers in the United States and is served by four major passenger service airports in addition to Hollywood Burbank Airport: Los Angeles International Airport (located approximately 30 miles by vehicle from the Airport), Long Beach Airport (located approximately 40 miles by vehicle from the Airport), John Wayne Airport (located in Orange County and approximately 50 miles by vehicle from the Airport), and Ontario International Airport (located in San Bernardino and approximately 50 miles by vehicle from the Airport). Each of the four airports caters to particular types of passenger demand, owing to each facility's geographic proximity to businesses and population concentrations in the Air Trade Area, as well as to the availability of specific types of air services. Los Angeles International Airport is a large hub airport. Long Beach Airport, John Wayne Airport, and Ontario International Airport draw passengers primarily from their surrounding areas for short- and medium-haul domestic service.
- Data from Woods & Poole show that, as of 2023, the Air Trade Area's population has approximately 10.6 million residents. It is part of the Los Angeles combined statistics area (CSA). The population of the Los Angeles CSA ranks second in the nation behind the New York-Newark CSA. The Air Trade Area, by itself, has a larger population than the Washington-Baltimore-Arlington CSA (the third most populous CSA in the nation) and other major metropolitan regions including Chicago CSA, San Francisco Bay Area CSA, Boston CSA, and Dallas CSA.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

- The Tri-Cities area accounts for 4.2 percent of the Air Trade Area’s population and grew at a compounded annual growth rate (CAGR) of 0.1 percent between 2013 and 2023, adding approximately 5,600 residents. During that same time the total population of the Air Trade Area decreased by approximately 249,000 residents. A significant drop occurred in 2021, during the COVID-19 pandemic, when the Air Trade Area population declined by approximately 183,000. Despite this recent decrease, the Air Trade Area population is forecast to have a CAGR of 0.3 percent for the period from 2023 through 2032 (in comparison to 0.7 percent projected for California and 0.6 percent for the United States). High population and employment densities, along with proximity to less expensive nearby communities, are likely to contribute to slower projected population growth for some regions in California, including the Air Trade Area, from 2023 to 2032. Nevertheless, the projected increase of approximately 290,000 new residents in the Air Trade Area between 2023 and 2032 is expected to generate additional demand for airline service at the Airport.
- The Air Trade Area has a relatively younger and more highly educated population than the national average. This provides a stronger workforce base for employment and economic growth. The median age in the Air Trade Area is 36.7 years which is younger compared to California (37.0) and the United States (39.1) and also is within the age group (35-54) that typically generates the most expenditures on airline fares.
- The Air Trade Area and California historically have per capita personal income significantly above that of the United States—on average 13 percent higher between 2013 and 2023. Per capita personal income for the Air Trade Area increased at a CAGR of 3.1 percent between 2013 and 2023, below the overall rate of California (3.2 percent) but higher than the overall rate of the United States (2.3 percent) during the same period. Per capita personal income is a key indicator of a region’s demand for air travel.
- With approximately 1,557,000 households (42.0 percent of all households in the Air Trade Area) earning \$100,000 or more, the Air Trade Area is among the wealthiest markets in the United States.
- Households in the Air Trade Area spend a significantly higher amount on airline fares compared to US households overall. Average annual household spending on airline fares in the Air Trade area is estimated at \$575. This is 23 percent higher than average household spending in the US (\$466).
- The Air Trade Area accounts for 27 percent of California’s gross regional product and is one of the largest economic sub-regions in the state. The Air Trade Area’s business climate is supported by economic development initiatives from organizations such as the Los Angeles Economic Development Commission (LAEDC), the Economic Development Collaborative-Ventura County (EDC-VC), Ventura County Economic Development Association (VCEDA), and The Valley Economic Alliance. These groups focus on workforce development, loans and financial assistance to local businesses, business tax incentives, small business development, and site selection assistance for new or expanding companies.
- Major employers in the Air Trade Area represent a wide range of industries. In 2023, 15 private companies had 5,000 or more local employees in the Air Trade Area. Large entertainment industry employers include The Walt Disney Company (12,200 employees) and NBCUniversal (11,000). Major aerospace employers include Northrop Grumman (18,000), Boeing (12,005), SpaceX (6,000), and Raytheon (5,705). Bank of America (5,200) is a significant employer in the financial industry. Large transportation industry employers include United Parcel Service (11,640) and FedEx (6,750). AT&T is a major employer in the telecommunications industry (10,500) and Amgen is a major pharmaceuticals employer (5,575).
- The Air Trade Area hosts an estimated 46.4 million visitors annually and tourism provides a significant source of demand for air travel. World famous attractions in the Air Trade Area include Universal CityWalk Hollywood, Warner Bros. Studio Tour, Los Angeles Zoo, Griffith Observatory, The Ronald Reagan Presidential Library and

Museum, and the Getty Center. Other sightseeing destinations include the Hollywood Sign, the Hollywood Walk of Fame, Venice Beach Boardwalk, and the Queen Mary. Popular sporting events held in the Air Trade Area include professional football at SOFI Stadium (Los Angeles Rams and Los Angeles Chargers), and the annual Tournament of Roses Parade and Rose Bowl Game. SOFI Stadium will host FIFA World Cup soccer matches in 2026, and Los Angeles will host the 2028 Summer Olympics.

- As discussed in Chapter 4, the population, employment, personal income, and GRP/GDP growth expectations for the Air Trade Area are generally equivalent to the United States and indicate the ongoing capacity of the Air Trade Area to continue to generate demand for air travel services during the Projection Period.

PASSENGER DEMAND AND AIR SERVICE ANALYSIS

As presented in Chapter 5, the Airport benefits from a broad passenger base and is served by a core of airlines that provide O&D travel to short, medium, and long-haul domestic markets. During FY 2024 eight mainline US airlines and four regional/commuter airlines provided regularly scheduled passenger service from the Airport. The FAA classifies the Airport as a medium-hub⁵ facility based on its percentage of nationwide enplaned passengers. Other key points regarding historical and forecast aviation activities at the Airport are the following:

- Between FY 2013 and FY 2023, the Airport experienced a 4.1 percent CAGR in enplaned passengers, compared to a 1.9 percent CAGR at airports in the United States.
- The Airport's traffic recovery from the COVID-19 pandemic has outpaced the national average, with FY 2023 enplaned passengers exceeding the pre-COVID-19 pandemic record set in FY 2019.
- Southwest Airlines (Southwest) represents the largest passenger carrier at the Airport based on enplaned passengers and landed weight.
- Alaska Airlines (Alaska), American Airlines (American), Delta Air Lines (Delta), JetBlue Airways (JetBlue), Southwest, and United Airlines (United) and/or their regional affiliates have served the Airport in every year since FY 2013. Spirit Airlines (Spirit) initiated service at the Airport in FY 2019 and Avelo Airlines (Avelo) initiated service at the Airport in FY 2021 and established the Airport as its base of operations.
- An average of 93 domestic departures per day were scheduled to 31 nonstop destinations in August 2023, the busiest month of the year for the Airport, as measured by scheduled departures.
- The activity forecast is based on local and national socioeconomic and demographic factors, the Airport's historical share of Los Angeles-region domestic O&D enplaned passengers, and the anticipated usage of the Airport by airlines. Total enplaned passengers at the Airport are forecast to increase from 2,979,039 in FY 2023 to 3,596,883 in FY 2032, which represents a CAGR of 2.1 percent.

Table S-3 summarizes the historical and forecast enplaned passengers at the Airport through the Projection Period.

⁵ Final CY 2022 Air Carrier Activity Information System published by FAA on September 1, 2023 identified the Airport as medium-hub.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

TABLE S-3 HISTORICAL AND FORECAST ENPLANED PASSENGERS

FISCAL YEAR	TOTAL ENPLANED PASSENGERS	ANNUAL GROWTH
Historical		
2013	1,984,447	
2014	1,907,693	-3.9%
2015	1,953,558	2.4%
2016	1,988,868	1.8%
2017	2,195,787	10.4%
2018	2,518,334	14.7%
2019	2,745,259	9.0%
2020	2,261,359	-17.6%
2021	876,735	-61.2%
2022	2,712,835	209.4%
2023	2,979,039	9.8%
Forecast		
2024	3,037,933	2.0%
2025	3,107,031	2.3%
2026	3,175,868	2.2%
2027	3,245,032	2.2%
2028	3,314,549	2.1%
2029	3,384,547	2.1%
2030	3,455,001	2.1%
2031	3,525,742	2.0%
2032	3,596,883	2.0%
Compound Annual Growth Rate		
2013 - 2019	5.6%	
2013 - 2023	4.1%	
2019 - 2032	2.1%	
2023 - 2032	2.1%	

NOTE:

Fiscal year ending June 30.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, February 2024 (historical); Ricondo & Associates, Inc., February 2024 (forecast).

FINANCIAL ANALYSIS

Chapter 6 presents the financial structure of the Authority and further provides historical (FY 2018 – FY 2023), and projected (FY 2024 Budget – FY 2032) financial information in details. The Authority maintains financial records and accounts in accordance with Generally Accepted Accounting Principles and as required by the provisions of the Indenture. None of the City of Burbank, City of Glendale, City of Pasadena nor State of California are obligated to pay debt service or to fund the cost of operation of the Airport. The Authority's FY begins on July 1 and ends on June 30 of each year.

As defined in the Indenture, Net Revenues are Revenues less Operating Expenses (O&M Expenses). The financial framework and debt service coverage calculations are presented in Chapter 6 and **Appendix A** of this Report.

Each airline that operates at the Airport executes an Airport Use Agreement (AUA) or an Airport Use and Facilities Operating Permit (Operating Permit) with the Authority. The AUA or Operating Permit, as applicable, sets forth the financial and operational arrangement between the airline and the Authority. An AUA is a long-term agreement. In contrast, an Operating Permit has a month-to-month term. An airline that executes an AUA is referred to as a "Signatory Airline."

There are currently eight Signatory Airlines: Alaska, American, Avelo, Delta, JetBlue, Southwest, Spirit and United. Each Signatory Airline's existing AUA (Existing AUA) has an expiration date of June 30, 2025. In April 2024, the Authority offered each Signatory Airline an amendment to the Existing AUA (AUA Amendment) and a new AUA (Replacement AUA). Pursuant to their terms, the effectiveness of each of the AUA Amendment and the Replacement AUA is conditioned on the airline's execution of both documents. The AUA Amendment extends the term of the Existing AUA to the beginning of revenue operations in the Replacement Passenger Terminal Building. The provisions of the Replacement AUA will govern the airline's operations at the Airport starting immediately upon the start of revenue operations in the Replacement Passenger Terminal, currently projected to open in October 2026. Many provisions of the Replacement AUA are substantially the same as in the Existing AUA. However, the methodology used to calculate the airline's rent and fees has changed from a residual hybrid model in the Existing AUA to a full residual model in the Replacement AUA.

The Existing AUA establishes rates, in set dollar amounts, for calculating the applicable rent and charges payable by the airline and provides that the Authority has the right (but it is not obligated) to adjust the rates before the beginning of each FY according to the Authority's annual budget. The Existing AUA also provides that the Authority may impose extraordinary increases in landing fee rates at any time during a FY, if the Authority's revenues are insufficient to satisfy expenses of operating the Airport or that are incidental to, or arise out of, the operations of the Airport.

In contrast, under the full residual methodology of the Replacement AUA, for each FY, the Authority will estimate the dollar amounts required to operate the different cost centers of the Airport (Requirements) before the start of the FY, and then establish the applicable rates for such FY's rents and charges. After the close of the FY, there will be a reconciliation. The Authority will re-calculate the Requirements based on actual operating results, as well as the rents and charges that the airline would have paid based on the re-calculated Requirements. To the extent that the Authority determines that the airline had paid a lower amount than it otherwise should have based on such re-calculation, the airline will be invoiced for the difference (and the airline will have to pay within 30 days). If the contrary is true (i.e., the airline had paid more), then the Authority will issue a credit memo, which the airline may use for any payment within 12 months after the credit memo is issued.

Pursuant to the hybrid methodology under the Existing AUA, the airline does not receive any credit if the rents and charges paid by the airline for any FY represent more than the amounts needed by the Authority for the Requirements. The Authority has been able to use the excess to establish a Facility Development Reserve, for use

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

on cost of the eventual relocation of the existing terminal. In contrast, pursuant to the full residual method under the Replacement AUA, the airline's fees and charges each FY will be based on the actual Requirements, and excess paid by the airline is subject to the end of FY reconciliation process described above. The Replacement AUA provides for the establishment of a set-aside fund to be used as deemed necessary by the Authority's Executive Director. The amount of this set-aside fund will initially equal \$3.0 million and will be increased by 3 percent each FY. In addition, the Replacement AUA permits the Authority to accumulate, and then maintain, sufficient cash (or cash equivalent) to allow the Airport to continue operation for 540 days in the event of an unforeseen revenue interruption. Replenishment each FY, as necessary, of the set-aside fund and the extraordinary operating reserve will be included in the rate base for the airlines' rates and charges.

Information on certain provisions of the AUA is included in Chapter 6.

Based on the assumptions and analysis in this Report, and the financial projections presented in Chapter 6, Ricondo is of the opinion that the Net Revenues generated by the Authority in each FY of the Projection Period will be sufficient to comply with Authority covenants contained in the Indenture.

Results of the financial analysis presented herein are summarized below.

- Total O&M Expenses are projected to increase from \$62.9 million in FY 2024 to \$90.6 million in FY 2032, reflecting a CAGR of 4.7 percent. The increase includes impacts of the Project, in addition to inflation.
- Revenues from sources other than airline fees and charges (non-airline revenues) are projected to increase from approximately \$63.1 million in FY 2024 to approximately \$94.5 million in FY 2032, reflecting a CAGR of 5.2 percent. The increase is mainly due to the forecast growth of passengers and inflation, as well as impacts of the Project.
- Other available revenue includes PFCs, as well as FAA Airport Improvement Program (AIP) grants and other federal funding. Projected PFC Revenues are expected to be sufficient to cover all anticipated PFC commitments, as described in more detail in Chapter 6.
- Requirement for bond debt service (including outstanding 2012 Bonds, estimated debt service on the 2024 Bonds and Future Bonds, net of capitalized interest, PFC Revenues, and other funds used to pay debt service as further described in the Official Statement), is projected to be approximately \$10.4 million in FY 2024 and it is projected to increase throughout the Projection Period to approximately \$87.9 million by FY 2032. Debt service on the 2024 Bonds and Future Bonds begins in FY 2027 when the Project is expected to open.
- Airline revenue is projected to increase from \$5.6 million in FY 2024 to \$78.8 million in FY 2032, due to the residual rate methodology in the Replacement AUA primarily reflective of net debt service requirements.
- **Table S-4** provides a summary of airline cost per enplaned passenger (CPE) and debt service coverage projections associated with the financial analysis. Supporting calculations can be found in Appendix A of this Report.

TABLE S-4 PROJECTED AIRLINE COST PER ENPLANED PASSENGER AND DEBT SERVICE COVERAGE

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Average Airline CPE	\$1.86	\$1.97	\$1.94	\$6.68	\$22.15	\$22.04	\$21.97	\$21.92	\$21.90
Debt Service Coverage	2.54x	27.48x	34.69x	1.26x	1.25x	1.25x	1.25x	1.25x	1.25x

NOTE:

CPE – Cost per Enplaned Passenger

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024; Ricondo & Associates, Inc., April 2024.

While the CPE amounts shown on Table S-4 are projected to be higher than many medium-hub sized airports, Ricondo is of the opinion the CPE is acceptable to the signatory airlines. The airlines are supporting the Project, as evidenced by their collaboration with the design team over the past two years and by their negotiations with the Authority relating to the Replacement AUA and the AUA Amendment. On May 1, 2024, the Authority received written confirmation from Southwest stating that both the Replacement AUA and the AUA Amendment are being processed for execution and will be signed within 60 days of the date of their letter. However, it is possible that the recent changes in senior leadership at Southwest could delay the timing for execution of those documents. Of note, Southwest has recently embarked on a network optimization plan which includes cessation of some less profitable flights and destinations. There has been no reduction to its planned flight activity at the Airport as a result of this reorganization.

Importantly, the airlines recognize the Authority is undertaking the Project to comply with current FAA standards to address the safety issue of the existing terminal's proximity to a runway by creating an entirely new landside campus (i.e., the Replacement Passenger Terminal) in the northeast section of the Airport. Airline traffic continues to grow at the Airport and the airlines have filed schedules with increased flights that are included in the traffic projections in Section 5. The Authority anticipates that all airlines, other than Avelo, will execute the Replacement AUA in the near term for the reasons stated below. Avelo has advised the Authority that as a young three year old airline it wants to remain cautious about committing to a 10-year agreement and will continue to serve the Airport and will reevaluate its position as expiration of the Existing AUA nears its June 30, 2025 expiration.

The projected CPE amounts are estimated assuming the residual rate methodology contained in the Replacement AUA as described in more detail in Section 6. The residual agreement results in lower coverage due to the nature of that rate setting methodology. The decline in coverage to 1.25x starting in FY 2028 is a function of the change to a fully residual agreement. The projected user fees in this analysis are expected to be acceptable to the air carriers based on the following combination of factors, as discussed in detail in this Report:

- **Safety Deficiencies** – Since 1980, the FAA has issued a series of letters to the Authority advising relocation of the terminal due to safety concerns. The existing terminal is located approximately 125 feet from the centerline of an active runway, which is well within the FAA's commonly designated runway safety area and object free area. The Project is necessary to comply with current FAA design standards and provide a safer operating environment for the traveling public. Further, the central section of the existing terminal, which has been operational since 1930, does not meet current California seismic building standards and is being rebuilt to current seismic standards.
- **Large population and strong economic base** - The Airport is located in the second-most-populous metropolitan region in the United States and serves as one of five commercial airports in the Los Angeles metropolitan area. The Air Trade Area has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the Air Trade Area will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected Air Trade Area economic variables further support the continued growth of local outbound passengers.
- **Attractive geographical location** - The Airport's location, accessibility, proximity to certain businesses and entertainment venues, and tourist destinations make this a preferable alternative to other airports in Los Angeles metropolitan area. The Airport also serves as a regional transit hub providing access to bus and rail service that provides service throughout the region and southern California.
- **Important airport for Southwest** - Southwest has a major presence in the Los Angeles Metropolitan area providing service at Los Angeles International, Long Beach, John Wayne-Orange County, and Ontario

International airports. Since FY 2019, Southwest has averaged 66.9 percent of the enplaned passengers at the Airport. As of FY 2024, Southwest provides scheduled nonstop service to 22 domestic markets.

- **Replacement Passenger Terminal allows for growth** - The Project allows for a safer operating environment in addition to providing operational efficiency at the Airport. Although the terms of the Development Agreement⁶ limit the Airport to 14 gates, the Project will allow for uniformity in gate operation space which supports the ability of airlines to increase service with larger aircraft and increased flight frequency. Southwest has recognized the efficiency of operation and also stated in its May 1 letter to the Authority that the result of the AUA negotiations “is a rate structure and lease document that provides a strong foundation for success for the carriers and BUR moving forward with the Replacement Passenger Terminal”.

In summary, Airport user fees, although increasing over the Projection Period, are one of many factors that airlines consider when evaluating air service. The Authority understands the Airport user fees will significantly increase over the Projection Period; but it is necessary that the Authority implement the Project to increase safety margins by bringing the Airport in operating compliance and enhancing customer service. The Authority has been in discussions with the airlines and the project management construction team throughout the development stages of this program. Conditioned on the execution of the Replacement AUA, the Authority has offered each Signatory airline an amendment to the Existing AUA extending expiration of the Existing AUA to the date of beneficial occupancy of the Replacement Passenger Terminal. Once the Replacement Passenger Terminal is complete, the airlines will operate under the terms of the Replacement AUA, residual in nature, to support the cost of the Project. Although Airport user fees are projected to be significantly higher than most other airports of similar size in the United States, the projected fees are competitive with Airport user fees of other airports within the Los Angeles Metropolitan area given the necessity for the relocation of the passenger terminal; the projected growth of the population and economic base; and geographical location supports the acceptability of projected Airport user fees.

⁶ The Development Agreement is an agreement between the Authority and the City of Burbank that sets forth certain development terms for the Project. The Development Agreement was ratified by Burbank voters’ Measure B approval on November 8, 2016.

1. THE 2024 BONDS AND PROJECT FUNDING

The 2024A Bonds, 2024B Bonds, and 2024C Bonds (collectively the 2024 Bonds) will be issued pursuant to the Original Master Indenture and the Supplemental Indenture relating to the issuance of the 2024 Bonds (2024 Supplemental Indenture). In connection with the issuance of the 2024 Bonds, the Original Master Indenture will be amended and restated by the Master Indenture, effective as of the date of the issuance of the 2024 Bonds. The Master Indenture and the 2024 Supplemental Indenture together, are referred to in the Report of the Airport Consultant (Report) as the Indenture. This chapter describes the 2024 Bonds and the funding plan for the construction of the Replacement Passenger Terminal and supporting ancillary infrastructure projects which is referred to herein as the Project. The description below does not purport to be complete or definitive and is qualified by reference to the Indenture and other referenced documents.

1.1 THE 2024 BONDS

The Authority is issuing the 2024 Bonds to fund a portion of the costs of the Project which is described in detail in Chapter 3.2 of this Report. **Table 1-1** presents the uses of the proceeds of the 2024 Bonds. The 2024 Bonds are anticipated to fund approximately \$671.2 million of Project costs. The 2024 Bonds have an anticipated delivery date of May 30, 2024 and final maturity date of July 1, 2054. An interest rate of 5.20 percent (2024A Bonds 5.10 percent; 2024B Bonds 5.20 percent; 2024C Bonds 5.90 percent) is assumed for the projections in this Report (but see the forepart of the Official Statement for the actual interest rates of the 2024 Bonds).

The proceeds from the 2024 Bonds are anticipated to be used to:

- i. fund a portion of the Project,
- ii. fund capitalized interest through April 1, 2027, six months after the anticipated date on which the Replacement Passenger Terminal will commence operation⁷,
- iii. fund the required deposit to the Senior Debt Service Reserve Fund, and
- iv. pay cost of issuance incurred in connection with the 2024 Bonds.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement, or the Master Indenture. Details of the Indenture, security pledged for repayment of bonds, and the rate covenant is described in Chapters 6.1, 6.2, and 6.3 respectively of the Report.

1.2 PLAN OF FINANCE

As presented in **Table 1-2**, the cost of the design and construction of the Project is estimated to be \$1.29 billion and is expected to be funded as summarized below through a combination of Senior Obligations issued under the Indenture, Commercial Paper Notes, Federal Aviation Administration Airport Improvement Program (FAA AIP) grants, Bipartisan Infrastructure Law (BIL) funds, Passenger Facility Charge (PFC) revenue, property proceeds, and local funding from the Authority's Facility Development Reserve summarized below (**Table 1-3**):

- 2024 Bond Proceeds \$671,228,558
- Future Senior Bond Proceeds \$309,813,127 (projections of debt service on the future bonds are incorporated in

⁷ Replacement Passenger Terminal is anticipated to commence operation on October 13, 2026.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

Chapter 6 and Appendix A)

- PFC Revenues \$53,283,420
- Grant Proceeds (includes FAA AIP and BIL Funds) \$162,270,393
- Authority Facility Development Reserve \$100,000,000
- Kenwood Property Proceeds \$2,104,502

TABLE 1-1 ESTIMATED 2024 BONDS SOURCES AND USES (ASSUMED FOR THIS REPORT)

	2024A (NON-AMT) ¹	2024B (AMT)	2024C (TAXABLE)	TOTAL
Sources				
Par Amount of 2024 Bonds	\$37,350,000	\$726,285,000	\$26,135,000	\$789,770,000
Premium/Discount	938,979	28,327,512	0	29,266,491
Subtotal	\$38,288,979	\$754,612,512	\$26,135,000	\$819,036,491
Project Fund Earnings ²	1,143,500	22,829,023	0	23,972,523
Total	\$39,432,479	\$777,441,535	\$26,135,000	\$843,009,014
Uses				
Project Fund ³	\$32,017,891	\$639,210,667	\$0	\$671,228,558
Capitalized Interest Fund ⁴	4,639,970	83,615,311	24,236,507	\$112,491,788
Debt Service Reserve Fund	2,660,119	52,426,545	1,815,724	\$56,902,388
Cost of Issuance	30,187	549,534	23,780	\$603,493
Underwriter's Discount	84,312	1,639,479	58,996	\$1,782,787
Total	\$39,432,479	\$777,441,535	\$26,135,000	\$843,009,014

NOTES:

- 1 Includes 4.77 percent of project costs only.
 - 2 Assumes current market earnings at a rate of 5.21 percent for 2024 Bonds. Moneys deposited in the Project Fund will be drawn to pay for Project costs over time and will earn interest while in the Project Fund.
 - 3 Includes earnings while moneys on deposit in Project Fund after issuance of 2024 Bonds. Deposit into the Project Fund on 2024 Bonds issuance date will be less the amounts shown under "Project Fund Earnings" above.
 - 4 Assumes net funding at earnings rate of 4.39 percent for 2024 Bonds.
- SOURCE: Public Resources Advisory Group, April 2024.

TABLE 1-2 REPLACEMENT PASSENGER TERMINAL PROJECT COST ESTIMATE

REPLACEMENT PASSENGER TERMINAL PROJECTS	TOTAL COST
Terminal Building	\$750,887,891
Parking Facilities	209,367,538
Sitework	167,872,541
Roadways	3,172,821
Airside	120,551,159
Support Facilities	22,448,050
Demolition of Existing Terminal and Parking Garage	24,400,000
Total	\$1,298,700,000

SOURCE: HPTJV prepared Cost Estimate April 2024; Ricondo & Associates, Inc., April 2024.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

TABLE 1-3 ESTIMATED PROJECT FUNDING SOURCES

	TERMINAL	PARKING FACILITIES	SITWORK	ROADWAYS	AIRSIDE	SUPPORT FACILITIES	DEMOLITION TERMINAL & PARKING GARAGE	TOTAL
AIP Grants ¹	\$0	\$0	\$32,846,846	\$0	\$22,713,318	\$0	\$19,520,000	\$75,080,164
BIL-AIG ²	12,794,137	0	15,622,770	0	11,473,322	0	0	\$39,890,229
BIL-ATP ³	47,300,000	0	0	0	0	0	0	\$47,300,000
PFC ⁴	24,582,442	0	12,973,311	0	10,847,667	0	4,880,000	\$53,283,420
GASRB ⁵	566,211,312	207,263,035	106,429,614	3,172,822	75,516,852	22,448,050	0	\$981,041,685
Property Proceeds ⁶	0	2,104,502	0	0	0	0	0	\$2,104,502
FDR ⁷	100,000,000	0	0	0	0	0	0	\$100,000,000
Total	\$750,887,891	\$209,367,537	\$167,872,541	\$3,172,822	\$120,551,159	\$22,448,050	\$24,400,000	\$1,298,700,000

NOTES:

- 1 AIP Grants – FAA AIP grants include entitlement and discretionary funds.
- 2 BIL-AIG – Bipartisan Infrastructure Law – Airport Infrastructure Grant funding
- 3 BIL-ATP – Bipartisan Infrastructure Law – Airport Terminal Program funding
- 4 PFC – Passenger Facility Charge
- 5 GASRB – General Airport Senior Revenue Bonds (2024 and future bond issues)
- 6 Property Proceeds – Proceeds from the sale of the Kenwood Property
- 7 FDR – Facility Development Reserve

SOURCE: Ricondo & Associates, Inc., April 2024.

1.2.1 GENERAL AIRPORT SENIOR REVENUE BONDS

It is anticipated that the Project will be funded with two Senior Bond issues, the 2024 Bonds as stated in Section 1.1 and a future Senior Bond issuance anticipated to occur in 2026 (**Table 1-4**). The 2024 Bonds and future Senior Bonds are anticipated to fund approximately \$671.2 million and \$309.8 million in Project costs, respectively. The financial analysis in Chapter 6 incorporates estimates of debt service attributable to the future bonds.

1.2.2 COMMERCIAL PAPER NOTES

The Authority authorized a commercial paper program in an aggregate not-to-exceed amount of \$200 million outstanding at any one time. The Authority approved the selection of Barclays Bank and Sumitomo Mitsui Bank Corporation as providers (LOC Banks) of two letters of credit (LOCs). The commercial paper program is authorized to run for 30 years. However, once permanent financing is secured, the Authority can choose to terminate (or suspend) the commercial paper program. Furthermore, pursuant to the terms of the Letter of Credit and Reimbursement Agreements between the LOC Banks and the Authority, each LOC has a term of five years. If the Authority decides to issue Commercial Paper Notes after these LOCs expire, the Authority will have to either negotiate with the LOC Banks for extensions or obtain replacement LOCs from other financial institutions.

TABLE 1-4 FUTURE BOND SOURCES AND USES (ASSUMED)

	FUTURE BOND
Sources	
Par Amount of Future Bonds	\$340,415,000
Premium/Discount	10,706,635
Subtotal	\$351,121,635
Project Fund Earnings ¹	1,590,221
Total	\$352,711,856
Uses	
Project Fund ²	\$141,385,281
CP Principal/Interest ³	161,579,729
Capitalized Interest Fund ⁴	21,158,232
Debt Service Reserve Fund	25,181,288
Cost of Issuance	854,214
Underwriter's Discount	2,553,113
Total	\$352,711,856

NOTE:

- 1 Assumes a 4.0 percent interest rate. Moneys deposited in the Project Fund will be drawn to pay for Project costs over time and will earn interest while in the Project Fund.
 - 2 Includes earnings while moneys on deposit in Project Fund after issuance of Future Bonds. Deposit into the Project Fund on Future Bonds issuance date will be less the amounts shown under "Project Fund Earnings" above.
 - 3 Consist of assumed project cost draws of \$158,915,000 and interest rate cost of \$2,664,728.
 - 4 Assumes net funding at earnings rate of 4.4 percent.
- SOURCE: Public Resources Advisory Group, April 2024.

1.2.3 FEDERAL AVIATION ADMINISTRATION AIRPORT IMPROVEMENT PROGRAM GRANTS

The Airport and Airway Improvement Act of 1982 created the FAA AIP, which is administered by the FAA and funded by the Airport and Airway Trust Fund (Trust Fund). The Trust Fund is financed by various federal aviation user taxes. Annual grant entitlement allocations vary based on the actual number of passenger enplanements and cargo volume, specific to the Airport.

Title 49 USC Section 47104(a) authorizes the FAA Administrator to make grants for airport planning and development in the United States. FAA AIP grants assist the development of public-use airports served by air carriers, commuters, air cargo, and general aviation, and are awarded based upon a formula (Entitlements) as well as through a prioritization process (Discretionary).

Since 1982, the Authority has received \$73.5 million in FAA AIP entitlement funding and \$160.2 million in FAA AIP discretionary funding totaling \$233.7 million. Between FY 2024 and FY 2027, the Authority anticipates \$75.1 million in FAA AIP grants for the Project, of which \$13.5 million will be allocated as FAA AIP Entitlement grants and \$61.6 million will be awarded to the Authority as FAA AIP Discretionary grants.

1.2.4 BIPARTISAN INFRASTRUCTURE LAW (INFRASTRUCTURE INVESTMENT JOB ACT)

The BIL was signed into law in November 2021 and includes funding for infrastructure, including \$15 billion for airport-related projects. BIL funding is currently authorized for allocation by the FAA from federal fiscal year (FFY) 2022 through FFY 2026 and is distributed through a combination of formula-based funding (Airport Infrastructure Grants [AIG]) and discretionary grants (Airport Terminal Program [ATP] Grants). BIL funding can be used for airport-related projects as defined under the existing AIP and PFC criteria, and include projects like runways, taxiways, safety and sustainability projects, terminals, airport-transit connections, and roadway projects.

Between FY 2022 and FY 2026, a total of \$39.8 million of BIL-AIG funding is programmed to be allocated to the Authority. As of April 2024, the Authority has been awarded \$15.8 million of the total amount. Additionally, the Authority has been awarded \$47.3 million in BIL-ATP funding as of April 2024.

1.2.5 PASSENGER FACILITY CHARGE REVENUE

Imposition of a PFC by an airport operator is authorized through the Aviation Safety and Capacity Expansion Act of 1990 (PFC Act), as implemented by FAA regulations. The PFC Act permits a public agency that controls an airport to charge each eligible paying passenger enplaning at an airport (subject to certain limited exceptions) a PFC of up to \$4.50 upon FAA approval. Pursuant to the PFC Act and the Authority's current approvals from the FAA, the Authority may, with certain exceptions, charge each paying passenger who enplanes at the Airport a PFC of \$4.50. The PFC Act requires air carriers and their agents to collect a PFC and remit to the Authority on a monthly basis the proceeds of such collections, less a \$ 0.11 handling fee and without interest earned prior to such remittance.

PFC revenue is used to finance FAA-approved airport related projects that preserve or enhance capacity, safety or security of the national air transportation system, reduce noise from the airport that is part of the system or provide an opportunity for enhanced competition between or among air carriers or foreign air carriers.

Since 1992, the FAA has approved 18 PFC applications submitted by the Authority totaling \$306.1 million extending through April 1, 2029. The Authority's most recent PFC application was submitted in January 2023, and was approved for \$48.4 million for the design efforts associated with the Replacement Passenger Terminal.

1.2.6 FACILITY DEVELOPMENT RESERVE

The Authority intends to contribute up to \$100 million from its existing Facility Development Reserve to assist in funding the Project. The Facility Development Reserve was established by the Authority in FY 2000 to provide for the development of the new terminal and other Airport facilities. The appropriation of these funds to selected facility development projects is determined based on the approval of the Authority.

1.2.7 KENWOOD PROPERTY PROCEEDS

In April 2016, under the terms of an Amended, Restated, Superseding and Combined Trust and Escrow Agreement, relating to land which the Authority had previously acquired, the Authority sold approximately 66,000 square feet of undeveloped land, known as the Kenwood Property, was sold to Overton Moore Properties. Proceeds from the sale of this property are dedicated to the Project.

2. THE AIRPORT

The Airport is a primary commercial service airport primarily located in the northwest section of the City of Burbank within Los Angeles County, California⁸ on approximately 555 acres of land. A small land area (including a portion of one runway) extends into the City of Los Angeles. The Airport is owned by the Authority and serves the greater Los Angeles area including the Cities of Burbank, Glendale, Pasadena, and Los Angeles as well as the San Fernando Valley. The Authority was created under a Joint Exercise of Powers Agreement (JPA) among the Cities of Burbank, Glendale, and Pasadena in 1977. The JPA created the Authority as a public entity separate and apart from the cities. The Authority is governed by a Commission having nine members, allowing each city to appoint three members to four-year terms. Since 1977, management of the Airport has been provided by a third-party corporation (Airport Manager) through airport management service contracts. Currently these services are provided by TBI Airport Management, Inc. (TBI), a successor-in-interest to firms that have acted as the Airport Manager since 1978.

2.1 MANAGEMENT AGREEMENT

The Commission is responsible for the overall management and operation of the Airport through its full airport management services agreement with TBI. The airport management agreement between the Authority and TBI is unique for airport management models in the United States. TBI is a subsidiary of Vinci Airport Management which is a concession and construction company headquartered in Paris, France. TBI operates at seven United States airports but only the Authority has a full management agreement.

TBI provides day-to-day administrative, maintenance, and operational, and aircraft rescue and firefighting services for the Airport. As of April 2024, there were 143 TBI employees serving the Airport. The TBI airport management services agreement expires on June 30, 2030. Compensation under the agreement is based on a management fee and reimbursement of operating costs, which are subject to review and approval as part of the Authority's annual budget. Costs incurred under the agreement are anticipated to total \$17.4 million in FY 2024.

Separately, the Authority also contracts with Ace Parking for self-park management services, valet parking services, and courtesy shuttle services. The Authority employs its own police force, as required by California law.

2.2 LOCATION AND SETTING

Exhibit 2-1 presents the geographical location of the Airport. The Airport is located approximately 12 miles northwest of downtown Los Angeles at the eastern ridge of the San Fernando Valley and 2.5 miles from downtown Burbank.

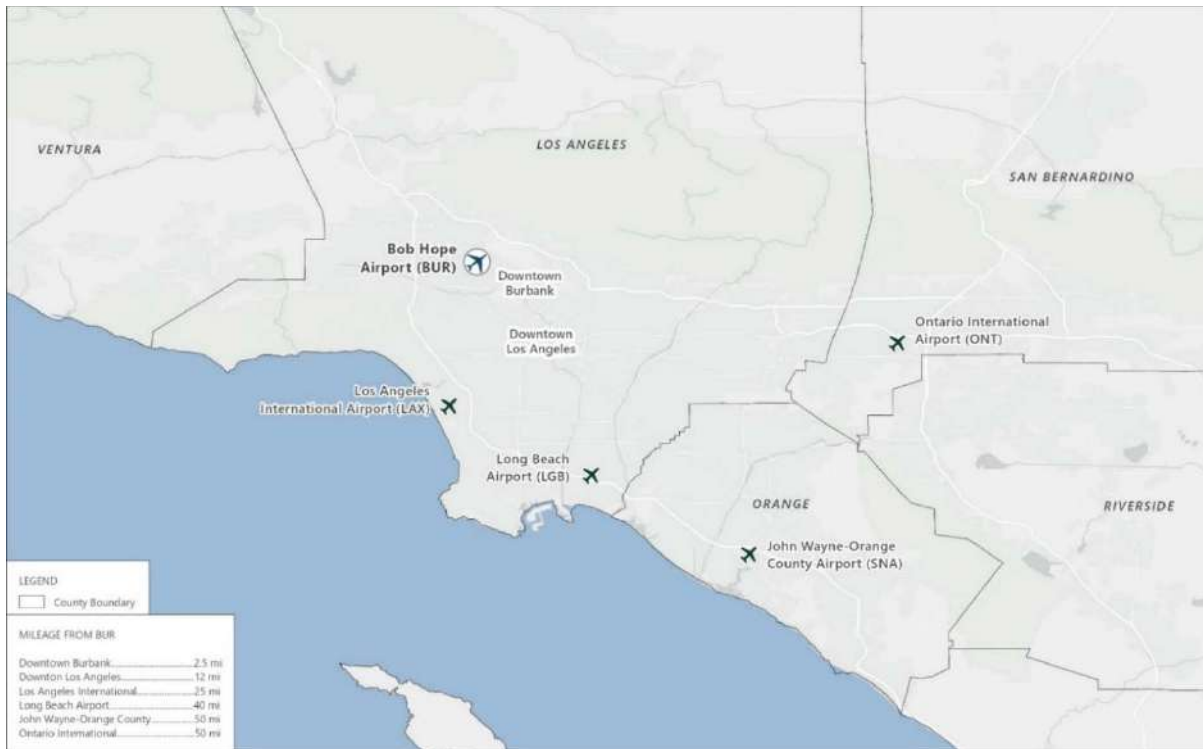
The Airport can be accessed from either Interstate 5 or the local arterial street system. The existing terminal facilities have entrances on North Hollywood Way and Empire Avenue. In addition, there are North and South train stations servicing the Airport. The Burbank Airport-North Station, located near the intersection of North Hollywood Way and San Fernando Road, is approximately one mile from the terminal building and can be accessed by complimentary shuttle bus service. The Burbank Airport-North Station, services the Metrolink Antelope Valley line from Lancaster, (a city in northern Los Angeles County) to Union Station located in downtown Los Angeles. The Burbank Airport-South Station, located on Empire Avenue, is within walking distance to the existing terminal building and provides Metrolink/Amtrak service to downtown Burbank, Glendale, Union Station in Los Angeles, points west in Ventura

⁸ Federal Aviation Administration Airport Master Record (FAA Form 5010), effective April 20, 2023.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

County, and long-distance service via the Coast Starlight which terminates in Seattle. From Union Station, connections can be made to other locations south and east via rail.

EXHIBIT 2-1 AIRPORT LOCATION



SOURCES: Esri, HERE, Garmin, FAO, NOAA, USGS, OpenStreetMap contributors, and the GIS User Community, June 2023 (basemap); California Department of Forestry and Fire Protection, June 2022 (county boundaries); Federal Aviation Administration, June 2023 (airports), Ricondo & Associates, Inc. November 2023.

2.3 EXISTING AIRPORT FACILITIES

This section describes existing Airport facilities, including airfield, terminal area, automobile parking, rental car, air cargo, support, and general aviation facilities. **Exhibit 2-2** presents an aerial depiction of the Airport, highlighting key Airport facilities.

2.3.1 AIRFIELD

The airfield facilities of the Airport consist of the runways, taxiways, apron areas, and navigational aids.

2.3.1.1 RUNWAYS AND NAVIGATIONAL AIDS

The Airport has two crossing runways, Runway 8-26 and Runway 15-33. Runway 8-26 is 5,802 feet long by 150 feet wide and oriented in an east-west direction. The Runway 8 direction is the primary arrival runway. Runway 8-26 is primarily constructed with asphalt concrete (AC), although a 500-foot section of Portland Cement Concrete (PCC) is present at the far west end. Runway 8-26 is equipped with an instrument landing system, Runway Visual Range (RVR), and medium-intensity approach lighting system (MALSR) which permits aircraft operations in a variety of weather conditions. A dual bed Engineered Materials Arresting System (EMAS) is located on the east end of the runway end and adjacent to North Hollywood Way.

EXHIBIT 2-2 EXISTING AIRPORT FACILITIES



SOURCE: Ricondo & Associates, Inc. November 2023.

Runway 15-33 is 6,886 feet long by 150 feet wide and oriented in a roughly north-south direction. Runway 15 is the primary departure runway. Runway 15-33 is mainly constructed with AC, although a 500-foot section of PCC is present at the northern end of the runway, and a 600-foot section of PCC is present at the southern end of the runway. Runway 15 end has a displaced threshold of 909 feet, and Runway 33 end has a displaced threshold of 350 feet, which provides for departure lengths of 5,977 feet and 6,536 feet for Runways 15 and 33, respectively.

2.3.1.2 TAXIWAYS

There are four major taxiways, and a series of taxiway connectors that support the airfield. Runway 8-26 is supported by Taxiways C and D. Taxiway C is located south of Runway 8-26 and extends from Runway 8 end to Runway 15-33. Taxiway D is a full-length parallel taxiway which parallels the north side of the runway.

Runway 15-33 is supported by Taxiways A and B. Taxiways A and B are located to the east and west of Runway 15-33, respectively, and extend from Runway 8-26 and terminate at Runway 15 end. Taxiway G is a partial parallel taxiway on the west side of Runway 15-33 between the approach end of Runway 33 and Taxiway C.

2.3.1.3 AIRCRAFT PARKING APRON AREAS

There is currently approximately 3.2 million square feet of aircraft parking apron at the Airport, all constructed with AC. There is approximately 1.6 million square feet of general aviation apron area located north of Runway 8-26 and west of Runway 15-33, which supports corporate hangars, fixed base operators, and additional Remain Overnight parking areas for commercial aircraft. There is approximately 1.2 million square feet of aircraft parking apron located south of Runway 8-26 and west of Runway 15-33, which supports a fixed base operator, cargo facilities, and a general aviation terminal. Adjacent to the airline terminal is approximately 314,000 square feet of aircraft parking apron and taxilane area that support the 14 gate positions.

2.3.2 EXISTING TERMINAL

The current airport terminal was made operational in 1930 and has been subject to renovation and expansion projects in the years since. Passenger terminal facilities at the Airport consist of three connected structures (Terminal A, Terminal B, and an administration building referred to as Building 9), located south and east of the intersection of Runway 8-26 and Runway 15-33, totaling approximately 232,000 square feet. Terminal A has nine aircraft parking positions (A1 through A9) and Terminal B has five aircraft parking positions (B1 through B5). There are no passenger boarding bridges that support the aircraft parking positions. Aircraft passenger boarding and debarking is provided by use of ramps. Building 9, located between Terminals A and B, includes Authority and airline administrative offices.

2.3.3 CARGO FACILITIES

There are currently two cargo carriers, FedEx and UPS, operating at the Airport. Both cargo carriers operate in the southwest section of the Airport, south of Runway 8-26 and west of Taxiway G. FedEx occupies approximately 208,000 square feet of aircraft parking apron space, including 132,885 square feet of hangar space and UPS occupies approximately 122,000 square feet of aircraft parking apron space but no hangar space.

There is also a ground service equipment (GSE)/Cargo Facility owned by the Authority located west of Runway end 33. The GSE/Cargo Facility is approximately 16,000 square feet and occupies approximately 18,000 square feet of apron space. This facility will eventually be demolished and rebuilt adjacent to the new Replacement Passenger Terminal as part of the Project.

2.3.4 GROUND TRANSPORTATION

2.3.4.1 AUTOMOBILE PARKING FACILITIES

Public parking facilities at the Airport include a 431-space, four-level structure that was completed in 1969 for short-term parking, as well as valet parking and four surface parking economy lots. Airport parking facilities can accommodate 6,637 public parking spaces. Shuttle buses operated by Ace Parking transport passengers to and from remote surface parking areas (Economy Lots A and C). There is also an employee parking area that provides for 66 parking spaces that is adjacent to Parking Lot E south of existing Terminal B.

2.3.4.2 TAXI, SHUTTLES, LOCAL AND REGIONAL BUS SERVICES, TRAINS, AND TRANSPORTATION NETWORK COMPANIES (TNC)

Ground transportation to the Airport is provided via taxi, TNCs, shuttles, local and regional bus services, and trains. The Regional Intermodal Transportation Center (RITC) located on the corner of North Hollywood Way and Empire Avenue, is a three-level, approximately 850,000 square foot structure providing multi-modal transportation connections between the Airport and the regional transit system. The RITC is connected to the existing terminal building via an elevated, covered moving walkway. The RITC is a transit hub for bus riders and is a stop for Metro Bus routes 169 and 222, as well as the BurbankBus Orange Route, which connects with the Metro North Hollywood Station. Metro Bus routes 169 and 294 are also serviced on public roadways immediately adjacent to the RITC. The RITC also provides access to the Burbank Airport-South Metrolink station, located directly across from the RITC and accessed by an Empire Avenue street crossing. Additionally, Amtrak shares the Burbank Airport-South station with Metrolink and provides service from Santa Barbara to San Diego, as well as long-distance service up the west coast through Seattle via the Coast Starlight, and connections to Amtrak thruway bus services. The Burbank Airport-North station, located near the intersection of North Hollywood Way and San Fernando Road, is accessible via an Authority dedicated shuttle service that originates and terminates near the valet parking pick-up area. The RITC also consolidates the Airport's rental car providers and provides for approximately 2,000 rental car spaces, administrative, quick turnaround areas, and ready/return facilities.

2.3.5 GENERAL AVIATION

General aviation facilities (fixed base operators) are concentrated in two principal areas on the Airport. General aviation hangars and offices provide tie-down and hangar space to accommodate varying sizes of aircraft and include general aviation terminals. There are approximately 59 acres (2.5 million square feet) of general aviation aircraft parking area and approximately 645,000 square feet of hangar space at the Airport. The major fixed base operators currently authorized by the Authority to provide services at the Airport offer a variety of maintenance and other services including aircraft rental and charter, flight schools, aircraft repair, and fueling. These fixed base operators include Million Air Burbank (5,000 square foot executive terminal and five acres of ramp) and Atlantic Aviation (8,500 square foot terminal and three hangars).

2.3.6 MAINTENANCE / AIRPORT SUPPORT AREAS / OTHER FACILITIES

Airport maintenance, support, and other facilities include:

- **Aircraft Rescue and Firefighting (ARFF) Facility** – The existing ARFF station is located in Hangar 35, which is located north of Runway 8-26 adjacent to the Million Air aircraft parking apron. The hangar is approximately 38,400 square feet and was constructed in the early 1940's and was configured to function as an ARFF facility in 1990. The existing ARFF station consists of 15 mobile units located in the bay of Hangar 35.
- **Maintenance Facility** – The Airport maintenance facility is located northwest of the Runway 15 end, along San Fernando Road. The maintenance facility is approximately 51,300 square feet, consisting of two maintenance

buildings, Buildings 18 and 18A, which are 10,032 square feet and 3,693 square feet, respectively. This area also provides parking areas for Authority maintenance vehicles and equipment storage.

- **Fuel Yard** – The fuel yard is located northeast of the Runway 15 end, along San Fernando Road and Arvilla Avenue. The fuel yard is approximately 94,500 square feet, with two fueling facilities, Buildings 50A, Fueling Administration is 1,115 square feet and Building 50, Truck Fill Fuel Island Canopy is 11,430 square feet. The fuel storage capacity is 250,000 gallons of Jet A and 12,000 gallons each of motor gasoline, 100LL Avgas, and diesel. All aircraft fuel is transported from the fuel storage facility to the gate areas for aircraft fueling. There is no dedicated fueling infrastructure to support gate areas.
- **Air Traffic Control Tower (ATCT)** – The ATCT is located north of Runway 8-26 and east of Runway 15-33 adjacent to Economy Lot A. The ATCT area is approximately 42,500 square feet, consisting of the ATCT, ATCT base building, and parking lot dedicated to FAA staff. The ATCT is approximately 95 feet in height and is constructed with precast concrete. The ATCT is owned by the FAA and operates 24 hours a day.
- **Disaster Command Center** – The Federal Emergency Management Agency (FEMA) has designated the Airport as a regional command center for emergency operations for FEMA and California Emergency Management Agency first responders. In the event of a maximum credible event such as an earthquake, the Airport will be the center of the emergency response for Southern California. The Airport’s unique location within the Los Angeles Metropolitan area and low water table inhibits liquefaction and potential runway disintegration during an earthquake which allows the Airport and runways to remain operational. In designating the Airport as a regional command center, FEMA noted that the RITC is designed to withstand a maximum credible earthquake, the largest earthquake capable of occurring under the known tectonic framework for a specific fault or seismic source, based on geologic and seismologic data.⁹

2.4 RESTRICTIONS ON AIRPORT DEVELOPMENT

There are numerous limitations on increasing the size of Airport facilities and the Project has been designed and will be constructed to comply with these restrictions. Airport development restrictions are included in the following agreements:

- The Joint Powers Act - specifically prohibits the Authority from lengthening the Airport’s runways and taking any actions that would increase the size of the noise contour of the Airport.
- Joint Exercise of Powers Agreement - The Second Amendment to the JPA Agreement that established the Authority became effective on February 7, 2017. This amendment expanded the list of items that require a “supermajority vote” (i.e., affirmative vote of at least two Commissioners from each city). Among other things, a supermajority vote of the Commission now is a prerequisite for the Authority to:
 - (i) increase the number of aircraft parking gates (Gates) beyond 14;
 - (ii) acquire additional land;
 - (iii) amend the voluntary nighttime curfew on scheduled air carrier operations;

⁹ The Regional Intermodal Transportation Center at the Airport doubles as Emergency Operation Center, <https://airportimprovement.com/article/new-intermodal-center-bob-hope-airport-doubles-emergency-ops-center>, accessed March 2023.

- (iv) amend the existing noise rules or alter the manner in which they have been enforced;
 - (v) expand the existing terminal or the Replacement Passenger Terminal;
 - (vi) abandon support for Congressional approval to implement a mandatory nighttime curfew; and
 - (vii) approve airport management contracts or leases in excess of 35 years.
- Replacement Passenger Terminal Project Development Agreement¹⁰ - The Development Agreement executed by the Authority and the City of Burbank for the Project became effective on February 7, 2017, and has a 20-year term. This agreement includes the following restrictions:
- (i) the Replacement Passenger Terminal building shall be located in either the northeast section or the southwest section of the Airport;
 - (ii) the total number of Gates shall not exceed the current number of 14,
 - (iii) the size of the Replacement Passenger Terminal building shall not exceed 355,000 square feet,
 - (iv) total public parking spaces (excludes employee parking spaces) shall not exceed 6,637, and
 - (v) upon the opening of the Replacement Passenger Terminal, the current passenger terminal will be closed and demolished within 12 months.

¹⁰ The Development Agreement is an agreement between the Authority and the City of Burbank that sets forth certain development terms for the Project. The Development Agreement was ratified by Burbank voters on November 8, 2016.

3. THE AIRPORT FACILITY (CAPITAL) IMPROVEMENT PROGRAM AND THE PROJECT

This chapter describes the Authority's Facility (Capital) Improvement Program (CIP) and the Project. The CIP was established by the Authority to fund the repair, maintenance, and preservation of Airport facilities as well as fund improvements to Airport facilities based on assessments of demand, growth, facility needs, financial feasibility, and other factors. The CIP is presented on a federal fiscal year (FFY) basis (October – September). For the six-year period FFY 2024 - 2029, the CIP is estimated to cost approximately \$21.9 million. The Project is considered separate from the CIP and is currently estimated to cost \$1.29 billion. The following sections describe the CIP and the Project.

3.1 AIRPORT FACILITY (CAPITAL) IMPROVEMENT PROGRAM (EXCLUDING THE PROJECT)

The Authority maintains a five-year CIP on a FFY basis ending September 30. As shown in **Table 3-1**, the current CIP includes a project cost estimate of approximately \$21.9 million for FFY 2025 through FFY 2029. Anticipated funding sources include \$13.9 million in FAA AIP, \$3.2 million in BIL-AIG, \$4.2 million in PFC, and \$0.08 million in Authority funds. The Authority does not anticipate issuing future Airport Revenue Bonds to fund the current CIP. Brief descriptions of the CIP projects are discussed below:

- **Runway 8-26 Rehabilitation** – This project rehabilitates approximately 665,000 square feet of asphalt pavement, which includes runway keel and wing pavement sections. The last major rehabilitation for this pavement section was 2016.
- **ARFF Vehicle Replacement** – This project replaces an existing ARFF vehicle purchased in 2011 that has exceeded its useful life. The existing ARFF vehicle is experiencing service and performance issues that has reduced its operational efficiency.
- **Airport Layout Plan (ALP) Update / Master Plan** – This project will prepare a comprehensive update of the ALP to ensure that elements of the Replacement Passenger Terminal that are currently displayed as future conditions are brought into existing condition status in conjunction with the opening of the Replacement Passenger Terminal. The project will also prepare an Airport Master Plan to identify and guide future airport redevelopment opportunities, including but not limited to reprogramming of the Southeast Quadrant and aged facilities in the northwest and southwest quadrants.
- **Runway 15-33 Rehabilitation** – The project rehabilitates approximately 1,000,000 square feet of asphalt pavement, which includes runway keel and wing pavement sections. The last major rehabilitation for this pavement section was 2016.
- **Vehicle Service Road Rehabilitation** – This project rehabilitates approximately 500,000 square feet of vehicle service road that excludes sections that will be addressed by the Project. The last major rehabilitation was 2006.

TABLE 3-1 FIVE-YEAR CIP (EXCLUDING THE PROJECT)

PROJECT DESCRIPTION	AIP	BIL-AIG	PFC	AUTHORITY	TOTAL
FFY 2025					
Runway 8-26 Rehabilitation		\$2,417,700	\$582,300		\$3,000,000
FFY 2026					
ARFF Truck Replacement	983,198		236,802	80,000	1,300,000
ALP Update/Master Plan		1,208,850	291,150		1,500,000
FFY 2028					
Runway 15-33 Rehabilitation	4,432,450		1,067,550		5,500,000
FFY 2029					
Vehicle Service Road Rehabilitation	8,582,835		2,067,165		10,650,000
TOTAL	\$13,998,483	\$3,626,550	\$4,244,967	\$80,000	\$21,950,000

SOURCE: Burbank-Glendale-Pasadena Airport Authority, February 2024.

3.2 THE PROJECT

The Project is a \$1.29 billion program designed to construct the 14-gate 355,000 square foot Replacement Passenger Terminal along with multiple infrastructure improvements including new roadways, a parking garage, aircraft aprons, demolition of the existing terminal and short-term parking garage, construction of GSE and cargo facilities, and other ancillary elements. The Project will be constructed with no impact to current Airport operations as the existing terminal will remain in operation until the Project is completed.

3.2.1 PROJECT DELIVERY METHOD

The FAA approved the Authority's use of a progressive design build for the Project on November 16, 2022. For more details refer to the description under "TERMINAL RELOCATION PROJECT - Project Management, Design and Construction" section in the Official Statement.

3.2.2 OVERVIEW OF THE PROJECT

On November 8, 2016, Burbank residents approved Measure B¹¹ to allow the Authority to replace the existing terminal with a replacement passenger terminal. The existing terminal is 232,000 square feet with 14 gates and has been in operation since 1930. The existing terminal is located approximately 125 feet from the centerline of an active runway which does not meet current FAA runway separation design standards. Additionally, the existing terminal does not meet current California seismic building codes and requires significant investment to remain operational. Interior spaces such as the holdrooms, concession space, and baggage make-up areas are undersized and inefficient for the Airport's current passenger activity and today's terminal design standards. In addition, the existing terminal aircraft parking apron's proximity to the runway also limits the depth of aircraft parking positions resulting in restrictions to the size and types of aircraft that can be accommodated by terminal aircraft parking positions.

The Replacement Passenger Terminal will be constructed on a 49-acre site located in the northeast section of the Airport, will not exceed 355,000 square feet, and will provide 14 aircraft gates, parking positions, and holdrooms;

¹¹ Measure B was a ballot measure in the City of Burbank special municipal election on November 8, 2016 regarding adoption of an ordinance to allow the Authority to build a 14-gate, 355,000 square foot replacement terminal and related improvements.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

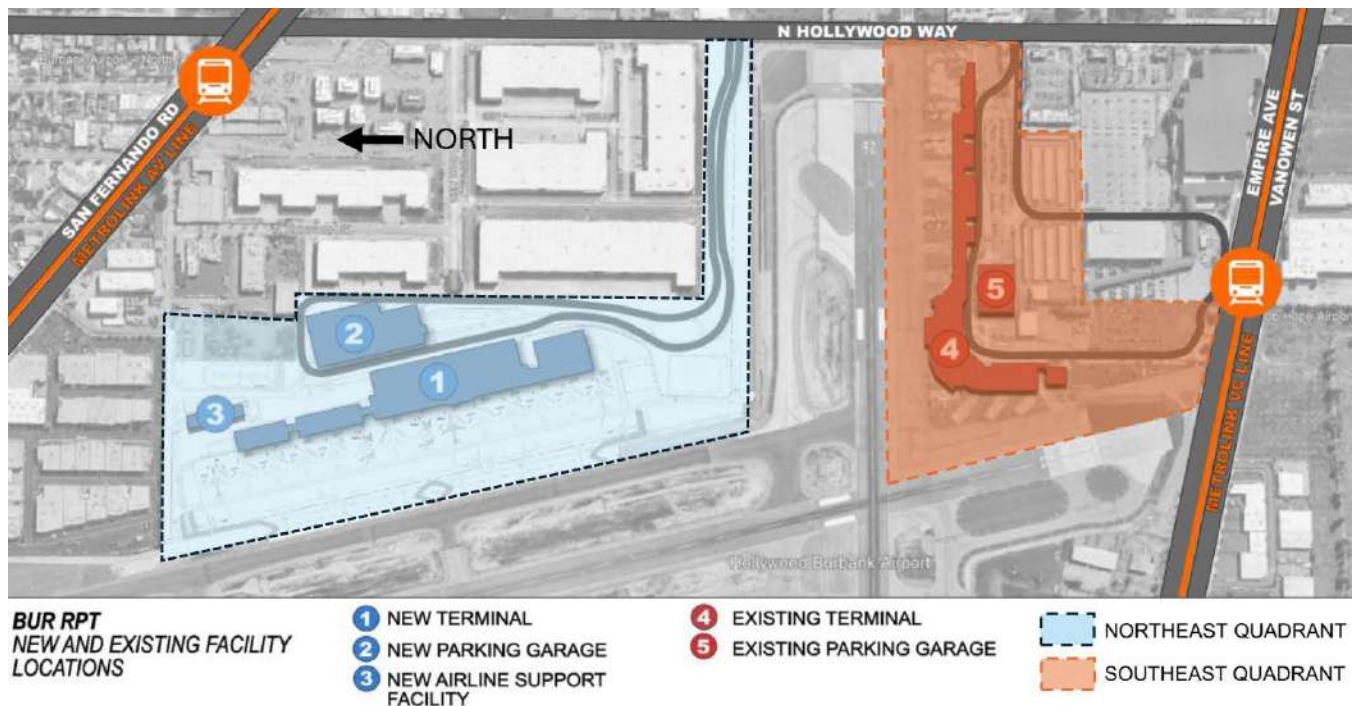
concession areas; baggage handling systems; Authority office space; airline/tenant space, TSA operations and office space; and Airport operation support space. Other airside and landside infrastructure and facilities to be constructed as part of the Project include an aircraft ramp, GSE facility, cargo facility, automobile parking structure, employee parking area, loop access road, reconfiguration of existing roads, and existing terminal and parking structure demolition (**Exhibit 3-1**).

The Project includes:

- **Northeast Quadrant** – Design phase services began in March 2023 for the Replacement Passenger Terminal and other airside and landside infrastructure improvements. Construction began in January 2024 with the anticipated opening of the Replacement Passenger Terminal on October 13, 2026.
- **Southeast Quadrant** – Within 12 months of the opening of the Replacement Passenger Terminal the existing terminal and adjacent parking structure will be demolished.

The Authority will undertake additional work in the Southeast Quadrant but, for the purpose of this Report, it will not be considered part of the Project. The Southeast Quadrant work (referred to as Phase 2) will include the construction of Taxiways A and C extension, Airfield Service Road, and Airport Operations Fence potentially beginning in Q1 2028. Completion of Phase 2 could occur by Q1 2030. Funding for Phase 2 will be determined at a future date, but the primary source of funds is expected to come from AIP grants and PFC revenue. Phase 2 is not expected to require any additional bond funding.

EXHIBIT 3-1 REPLACEMENT PASSENGER TERMINAL AND ASSOCIATED PROJECTS



SOURCE: Holder, Pankow, TEC, Joint Venture (HPTJV), March 2024.

Components of the Project are identified below.

3.2.3 REPLACEMENT PASSENGER TERMINAL

The location of the Replacement Passenger Terminal will increase safety by allowing the Airport to comply with current FAA Airport Design Standards related to runway separation and object free areas.¹²

The 14-Gate, 355,000 square foot Replacement Passenger Terminal will be a two-level facility constructed in the northeast section of the Airport. The Replacement Passenger Terminal will be approximately 53 percent or 123,000 square feet larger than the existing terminal building resulting in more spacious corridors and holdrooms, indoor baggage claim areas, concession offerings, and improved facilities for passengers with disabilities. The Replacement Passenger Terminal will be constructed in a linear configuration which will alleviate the existing two concourse configuration, provide a clear line of sight, and provide a centralized TSA passenger checkpoint and baggage screening area. The Replacement Passenger Terminal will be designed and constructed to meet California's seismic design requirements (**Exhibit 3-2**).

EXHIBIT 3-2 RENDERING OF THE REPLACEMENT PASSENGER TERMINAL



SOURCE: Holder, Pankow, TEC, Joint Venture (HPTJV), November 2023.

3.2.4 TERMINAL AIRCRAFT PARKING APRON

The Project includes the design and construction of an approximately 975,000 square foot Aircraft Parking Apron (Terminal Apron) to be located adjacent to the Replacement Passenger Terminal extending to the existing Taxiway A. The Terminal Apron will be designed to support Airplane Design Group¹³ (ADG) III aircraft with 25 feet of clearance between all 14 aircraft parking positions. The Terminal Apron will also provide a vehicle service road for GSE equipment and space for a pushout zone for aircraft to increase operational efficiency.

¹² Federal Aviation Administration, Advisory Circular 150/5300-13B.

¹³ The Airplane Design Group (ADG) is a FAA defined grouping of aircraft types which has six groups based on wingspan and tail height.

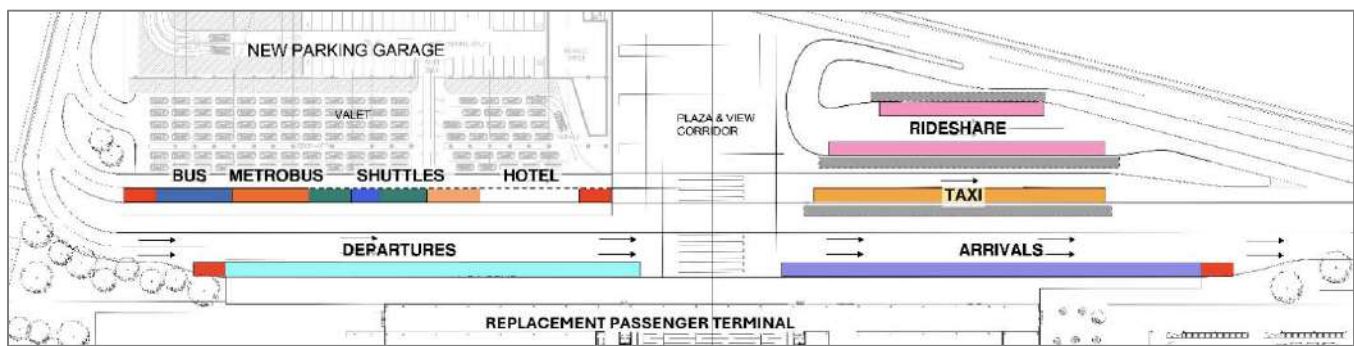
3.2.5 LANDSIDE ROADWAY CONSTRUCTION

The Project includes the design and construction of a new roadway network to serve the Replacement Passenger Terminal. As depicted on **Exhibit 3-3**, the scope of work for the roadway network phase of work includes:

- the construction of the primary entrance/access roadway which provides public access to and from the Replacement Passenger Terminal, the Winona Avenue intersection, and North Hollywood Way
- a loop roadway around the new public parking structure and Replacement Passenger Terminal
- recirculation roadways, and
- a secondary access roadway off of Cohasset Street to the employee parking area and other support facilities located on the north side of Airport property, through a service road.

The roadways adjacent to the Replacement Passenger Terminal will be configured with a series of outer and inner curbs to provide access and separation for departing and arriving passengers, hotel shuttles, Metro Buses, Authority shuttle services to train stations, TNC services, and taxi queuing areas.

EXHIBIT 3-3 VIEW OF TERMINAL AREA ROADS AND CURBS



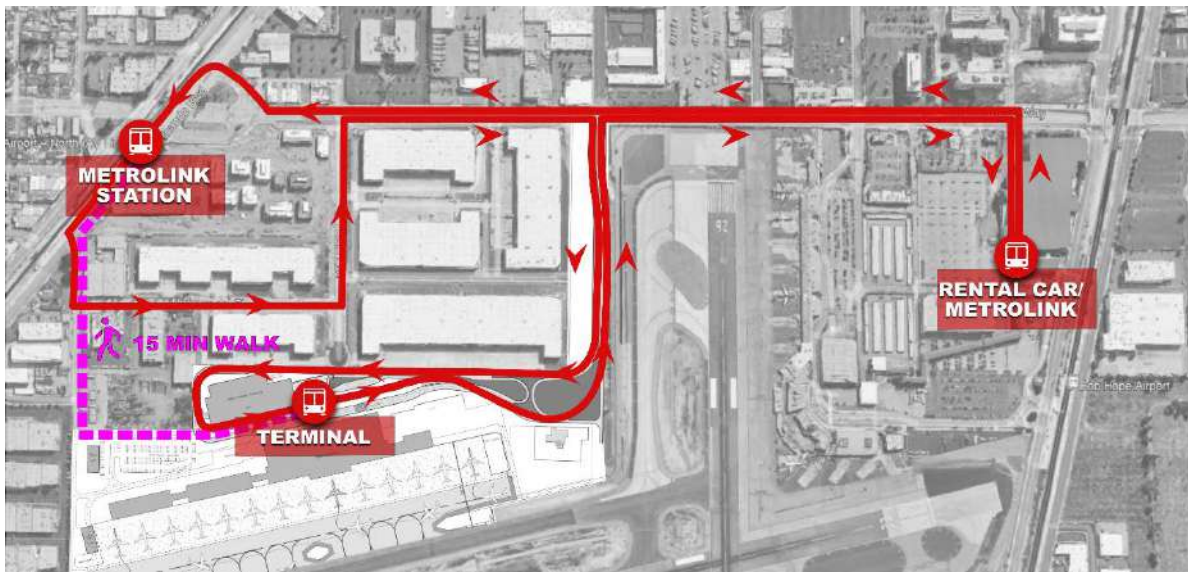
SOURCE: Holder, Pankow, TEC, Joint Venture (HPTJV), November 2023.

As per the Development Agreement with the City of Burbank and as depicted in **Exhibit 3-4**, the Authority will provide a dedicated passenger shuttle system between the Replacement Passenger Terminal entrance and the RITC, which includes the Burbank Airport Metrolink and Burbank Airport-North Stations. The anticipated frequency of these services is to be every 10 minutes during peak hours and 20 minutes during non-peak hours.

3.2.6 PUBLIC PARKING

Per the Development Agreement, the maximum number of public parking spaces is 6,637. The planning, design, and construction of the new public parking garage will incorporate a maximum of 2,010 parking stalls and will include a multi-level structure consisting of approximately 860,000 square feet of parking area. The public parking structure will be located directly across from the Replacement Passenger Terminal and will provide valet and public parking spaces as well as EV charging stations. In accordance with the Burbank Municipal Code 45 percent of the parking stalls in the garage will be EV capable. There will also be up to 4,598 parking stalls on surface parking lots in areas near the existing parking structure and RITC.

EXHIBIT 3-4 VIEW OF NEW LANDSIDE ROADWAYS AND METROLINK BUS ROUTES



SOURCE: Holder, Pankow, TEC, Joint Venture (HPTJV), November 2023.

3.2.7 COMMUNITY SUBSTATION

Burbank Water & Power (BWP) will construct a 33MVA 2-bank community substation located within an easement on the Authority's property at the intersection of Lockheed Drive and Cohasset Street. The community substation will be designed and constructed to provide approximately 17-19 mVA to support the Replacement Passenger Terminal, parking facilities, GSE and cargo facilities. Power to other areas of the Airport will be provided through different substations. The Authority is expected to consume approximately 65 percent of the capacity, with the community portion being the remaining 35 percent. The community substation will be constructed and maintained by BWP through an agreement with the Authority pending negotiations. The Project budget includes a \$50 million allowance from the Authority as a contribution to construction of the substation¹⁴. Until the new community substation is completed in 2028, BWP will provide sufficient temporary power from a site adjacent to the proposed community substation site.

3.2.8 TERMINAL DEMOLITION

Demolition of the existing terminal building and public parking structure will commence once the Replacement Passenger Terminal is open. In accordance with the Development Agreement, these facilities will need to be demolished within 12 months of the opening of the Replacement Passenger Terminal. For Phase 2 (not part of the Project, see Section 3.1), Taxiways C and D and vehicle service road will be extended in the vacated area.

¹⁴ The \$50 million is allocated among the Replacement Passenger Terminal, parking structure, and GSE/Cargo building based on each component's power load capacity.

3.3 TAXIWAY A AND C EXTENSIONS (PHASE 2)

Phase 2 includes the design and construction of Taxiways A and C. Taxiway A is parallel to departure Runway 15-33. Taxiway A will be extended south of Runway 8-26 to Runway end 33 in the current footprint of the terminal. Taxiway C is parallel to arrivals Runway 8-26. Taxiway C will be extended east of Runway 15-33 in the current footprint of the terminal. A new vehicle service road will also be constructed adjacent to new Taxiways A and C. Construction of the vehicle service road will require reconfiguration of the existing Parking Lot E, Valet Parking area, and the realignment of Avenue A.

4. DEMOGRAPHIC AND ECONOMIC ANALYSIS

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport, commonly referred to as an airport's air trade area (Air Trade Area). This section¹⁵ profiles the regional economy surrounding the Airport, including current conditions and trends. Data in this chapter indicate that the Airport's Air Trade Area has an economic base capable of supporting increased airline traffic demand through the Projection Period.

4.1 THE AIR TRADE AREA

The borders of an airport's air trade area are influenced by such factors as the location of other metropolitan areas and their associated airport facilities. For purposes of this Report, the Air Trade Area for the Airport consists of Los Angeles County and Ventura County. **Exhibit 4-1** depicts the Air Trade Area's geographical location in California and also illustrates the location of the Airport relative to alternative commercial service airports: Los Angeles International Airport (located approximately 30 miles by vehicle from the Airport), Long Beach Airport (located approximately 40 miles by vehicle from the Airport), John Wayne Airport (located in Orange County and approximately 50 miles by vehicle from the Airport), and Ontario International Airport (located in San Bernardino County and approximately 50 miles by vehicle from the Airport).

4.2 TRI-CITIES, SAN FERNANDO VALLEY AND VENTURA COUNTY

The Airport's proximity to the Tri-Cities (Burbank, Glendale, and Pasadena), San Fernando Valley,¹⁶ and Ventura County allows it to serve as a convenient gateway to important economic sub-regions with over 160,000 businesses as well as strengths in entertainment, bioscience, and aerospace.¹⁷ Major employers in the Tri-Cities, San Fernando Valley, and Ventura County are shown in **Table 4-1**. These companies represent a diverse range of industries such as entertainment, bioscience, aerospace, health care, insurance, and finance.

The entertainment industry has been a significant economic sector in the Tri-Cities and San Fernando Valley since the early days of film making in the United States. Known as the "Valley of the Stars,"¹⁸ the sub-region is a center of motion picture and television production, and corporate headquarters located here include The Walt Disney Company, Warner Bros. Entertainment, Universal Studios, and DreamWorks Animation. In addition, ABC, CBS, NBCUniversal, Netflix Animation, Nickelodeon Animation Studio, and several cable networks have major facilities in the Tri-Cities and San Fernando Valley. These companies support a network of allied firms in the sub-region and employ an extensive workforce of creative and highly compensated professionals.

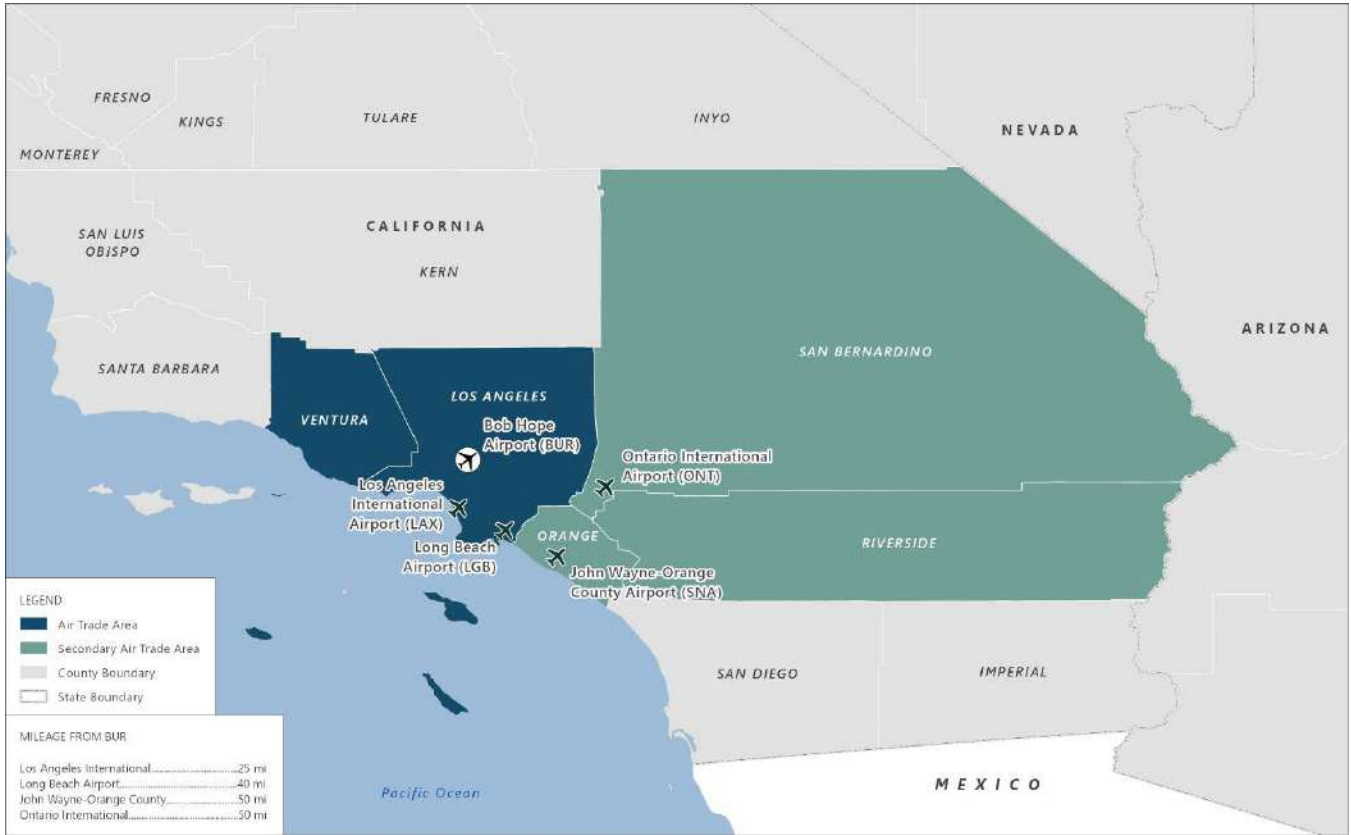
¹⁵ This section was prepared by Partners for Economic Solutions, a consulting firm based in Washington, D.C. that specializes in regional economic analysis.

¹⁶ Approximately 80 percent of San Fernando Valley's population is located within the City of Los Angeles; San Fernando Valley, Los Angeles County Economic Development Corporation, <https://ladec.org/thrive-in-la/regions-cities/san-fernando-valley>, accessed February 2024.

¹⁷ Our Mission: Building Thriving Communities that Work, The Valley Economic Alliance, <https://www.thevalley.net/about-us>, accessed February 2024.

¹⁸ Valley of the Stars: Reaching New Heights, The Valley Economic Alliance, <https://thevalley.net/valley-of-the-stars-reaching-new-heights>, accessed February 2024.

EXHIBIT 4-1 AIR TRADE AREA



SOURCES: Esri, HERE, Garmin, FAO, NOAA, USGS, OpenStreetMap contributors, and the GIS User Community, June 2023 (basemap); California Department of Forestry and Fire Protection, June 2022 (county boundaries); Federal Aviation Administration, June 2023 (airports), Ricondo & Associates, Inc. November 2023.

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TABLE 4-1 MAJOR EMPLOYERS IN THE TRI-CITIES, SAN FERNANDO VALLEY AND VENTURA COUNTY (2023)

COMPANY	INDUSTRY	LOCATION	LOCAL EMPLOYEES
The Walt Disney Company (53) ¹	Entertainment	Burbank	12,200
NBCUniversal	Entertainment	Universal City	11,000
Amgen (140)	Pharmaceuticals	Thousand Oaks	5,575
NASA Jet Propulsion Laboratory ²	Research Institute	Pasadena	5,025
Bank of America	Finance	Pasadena	4,300
Warner Bros. Entertainment	Entertainment	Burbank	4,120
Medtronic Diabetes	Bioscience	Northridge	4,000
Centene Corp.	Health Care	Woodland Hills	3,000
Farmers Insurance Exchange (264)	Insurance	Woodland Hills	2,860
Countrywide Home Loans	Finance	Glendale	1,625
Abbott Laboratories	Bioscience	Sylmar	1,500
Glenair Inc.	Aerospace	Glendale	1,450
Dreamworks Animation	Entertainment	Glendale	1,200
ABC Inc.	Entertainment	Burbank	1,160
Alecto Healthcare Services	Health Care	Glendale	900
Deluxe Shared Services	Video Content Distribution	Burbank	625
Nickelodeon Animation	Entertainment	Burbank	600
Langham Huntington Hotel	Hospitality	Pasadena	590
Entertainment Partners	Finance	Burbank	585
Western Asset Management	Finance	Pasadena	555

NOTES:

Excludes retail companies, hospitals, utilities, school districts, educational institutions, and government.

1 Indicates Air Trade Area Fortune 1000 headquarters company ranking.

2 In February 2024, NASA Jet Propulsion Laboratory announced layoffs of 530 employees and 40 contractors.

SOURCES: Largest Private-Sector Employers, *Los Angeles Business Journal*, August 2022 and August 2023; City of Burbank, Annual Financial Report Year Ending June 30th 2022, <https://www.burbankca.gov/web/financial-services/accounting>; City of Glendale, Annual Comprehensive Financial Report, Year Ended June 2023, <https://www.glendaleca.gov/government/departments/finance/accounting/annual-comprehensive-financial-report>; City of Pasadena, 2022 Annual Comprehensive Financial Report and 2023 Annual Comprehensive Financial Report, <https://www.cityofpasadena.net/finance/financial-statements/#annual-comprehensive-financial-report>; County of Ventura Annual Comprehensive Financial Report 2022, <https://www.ventura.org/auditor-controllers-office/financial-reports/annual-comprehensive-financial-report-2022>; Fortune 500, <https://fortune.com/fortune500>, "JPL to Lay Off 8% of Workforce," 6 February 2024, Space News, <https://spacenews.com/jpl-to-lay-off-8-of-workforce>, accessed February 2024.

The Tri-Cities and San Fernando Valley played a significant role in the development of the aerospace and defense industries in the US, and these two sectors remain large employers in the sub-region. Industry leaders include Northrop Grumman Mission Systems, Aerojet/Rocketdyne, Glenair Inc., and Crane Aerospace & Electronics. With 5,025 employees in Pasadena, NASA's Jet Propulsion Laboratory is the United States' primary space research facility. These employers and their many suppliers provide jobs to thousands of skilled engineers and designers in the sub-region.

Bioscience, pharmaceutical, and health care companies that are significant employers in the Tri-Cities, San Fernando Valley, and Ventura County include Amgen, Medtronics Diabetes, Centene, and Abbott Laboratories. The Tri-Cities regional job base is also supported by finance and insurance firms such as Bank of America, East West Bancorp, and Farmers Insurance Exchange.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

Public and private universities and colleges, as well as community colleges, also have a significant presence in the Tri-Cities, San Fernando Valley, and Ventura County. From the California Institute of Technology (Pasadena) and California State University Northridge, to Glendale Community College, Pasadena City College, Oxnard College, Ventura College, California Institute of the Arts, and Los Angeles Pierce College (Woodland Hills), these institutions provide a skilled technical and professional workforce to companies in the sub-region as well as the Air Trade Area.

The Airport's proximity to the Tri-Cities, San Fernando Valley, and Ventura County provides business and leisure travelers with outstanding access to this important economic sub-region.

4.3 DEMOGRAPHIC ANALYSIS

Data for population growth, age distribution, educational attainment and income for the Air Trade Area are discussed below in this section. Parallel data for the Tri-Cities,¹⁹ California, and the United States are also shown to provide a basis of comparison for trends in the Air Trade Area.

4.3.1 POPULATION

With a population of approximately 10.6 million in 2023, the Air Trade Area is among the largest population centers in the United States. Data in **Table 4-2** show that the Air Trade Area's population is greater than that of major metropolitan regions including Washington D.C., Chicago, the San Francisco Bay Area, Boston, and Dallas.

TABLE 4-2 LARGEST METROPOLITAN REGIONS IN THE UNITED STATES (2023)

METROPOLITAN REGION	POPULATION
New York-Newark CSA ¹	23,288,666
Los Angeles CSA ²	18,614,942
Air Trade Area	10,591,341
Washington-Baltimore-Arlington CSA	10,033,233
Chicago-Naperville CSA	9,904,252
San Jose-San Francisco-Oakland CSA	9,615,087
Boston-Worcester-Providence CSA	8,461,820
Dallas-Fort Worth CSA	8,372,691
Houston-The Woodlands CSA	7,503,557
Philadelphia-Reading-Camden CSA	7,394,902

NOTES:

1 CSA - Combined Statistical Area.

2 Los Angeles CSA is made up of Los Angeles County, Orange County, San Bernardino County, Riverside County, and Ventura County. The Los Angeles CSA includes the Air Trade Area.

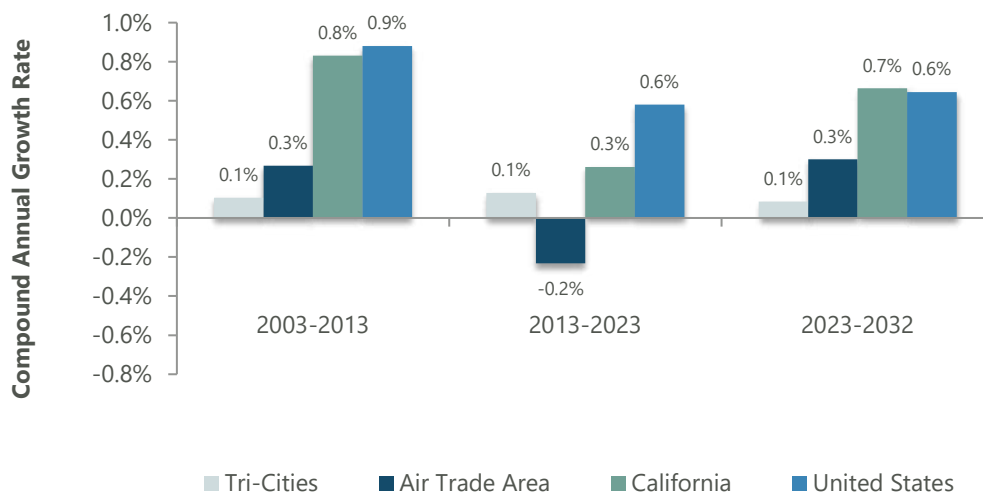
SOURCE: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), June 2023.

The Tri-Cities of Burbank, Glendale, and Pasadena account for 4.2 percent of the Air Trade Area's population. The population of the Tri-Cities grew from over 434,000 in 2013 to over 440,000 residents in 2023, reflecting a compounded annual growth rate (CAGR) of 0.1 percent over the ten-year period. (See **Table 4-3**.)

¹⁹ Tri-Cities are defined as the cities of Burbank, Glendale, and Pasadena.

TABLE 4-3 HISTORICAL AND PROJECTED POPULATION (2003–2032)

AREA	HISTORICAL			PROJECTED
	2003	2013	2023	2032
Tri-Cities ¹	430,222	434,718	440,292	443,604
Air Trade Area	10,555,215	10,840,252	10,591,341	10,881,415
<i>Los Angeles County</i>	9,767,145	10,001,946	9,754,857	10,009,206
<i>Ventura County</i>	788,070	838,306	836,484	872,209
California	35,253,159	38,293,843	39,304,901	41,716,776
United States	290,107,903	316,668,273	335,546,979	355,532,044



NOTE:

¹ Tri-Cities is defined as the cities of Burbank, Glendale, and Pasadena.

SOURCES: Tri-Cities Market Profile, Esri, June 2022 and June 2023; Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), June 2023.

Data in Table 4-3 show that the Air Trade Area’s population declined between 2013 and 2023 but is expected to grow slowly between 2023 and 2032. High population and employment densities, along with proximity to less expensive nearby communities, are likely to contribute to slower projected population growth for some regions in California, including the Air Trade Area.²⁰

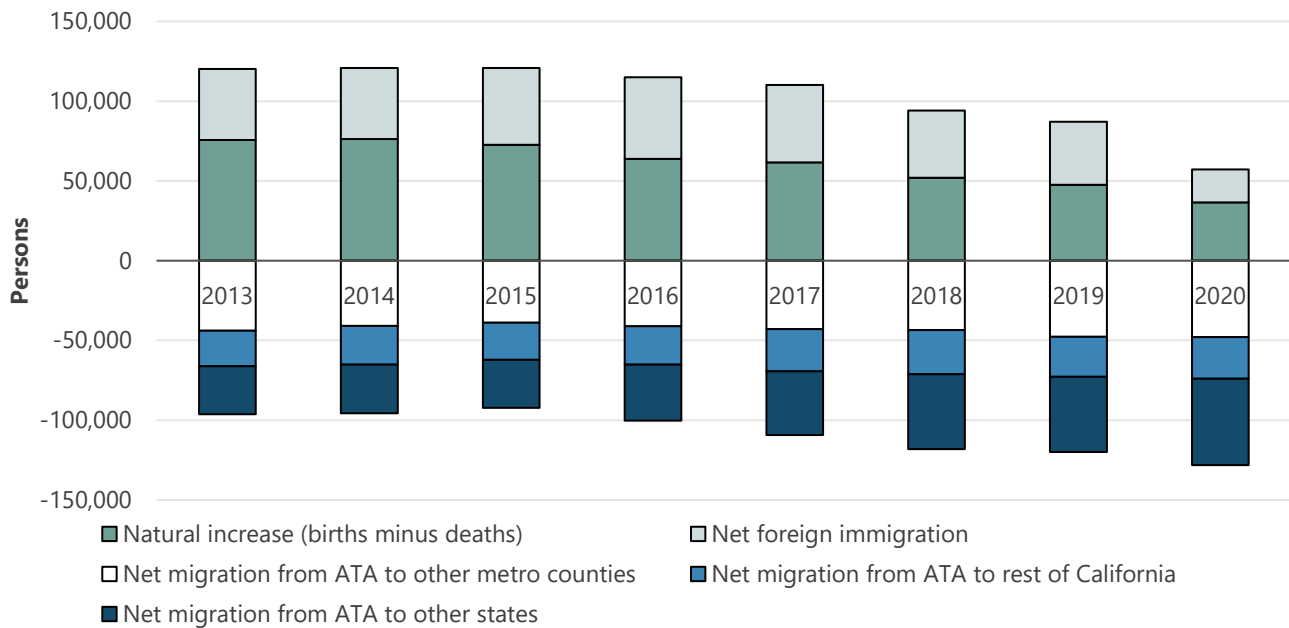
The Air Trade Area population projection for the period 2023 to 2032 reflects a CAGR of 0.3 percent, lower than the rate projected for both California (0.7 percent) and the United States (0.6 percent). The projected increase of approximately 290,000 new residents in the Air Trade Area between 2023 and 2032 is expected to generate additional demand for airline service at the Airport.

²⁰ West Outlook, 2023 Complete Economic and Demographic Data Source (CEDDS) Technical Documentation, Woods & Poole Economics, Inc., June 2023.

4.3.2 COMPONENTS OF AIR TRADE AREA POPULATION CHANGE (2013-2020)

Data in Table 4-3 show that from 2013 to 2023, the net decrease in the population of the Air Trade Area was approximately 24,900 persons per year. **Exhibit 4-2** indicates that factors contributing to the decline in the Air Trade Area’s population from 2013 to 2020 (latest data available) included an aging population²¹ and restrictive federal immigration policies.

EXHIBIT 4-2 COMPONENTS OF AIR TRADE AREA POPULATION CHANGE (2013-2020)



NOTES:

Other metro counties are defined as Orange County, Riverside County, and San Bernardino County.

State Department of California Department of Finance domestic and foreign migration figures are based on administrative data such as federal immigration reports, IRS tax return data, driver’s license address changes, Medicare and Medi-Cal enrollment, and elementary school enrollments.

SOURCES: State of California, Department of Finance, E-6. Population Estimates and Components of Change by County, July 1, 2010-2021, December 2021; US Census Bureau, County-to-County Migration Flows: 2009-2013, 2010-2014, 2011-2015, 2012-2016, 2013-2017, 2014-2018, 2015-2019, 2016-2020 American Community Survey 5-Year Estimates, June 2023.

Exhibit 4-2 shows that from 2013 to 2016, population gains in the Air Trade Area from natural increase and net foreign immigration were greater than the Air Trade Area’s combined net migration to other Los Angeles metro counties,²² the rest of California, and to other states. Subsequently, annual natural increase in the Air Trade Area declined from approximately 76,300 in 2014 to 36,600 in 2020. The aging of the Air Trade Area’s population contributed to the decline in annual births from approximately 141,200 in 2013 to 112,100 in 2020, as well as to an increase in annual deaths from approximately 65,500 in 2013 to 75,500 in 2020.

While annual net foreign immigration to the Air Trade Area increased from approximately 41,600 in 2012 to 51,300

²¹ Residents of the Air Trade Area aged 65 and above increased from 11.9 percent of the population in 2013 to 15.9 percent of the population in 2023.

²² Other metro counties are defined as Orange County, Riverside County, and San Bernardino County.

in 2016, it declined to approximately 39,500 in 2019, partly because of more restrictive federal immigration policies.²³

Exhibit 4-2 shows that, domestically, most persons moving out of the Air Trade Area from 2013 to 2020 relocated to other Los Angeles metro counties or within California. Persons moving to other metro counties or the rest of California composed an average of 64 percent of the Air Trade Area's net migration from 2013 to 2020 while net migration to other states accounted for 36 percent of persons relocating out of the Air Trade Area.

4.3.3 AGE DISTRIBUTION AND EDUCATION

Table 4-4 presents 2023 age data for the Tri-Cities, Air Trade Area, California, and the United States. In 2023, the median age in the Air Trade Area was 36.7 years, compared to 37.0 years in California, and 39.1 years in the United States. In the Tri-Cities, the median age was significantly older at 41.4 years.

In 2023, residents in the Air Trade Area aged 35 to 54 made up 27.1 percent of the population, compared with 26.1 percent of the population in California, and 25.0 percent in the United States. Residents aged 35 to 54 made up 27.8 percent of the population in the Tri-Cities in 2023. Typically, this has been the age group that generates the most expenditures on airline fares and it makes up a higher percentage of the population in the Air Trade Area and Tri-Cities compared to California and the United States.²⁴

The Air Trade Area is home to a large number of highly educated adults. Data in Table 4-4 show that in 2023, 44.8 percent of the Air Trade Area population over the age of 25 had a post-secondary degree (associate, bachelor's, graduate or professional). This percentage was lower compared to California (46.4 percent) and the United States (45.7 percent). Educational attainment of Tri-Cities residents exceeded that of the Air Trade Area: 58.9 percent of the Tri-Cities population over the age of 25 had a post-secondary degree (associate, bachelor's, graduate or professional) in 2023.

Approximately 1.8 million residents of the Air Trade Area over the age of 25 are college graduates, of whom 956,000 hold a masters, doctorate, or professional degree.

In addition to having a large number of college graduates, the Air Trade Area is also home to 54 colleges and universities with total enrollment of approximately 656,000 students.²⁵ These educational institutions generate demand for airline service through academic meetings and conferences, visiting professorships, study abroad programs, and individual student and faculty travel.

4.3.4 PER CAPITA PERSONAL INCOME

Another key indicator of a region's demand for airline travel is per capita personal income.²⁶ Per capita personal income indicates the relative affluence of a region's residents, as well as their ability to afford airline travel. It can also be an indicator of an area's attractiveness to business and leisure travelers. Regions with higher per capita personal income often have stronger business connections to the rest of the nation, as well as a more developed market for tourism.

²³ California State Department of Finance domestic and foreign migration figures are based on administrative data such as federal immigration reports, IRS tax return data, driver's license address changes, Medicare and Medi-Cal enrollment, and elementary school enrollments.

²⁴ *Who's Buying for Travel*, 12th Edition, New Strategist Publications, 2018.

²⁵ National Center for Education Statistics, <https://nces.ed.gov>, accessed February 2024.

²⁶ Per capita personal income is the sum of wages and salaries, other labor income, proprietors' income, rental income, dividend income, personal interest income, and transfer payments, less personal contributions for government social insurance, divided by the region's population.

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TABLE 4-4 AGE DISTRIBUTION AND EDUCATIONAL ATTAINMENT (2023)

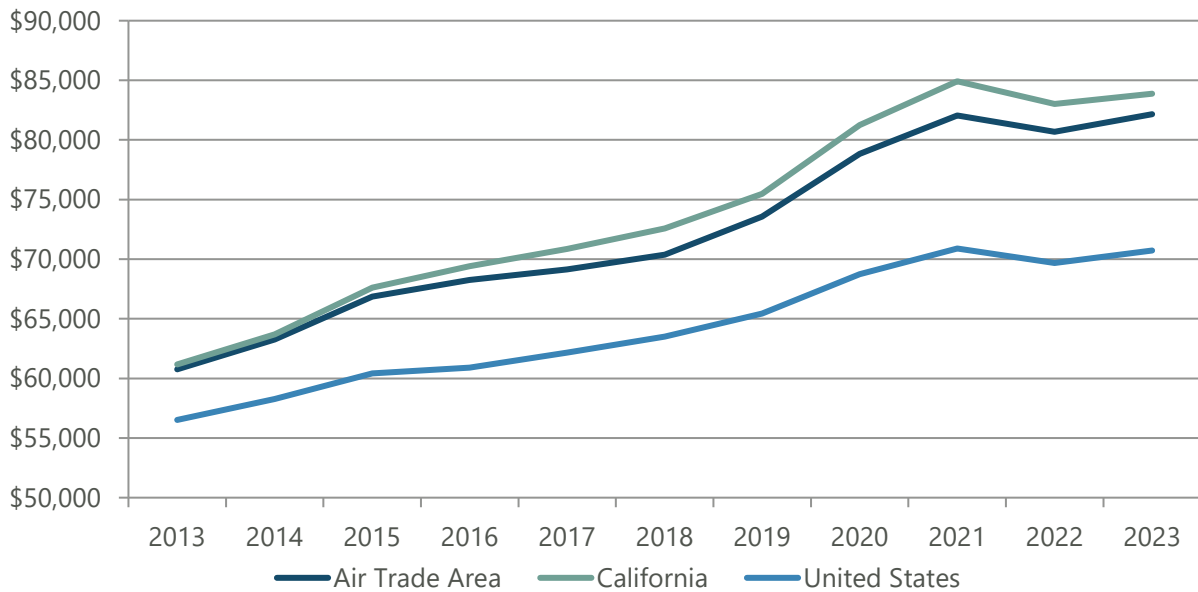
AGE DISTRIBUTION	TRI-CITIES	AIR TRADE AREA	CALIFORNIA	UNITED STATES
Total Population	440,292	10,591,341	39,304,901	335,546,979
<i>By Age Group</i>				
19 and Under	19.7%	23.1%	24.4%	24.3%
20 to 24 Years	5.5%	6.4%	6.6%	6.5%
25 to 34 Years	15.1%	15.5%	14.9%	13.8%
35 to 44 Years	14.8%	14.3%	13.9%	13.1%
45 to 54 Years	13.0%	12.8%	12.2%	11.9%
55 to 64 Years	13.1%	12.0%	11.7%	12.3%
65 and Above	18.8%	15.9%	16.3%	18.1%
Total	100.0%	100.0%	100.0%	100.0%
Median Age	41.4 years	36.7 years	37.0 years	39.1 years
EDUCATIONAL ATTAINMENT	TRI-CITIES	AIR TRADE AREA	CALIFORNIA	UNITED STATES
Population 25 years and over	329,338	7,466,895	27,120,382	232,198,509
<i>By Highest Level Achieved</i>				
Less than 9th Grade	5.2%	10.1%	7.7%	4.1%
9th–12th Grade, No Diploma	3.5%	7.2%	6.4%	5.5%
High School Graduate	16.9%	19.4%	19.0%	22.9%
GED/Alternative Credential	1.2%	2.1%	2.6%	4.1%
Some College, No Degree	14.3%	16.4%	17.9%	17.7%
Post-Secondary Degree	58.9%	44.8%	46.4%	45.7%
<i>Associate's Degree</i>	9.4%	7.8%	8.5%	9.5%
<i>Bachelor's Degree</i>	30.6%	24.2%	23.7%	22.3%
<i>Master's, PhD, or Professional Degree</i>	18.9%	12.8%	14.2%	13.9%
Total	100.0%	100.0%	100.0%	100.0%

SOURCES: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), June 2023; Tri-Cities Market Profile, Air Trade Area Market Profile, California Market Profile, and US Market Profile, Esri, June 2023.

Exhibit 4-3 presents historical per capita personal income for 2013 through 2023 for the Air Trade Area, California, and the United States. As shown, between 2013 and 2023, per capita personal income in the Air Trade Area generally was within two to three percentage points of California's per capita personal income. However, both the Air Trade Area and California historically had per capita personal income significantly above that of the United States—on average 13 percent higher between 2013 and 2023.

Per capita personal income for the Air Trade Area increased at a CAGR of 3.8 percent between 2013 and 2021, below the rate in California (4.2 percent) but higher than the United States rate (2.9 percent) during the same period. Between 2021 and 2022, during the COVID-19 pandemic, per capita personal income declined in the Air Trade Area (-1.7 percent), California (-2.2 percent), and the US (-1.7 percent). During the subsequent economic recovery, per capita personal income increased by 1.8 percent in the Air Trade Area, 1.0 percent in California, and 1.5 percent in the US between 2022 and 2023.

EXHIBIT 4-3 PER CAPITA PERSONAL INCOME (2013–2023)



ANNUAL PER CAPITA PERSONAL INCOME GROWTH	AIR TRADE AREA	CALIFORNIA	UNITED STATES
2013-2021	3.8%	4.2%	2.9%
2021-2022	-1.7%	-2.2%	-1.7%
2022-2023	1.8%	1.0%	1.5%
2013-2023	3.1%	3.2%	2.3%
2023-2032 (Projected)	1.7%	1.4%	1.6%

NOTE:

Amounts are in 2023 dollars.

SOURCE: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), June 2023.

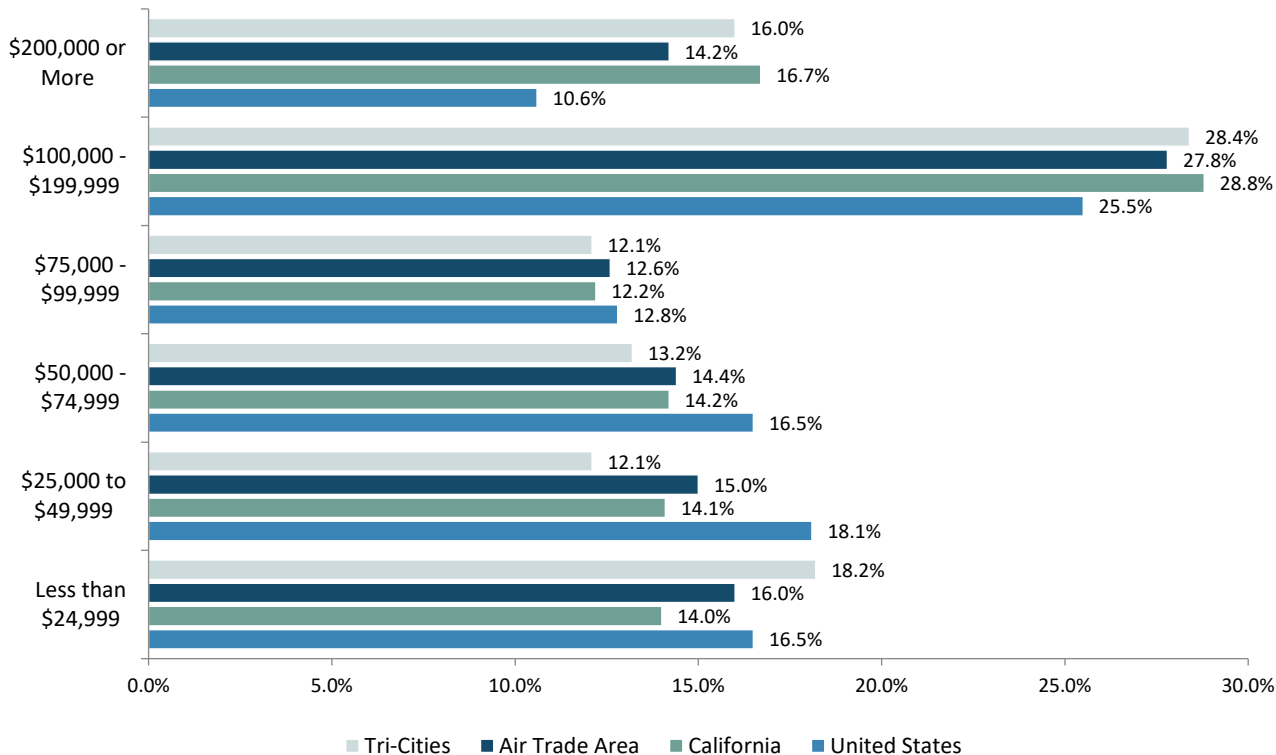
Exhibit 4-3 shows that projected per capita personal income in the Air Trade Area is expected to increase at a CAGR of 1.7 percent, from \$82,157 in 2023 to \$95,519 in 2032.²⁷ The projected growth rate for per capita personal income in the Air Trade Area (1.7 percent) is higher than that of both California (1.4 percent) and the US (1.6 percent) between 2023 and 2032.

²⁷ Amounts are in 2023 dollars.

4.3.5 HOUSEHOLD INCOME DISTRIBUTION AND MEDIAN HOUSEHOLD INCOME

Exhibit 4-4 shows household income distribution in the Tri-Cities, Air Trade Area, California, and the United States in 2023. The Air Trade Area’s median household income of \$82,705 was 7.5 percent lower than that of California (\$89,455) and 13.9 percent higher than that of the United States (\$72,603). Median household income in 2023 in the Tri-Cities (\$86,822) was 2.9 percent lower than California’s and 19.6 percent higher than in the United States.

EXHIBIT 4-4 HOUSEHOLD INCOME DISTRIBUTION (2023)



NOTE:

Amounts are in 2023 dollars.

SOURCES: Tri-Cities Market Profile, Air Trade Area Market Profile, California Market Profile, and US Market Profile, Esri, June 2023.

4.3.5.1 HOUSEHOLDS WITH INCOME OF \$100,000 AND ABOVE

The percentage of higher-income households (defined as those earning \$100,000 or more annually) within the Air Trade Area is another key indicator of potential demand for airline travel. With approximately 1,557,000 households (42.0 percent of all households) earning \$100,000 or more in 2023, the Air Trade Area is among the wealthiest markets in the United States. In the Tri-Cities, 44.4 percent of households earned more than \$100,000 per year in 2023.

4.3.5.2 AIR TRADE AREA HOUSEHOLD SPENDING ON AIRLINE FARES

According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, and Economic Census data from the U.S. Census Bureau, households in the Air Trade Area spend a significantly higher amount on airline fares compared to US households overall.

Average annual household spending on airline fares in the Air Trade area is estimated at \$575. This is 23 percent higher than average household spending in the US (\$466). In the Tri-Cities, households spend an average of \$588 per year on airline fares, an amount that is 26 percent higher than the in the US.²⁸

4.4 ECONOMIC ANALYSIS

Data for gross domestic/regional product, employment trends, employers, and industry sectors are discussed below and are presented in this section. Where available, parallel data for California and the United States are shown to provide a basis of comparison for trends in the Air Trade Area.

4.4.1 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCT

Per capita gross domestic product (GDP; US-level data) and per capita gross regional product (GRP; state- and county-level data) are measures of the market value of all final goods and services produced within a defined geographic area, divided by the total population of the area. These indicators are broad measures of the economic health of a particular area and, consequently, of the area's potential demand for airline travel.

Exhibit 4-5 presents historical per capita GRP data for the Air Trade Area and California, as well as per capita GDP data for the United States for 2013 to 2023. The Air Trade Area's per capita GRP increased from \$75,133 in 2013 to \$89,526 in 2019²⁹. In 2020, as a result of the COVID-19 pandemic, per capita gross regional/domestic product declined in the Air Trade Area (-4.6 percent), California (-1.7 percent), and the US (-3.0 percent). During the subsequent economic recovery, per capita gross regional/domestic product increased at an annual rate of 5.0 percent in the Air Trade Area, 3.7 percent in California, and 3.4 percent in the US between 2020 and 2023.

Per capita GRP for the Air Trade Area is projected to increase from \$98,925 in 2023 to \$114,483 in 2032. This increase represents a CAGR of 1.6 percent for the Air Trade Area, above the rate in both California and the United States (1.3 percent).

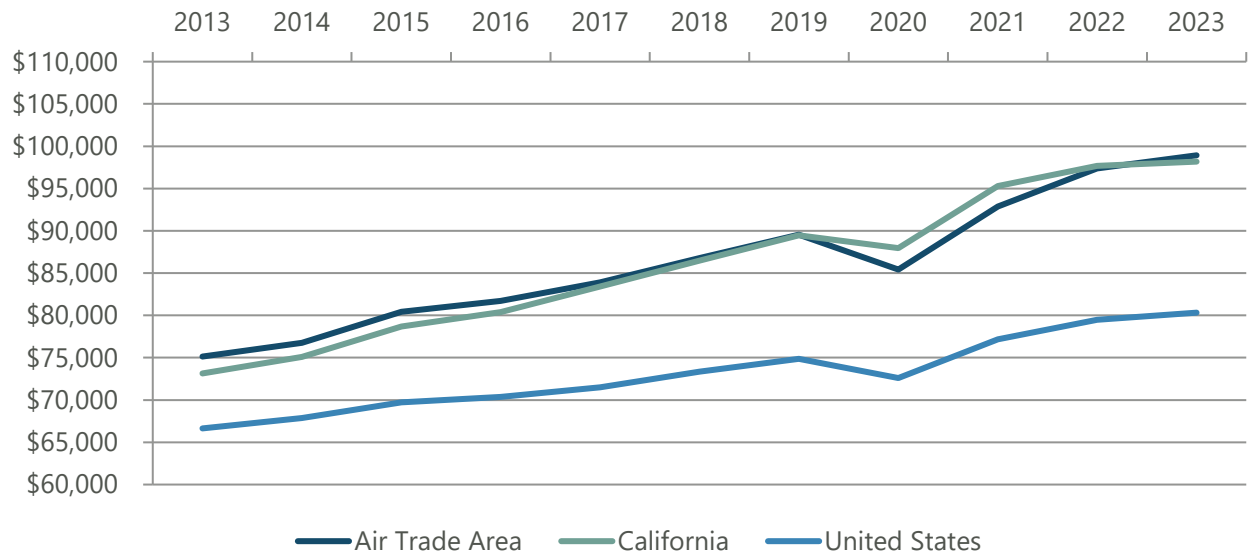
4.4.2 EMPLOYMENT TRENDS

Exhibit 4-6 shows that the annual unemployment rate in the Air Trade Area was higher than that of the United States in all years from 2013 through 2023. The annual unemployment rate in the Air Trade Area was higher than in California from 2013 through 2015 and from 2018 through 2021. It was slightly lower than California's rate in 2016 and was equal to the California rate in 2017. The Air Trade Area's annual unemployment rate increased from 4.4 percent in 2019 to 12.0 percent in 2020 as a result of the COVID-19 pandemic. Over the same time period, California's annual unemployment rate rose from 4.1 percent to 10.2 percent, and the annual unemployment rate in the US increased from 3.7 percent to 8.1 percent. By 2022, following the reopening of the economy, the annual unemployment rate declined in the Air Trade Area to 4.8 percent, and to 4.2 percent in California and 3.6 percent in the US.

²⁸ Retail Demand Outlook reports for Tri-Cities, Air Trade Area and US, Esri, October 2023.

²⁹ Amounts are in 2023 dollars.

EXHIBIT 4-5 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCTS (2013–2023)



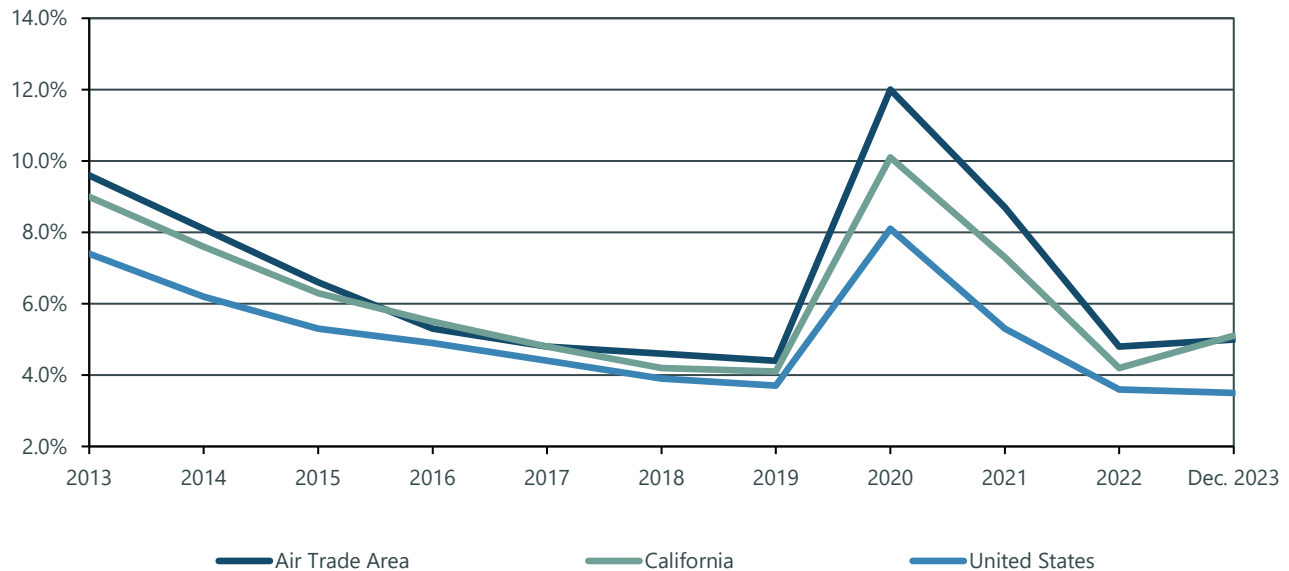
ANNUAL PER CAPITA GDP/GRP GROWTH	AIR TRADE AREA	CALIFORNIA	UNITED STATES
2013-2019	3.0%	3.4%	2.0%
2019-2020	-4.6%	-1.7%	-3.0%
2020-2023	5.0%	3.7%	3.4%
2013-2023	2.8%	3.0%	1.9%
2023-2032 (Projected)	1.6%	1.3%	1.3%

NOTE:

Amounts are in 2023 dollars.

SOURCE: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), June 2023.

EXHIBIT 4-6 UNEMPLOYMENT RATE (2013–DECEMBER 2023)



NOTE:

December 2023 data are not seasonally adjusted. In December 2023, the seasonally adjusted unemployment rate was 5.1 percent in California and 3.7 percent in the US. Seasonally adjusted unemployment data are not available for the Air Trade Area.

SOURCE: US Department of Labor, Bureau of Labor Statistics, February 2024.

The higher rate of unemployment in the Air Trade Area compared to California and the US may be explained by factors that generally contribute to persistent unemployment in some regions. These include: job seekers who face difficulties finding suitable employment among the available job opportunities; mismatches between the needs of employers and the skills and location of the unemployed; and the possible erosion of skills among the long-term unemployed. In addition, employers may interpret long-term unemployment as an indicator of lower worker quality and therefore may not consider hiring job applicants who have been unemployed for a long time.³⁰

In December 2023 (latest data available), the unemployment rate in the Air Trade Area was 5.0 percent (non-seasonally adjusted);³¹ this was higher than the non-seasonally adjusted unemployment rate in California (5.1 percent) and the United States (3.5 percent).³²

³⁰ "The Importance of Addressing Long-Term Unemployment for Economic Recovery," 15 August 2021, Center for Workforce and Economic Opportunities, Federal Reserve Bank of Atlanta, <https://www.atlantafed.org/cweo/workforce-currents/2021/08/05/the-importance-of-addressing-long-term-unemployment-for-economic-recovery>; An Analysis of Long-Term Unemployment, *Monthly Labor Review*, July 2016, U.S. Bureau of Labor Statistics, <https://www.bls.gov/opub/mlr/2016/article/an-analysis-of-long-term-unemployment.htm>; Understanding and Responding to Persistently High Unemployment: A CBO Study, February 2012, Congressional Budget Office, <https://www.cbo.gov/publication/42989>, accessed February 2024.

³¹ Monthly unemployment data published for the Air Trade Area are not seasonally adjusted.

³² In December 2023, the seasonally adjusted unemployment rate was 5.1 percent in California and 3.7 percent in the United States.

4.4.3 BUSINESS CLIMATE

The Air Trade Area accounts for 27 percent of California's gross regional product and is one of the largest economic sub-regions in the state.³³ If the Air Trade Area were measured as a country, it would be the 20th largest economy in the world, between Switzerland and Saudi Arabia.³⁴

The Air Trade Area's business climate is supported by economic development initiatives from organizations such as the Los Angeles Economic Development Commission (LAEDC), the Economic Development Collaborative-Ventura County (EDC-VC), Ventura County Economic Development Association (VCEDA), and the Valley Economic Alliance. These groups focus on workforce development, loans and financial assistance to local businesses, business tax incentives, small business development, and site selection assistance for new or expanding companies.

The Los Angeles Area Chamber of Commerce and over 90 additional chambers³⁵ in the Air Trade Area also support the region's small businesses through advocacy, export assistance, professional development programs, and referral networks.

4.4.4 MAJOR EMPLOYERS AND FORTUNE 1000 HEADQUARTERS

A list of the 25 largest employers in the Air Trade Area is presented in **Table 4-5**. In addition to providing an important source of local employment, these employers depend on airline passenger and freight services for the continued health and expansion of their enterprises. The Airport's passenger and air cargo services make it an important resource for employers in the Air Trade Area.

Major employers in the Air Trade Area represent a wide range of industries. These include: entertainment (The Walt Disney Company, NBCUniversal, Paramount Pictures, Warner Bros. Entertainment, Sony Pictures Entertainment); aerospace (Northrop Grumman, Boeing, SpaceX, Raytheon); finance and insurance (Bank of America, City National Bank, JP Morgan Chase, Farmers Insurance Exchange); transportation (United Parcel Service, FedEx); bioscience and pharmaceuticals (Amgen, Medtronic Diabetes); telecommunications (AT&T, Charter Communications); and health care (Centene).

Each year *Fortune* magazine ranks the top 1000 US public companies in terms of annual revenue. According to the 2023 rankings, 25 Fortune 1000 companies have headquarters in the Air Trade Area. This includes Fortune 1000 company headquarters that are located in the Tri-Cities. The Air Trade Area's Fortune 1000 headquarters include The Walt Disney Company (ranked 48), Amgen (154), Edison International (241), Live Nation Entertainment (248), Farmers Insurance Exchange (295), Activision Blizzard (484), Skechers USA. (488), KB Home (518), Teledyne Technologies (611), Mattel (612), Snap (684), Public Storage (724), Mercury General (796), The Cheesecake Factory (852), Guess (948), Korn Ferry (953), and East West Bancorp (957).

A full listing of Fortune 1000 companies with headquarters in the Air Trade Area is provided in **Table 4-6**. In 2023, the Air Trade Area's 25 Fortune 1000 headquarters represented 19 percent of the 128 Fortune 1000 companies that are headquartered in California.

³³ Woods & Poole Economics, Inc., *2023 Complete Economic and Demographic Data Source (CEDDS)*, June 2023.

³⁴ International Monetary Fund DataMapper, <https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEOWORLD>, accessed February 2024.

³⁵ US Chamber of Commerce, <https://www.uschamber.com/co/chambers/california>, accessed February 2024.

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TABLE 4-5 LARGEST EMPLOYERS IN THE AIR TRADE AREA (2023)

COMPANY	INDUSTRY	LOCATION	LOCAL EMPLOYEES
Northrop Grumman ¹	Aerospace	Redondo Beach	18,000
Allied Universal	Security Services	Santa Ana	15,325
The Walt Disney Company (48) ²	Entertainment	Burbank	12,200
Boeing	Aerospace	El Segundo	12,005
United Parcel Service	Transportation	Los Angeles/Ontario	11,640
NBCUniversal	Entertainment	Universal City	11,000
AT&T	Telecommunications	El Segundo	10,500
ABM Industries	Facility Services	Commerce	7,400
FedEx	Transportation	Los Angeles/Ontario	6,750
NASA Jet Propulsion Laboratory ³	Research Institute	Pasadena	6,710
SpaceX	Aerospace	Hawthorne	6,000
Raytheon	Aerospace	El Segundo	5,705
Amgen (154)	Pharmaceuticals	Thousand Oaks	5,575
Bank of America	Financial Services	Los Angeles	5,200
Warner Bros. Entertainment	Entertainment	Burbank	5,000
JP Morgan Chase	Financial Services	Los Angeles	4,050
Medtronic Diabetes	Bioscience	Northridge	4,000
Paramount Pictures	Entertainment	Hollywood	4,000
Lockheed Martin	Aerospace	Palmdale	3,750
Charter Communications Inc.	Telecommunications	El Segundo	3,650
City National Bank	Financial Services	Los Angeles	3,550
Centene Corp.	Health Care	Woodland Hills	3,000
Farmers Insurance Exchange (295)	Insurance	Woodland Hills	2,860
Deloitte	Consulting Services	Los Angeles	2,655
Sony Pictures Entertainment	Entertainment	Culver City	2,570

NOTES:

Excludes retail companies, hospitals, utilities, school districts, educational institutions, and government.

1 In February 2024, Northrop Grumman announced potential layoffs at its Space Park facility in Redondo Beach; commentators estimate that approximately 1,000 employees will be affected.

2 Indicates Air Trade Area Fortune 1000 headquarters company ranking.

3 In February 2024, NASA Jet Propulsion Laboratory announced layoffs of 530 employees and 40 contractors.

SOURCES: Largest Private-Sector Employers, *Los Angeles Business Journal*, August 2022 and August 2023; City of Burbank, Annual Financial Report Year Ending June 30th 2022, <https://www.burbankca.gov/web/financial-services/accounting>; City of Pasadena, 2023 Annual Comprehensive Financial Report, <https://www.cityofpasadena.net/finance/financial-statements/#annual-comprehensive-financial-report>; Fortune 500, <https://fortune.com/fortune500/>; "Northrop Grumman Warns Space Sector Employees of Potential Layoffs," 27 February 2024, Space News, <https://spacenews.com/northrop-grumman-warns-space-sector-employees-of-potential-layoffs/>; "JPL to Lay Off 8% of Workforce," 6 February 2024, Space News, "JPL to Lay Off 8% of Workforce," 6 February 2024, Space News, <https://spacenews.com/jpl-to-lay-off-8-of-workforce/>, accessed February 2024.

TABLE 4-6 FORTUNE 1000 COMPANIES HEADQUARTERED IN THE AIR TRADE AREA (2023)

COMPANY	FORTUNE 1000 RANK	REVENUE (\$MILLIONS) ¹	LOCATION	INDUSTRY
The Walt Disney Company	48	\$82,722	Burbank	Entertainment
Molina Healthcare	126	\$31,974	Long Beach	Health Care
Amgen	154	\$26,323	Thousand Oaks	Pharmaceuticals
Edison International	241	\$17,220	Rosemead	Utility
Live Nation Entertainment	248	\$16,681	Beverly Hills	Entertainment
Farmers Insurance Exchange	295	\$14,092	Woodland Hills	Insurance
A-Mark Precious Metals	458	\$8,159	Santa Monica	Precious Metals Wholesaler
Activision Blizzard	484	\$7,528	Santa Monica	Video Game Developer
Skechers U.S.A.	488	\$7,445	Manhattan Beach	Apparel
KB Home	518	\$6,904	Los Angeles	Home Builders
Teledyne Technologies	611	\$5,459	Thousand Oaks	Aerospace
Mattel	612	\$5,435	El Segundo	Toys
Endeavor Group Holdings	626	\$5,268	Beverly Hills	Entertainment
Snap	684	\$4,602	Santa Monica	Internet Services
Public Storage	724	\$4,182	Glendale	Real Estate
Tutor Perini	776	\$3,791	Sylmar	Construction
Ares Management	783	\$3,743	Los Angeles	Financial Services
Mercury General	796	\$3,643	Los Angeles	Insurance
Tetra Tech	819	\$3,504	Pasadena	Construction
The Cheesecake Factory	852	\$3,303	Calabasas Hills	Restaurants
California Resources	942	\$2,707	Long Beach	Petroleum
Guess	948	\$2,687	Los Angeles	Apparel
Korn Ferry	953	\$2,644	Los Angeles	Consulting Services
East West Bancorp	957	\$2,620	Pasadena	Financial Services
PennyMac Financial Services	965	\$2,599	Westlake Village	Financial Services

NOTE:

1 Ranking based on 2022 revenue.

SOURCE: Fortune 500, <https://fortune.com/fortune500>, accessed February 2024.

4.4.5 MAJOR INDUSTRY SECTORS

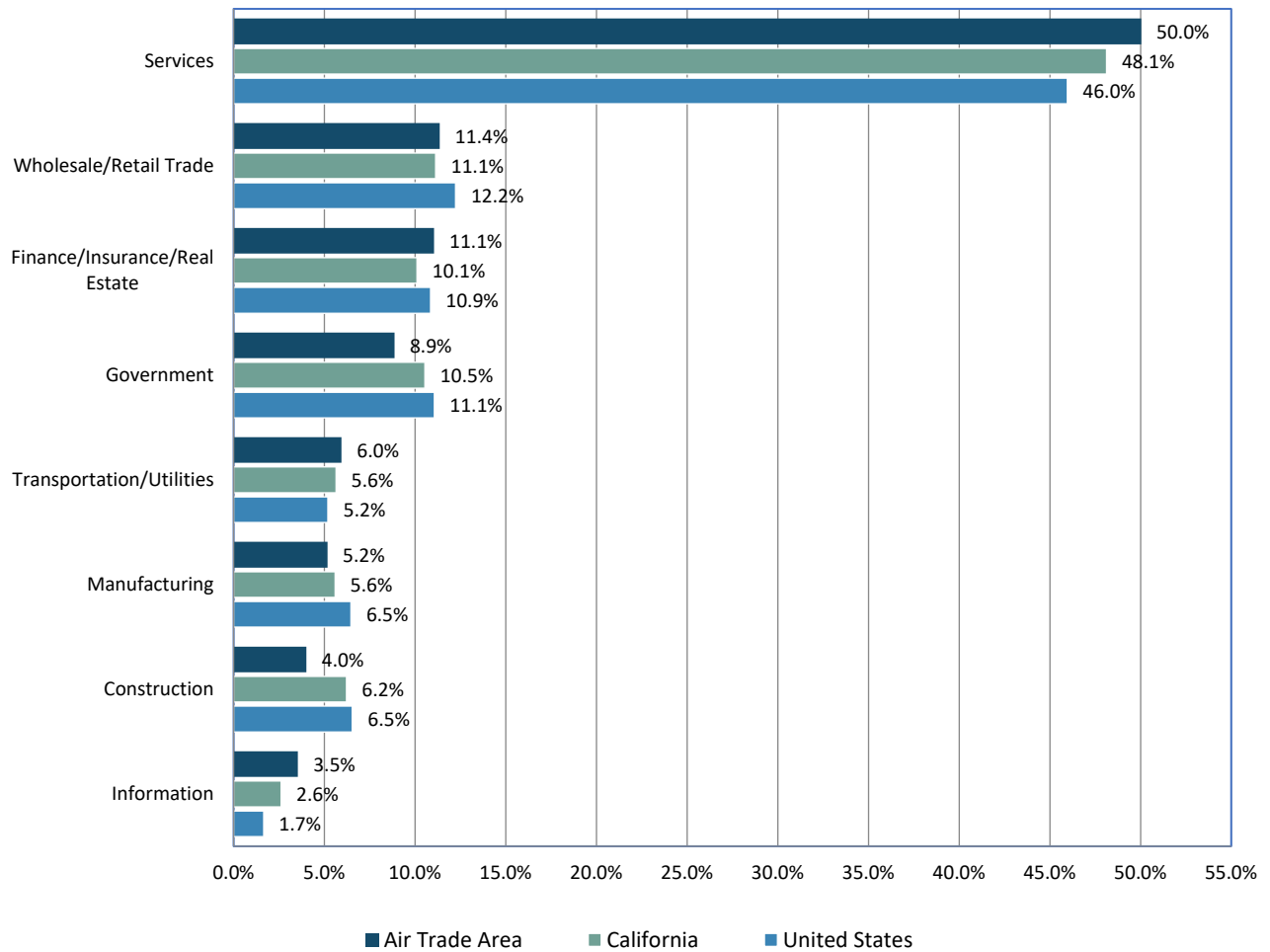
Data for nonagricultural employment by major industry sector is presented on **Exhibit 4-7**, which indicates the sources of jobs in the Air Trade Area's economy. This exhibit compares employment by industry in the Air Trade Area to data for California and the United States in 2023.

The Air Trade Area had larger percentages of employment in services, finance/insurance/real estate, transportation/utilities, and information technology compared with California and the United States in 2023. The percentage of jobs in wholesale/retail trade was higher in the Air Trade Area compared with California but lower than the percentage in the United States. The percentage of government manufacturing, and construction jobs in the Air Trade Area was lower compared with that of both California and the United States in 2023.

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Between 2023 and 2032, nearly 935,000 new jobs are expected to be added to the Air Trade Area economy. The largest job gains are projected in services, finance/insurance/real estate, transportation/utilities, and wholesale/retail trade.

EXHIBIT 4-7 JOBS BY MAJOR INDUSTRY SECTORS (2023)



	AIR TRADE AREA	CALIFORNIA	UNITED STATES
2023 Jobs	7,344,010	25,066,706	207,393,273
2032 Jobs (Projected)	8,278,765	28,476,710	233,267,544
CAGR 2023-2032 ²	1.3%	1.4%	1.3%

NOTES:

CAGR – Compound Annual Growth Rate

Nonagricultural civilian employment only. Construction employment includes mining and forestry industries.

SOURCE: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), June 2023.

PREPARED BY: Partners for Economic Solutions, February 2024.

Data on Exhibit 4-7 indicate that the Air Trade Area has a diversified employment base that is expected to provide the region with a stable foundation to withstand periodic downturns in the business cycle.

4.4.6 AIR TRADE AREA TOURISM INDUSTRY

The Air Trade Area hosted 46.4 million visitors in 2022³⁶ and tourism provides a significant source of demand for air travel. Both leisure and business travelers can enjoy numerous attractions, museums, cultural institutions, entertainment venues, shopping districts, dining selections, recreational options, professional sporting events, beaches, scenic parks and vistas. World famous attractions in the Air Trade Area include Universal CityWalk Hollywood, Warner Bros. Studio Tour, Six Flags Magic Mountain Valencia, Madame Tussauds Hollywood, the Getty Center, Los Angeles Zoo, Griffith Observatory, Autry Museum of the American West, Aquarium of the Pacific, The Queen Mary, The Ronald Reagan Presidential Library and Museum, Mission San Fernando, Mission San Buenaventura, Norton Simon Museum and The Huntington Library, Art Museum, and Botanical Gardens. Other sightseeing destinations include the Hollywood Sign, the Hollywood Walk of Fame, and Venice Beach Boardwalk

Performing arts venues in the Air Trade Area, such as the Walt Disney Concert Hall, offer acclaimed organizations including the Los Angeles Philharmonic, LA Opera, and Los Angeles Master Chorale. Professional theater venues include the Pasadena Playhouse, Ahmanson Theatre, Geffen Playhouse, and the Mark Taper Forum. Multicultural performances also are available at the Bilingual Foundation of the Arts.

Popular sporting events held in the Air Trade Area include professional football at SOFI Stadium (Los Angeles Rams), and the annual Tournament of Roses Parade and Rose Bowl Game. SOFI Stadium will host FIFA World Cup soccer matches in 2026, and Los Angeles will host the 2028 Summer Olympics.

The Air Trade Area offers travelers beautiful natural surroundings as well as a mild climate and an average of 292 days of sunshine annually.³⁷ Outdoor activities can be pursued throughout the year and visitors seeking recreation may visit Channel Islands National Park, Catalina Island, Ventura County beaches, Griffith Park, the Los Angeles County Arboretum and Botanic Garden, and other parks, beaches, and outdoor attractions.

4.4.6.1 CONVENTION FACILITIES AND TOURISM MARKETING

Groups of business travelers fly to the Air Trade Area for meetings, conventions, or other events. Located in downtown Los Angeles, the Los Angeles Convention Center (LACC) hosts an average of 350 events annually with more than 2.0 million visitors. The LACC has 720,000 square feet of exhibit hall space, 147,000 square feet of meeting room space, a 300-seat theater, and parking for over 5,600 vehicles.³⁸

LACC has plans for an expansion project to build additional exhibits, meeting room, and multi-purpose space. The expansion project will provide LACC with a total of 1,207,000 square feet of useable space including 910,000 square feet of exhibit space, 202,000 square feet of meeting space, and a 95,000 square-foot multi-purpose exhibit/meeting hall.³⁹

³⁶ Visitation & Tourism Stats, Facts About LA, Los Angeles Tourism & Convention Board, <https://www.discoverlosangeles.com/media/facts-about-la>, accessed February 2024.

³⁷ Climate, Facts About LA, Los Angeles Tourism & Convention Board, <https://www.discoverlosangeles.com/media/facts-about-la>, accessed February 2024.

³⁸ Facility Quick Facts, Los Angeles Convention Center, <https://www.lacclink.com/about>, accessed February 2024.

³⁹ Los Angeles City Council Trade, Travel and Tourism Committee, 11 December 2023, <https://lacity.prime.gov.com/Portal/Meeting?meetingTemplateId=123758>, Report from City Administrative Officer dated 12-04-23.pdf, accessed February 2024.

The adjacent convention center headquarters hotel, JW Marriott LA Live, also has plans for expansion. When these projects are completed, LACC will be able to attract larger conventions, accommodate multiple, large-scale events, and become the centerpiece of a 100-acre entertainment campus in downtown Los Angeles that includes Crypto.com Arena and the LA Live event center.⁴⁰

Meeting facilities for large groups in the Tri-Cities, Ventura, and surrounding areas include the 130,000 square-foot Pasadena Convention Center, The Ronald Reagan Presidential Library and Museum, Hilton Los Angeles/Universal City, Four Seasons Hotel Westlake Village, and the Los Angeles Marriott Burbank Airport Hotel.

Through its discoverlosangeles.com website, the Los Angeles Tourism & Convention Board promotes Los Angeles County with an extensive library of content that includes guides to hidden neighborhoods, favorite beaches, family activities, interactive maps, events calendars, and other features. The Air Trade Area also has a wide network of tourism marketing agencies including Pasadena Convention & Visitors Bureau, Ventura Visitors & Convention Bureau, Oxnard Convention & Visitors Bureau, Ojai Visitors Bureau, Heritage Valley Tourism Bureau, Camarillo Hotel & Tourism Association, West Hollywood Travel + Tourism Board, Marina del Rey Tourism Board, Santa Monica Travel & Tourism, and Beverly Hills Conference & Visitors Bureau. The combined efforts of these organizations highlight countless attractions in the Air Trade Area and provide resources to visitors, members of the media, and travel professionals.

4.5 ECONOMIC OUTLOOK

Short-term economic conditions are discussed below as well as US real GDP growth projections, shown on **Exhibit 4-8**. Long-term economic variables are shown in Table 4-7 and include parallel data for the United States to provide a basis of comparison for trends in the Air Trade Area.

4.5.1 SHORT-TERM ECONOMIC OUTLOOK

In the near term, the US economy is expected to experience moderate inflation, improvements in labor supply, easing of labor demand, a low unemployment rate, and subdued real GDP growth. The lagging effects of recent monetary policy actions may potentially contribute to tighter financial and credit conditions over the next few years and result in restrained economic activity.⁴¹

The most recently published forecast (February 2024) by business economists from the National Association for Business Economics (NABE) indicates consensus for US annual real GDP growth of 2.2 percent in 2024 and 1.7 percent in 2025. The NABE forecast also estimates an average annual US unemployment rate 3.9 percent in 2024 and 4.0 percent in 2025.⁴²

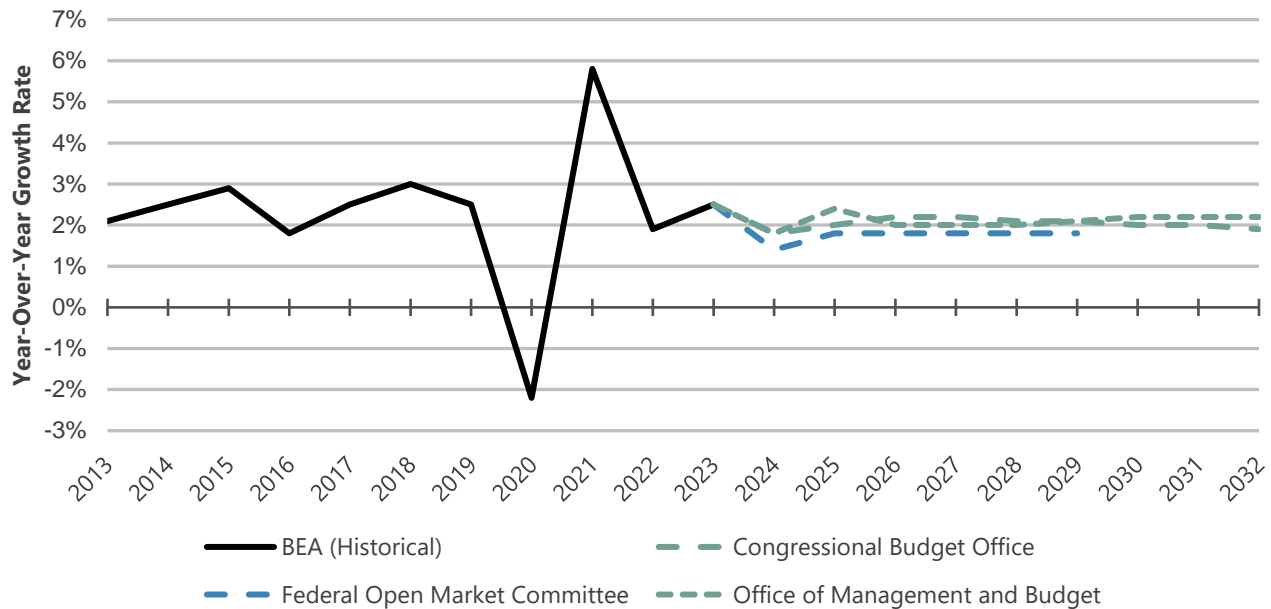
⁴⁰ City of Los Angeles, Department of City Planning Recommendation Report, 24 February 2022, https://planning.lacity.org/plndoc/Staff_Reports/2022/02-15-2022/Item_11_CPC_2019_4572.pdf, accessed February 2024.

⁴¹ Minutes of the Federal Reserve Open Market Committee, 12-13 December 2023, Board of Governors of the Federal Reserve System, <https://www.federalreserve.gov/monetarypolicy/fomcminutes20231213.htm>, accessed February 2024.

⁴² National Association for Business Economics, *NABE Outlook*, December 2023.

The November 2023 economic forecast from the State of California Department of Finance (DOF) reports that the statewide annual unemployment rate is expected to fall from 5.1 percent in 2024 to 4.8 percent in 2027. The DOF forecast anticipates above-average employment growth in California in leisure/hospitality, health care, information, professional and technical services, education, construction, and transportation and warehousing from 2024 to 2027.⁴³

EXHIBIT 4-8 US REAL GDP GROWTH RATE PROJECTIONS (2023-2032)



SOURCES: Bureau of Economic Analysis, GDP and the National Income and Product Account (NIPA) Historical Tables, Table 1.1.1. Percent Change From Preceding Period in Real Gross Domestic Product, last revised January 2024; Congressional Budget Office, Economic Projections, The Budget and Economic Outlook: 2024 to 2034, February 2024; Office of Management and Budget, Mid-Session Review: Budget of the U.S. Government Fiscal Year 2024, 28 July 2023; Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, 13 December 2023.

4.5.2 2023-2032 US REAL GROSS DOMESTIC PRODUCT GROWTH RATE PROJECTIONS

Exhibit 4-8 shows historical US real GDP growth from the Bureau of Economic Analysis (BEA) and growth projections for the US between 2023-2032 from the Congressional Budget Office (CBO), Federal Reserve Open Market Committee (FOMC), and Office of Management and Budget (OMB).

The lockdowns, business closures, and extensive unemployment caused by the COVID-19 pandemic resulted in the decline in US real GDP in 2020 (-2.2 percent). Real GDP growth in the US in 2021 (5.8 percent) and 2022 (1.9 percent), 2022 (1.9 percent), and 2023 (2.5 percent) reflected the impact of pent-up demand, business re-openings, and increased consumer spending.

⁴³ California Economic Forecast, November 2023, State of California Department of Finance, <https://dof.ca.gov/forecasting/Economics/economic-forecasts-u-s-and-california>, accessed February 2024.

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The 2024 real GDP growth projections shown on Exhibit 4-8 range from 1.4 percent (FOMC) to 1.8 percent (CBO and OMB). The FOMC expects real GDP growth to fall rise to 1.8 percent in 2025 and remain at that level from 2026 to 2029. The CBO's projections are slightly stronger with real GDP growing from 1.8 percent in 2024 to 2.2 percent in 2027, then falling to 2.1 percent by 2029, and then ranging between 1.9 percent and 2.0 percent from 2030 to 2032. OMB expects real GDP growth to increase to 2.4 percent in 2025, then to fall to 2.0 percent in 2028, and then range from 2.1 percent to 2.2 percent between 2029 and 2032.

4.5.3 LONG-TERM ECONOMIC OUTLOOK

Table 4-7 presents selected 2023 and 2032 economic figures for the Air Trade Area and the United States including population, employment, personal income, and GRP and GDP. Growth expectations for these variables in the Air Trade Area are generally equivalent to those of the United States and indicate the ongoing capacity of the Air Trade Area to continue to generate demand for air travel services during the Projection Period.

TABLE 4-7 PROJECTED SELECT ECONOMIC VARIABLES (2023–2032)

VARIABLE ¹	2023	2032	CAGR 2023–2032
Air Trade Area Population	10,591,341	10,881,415	0.30%
United States Population	335,546,979	355,532,044	0.60%
Air Trade Area Total Employment	7,344,010	8,278,765	1.30%
United States Total Employment	207,393,273	233,267,544	1.30%
Air Trade Area Total Personal Income (\$ billion)	\$870	\$1,039	2.00%
United States Total Personal Income (\$ billion)	\$23,733	\$28,932	2.20%
Air Trade Area Per Capita Personal Income	\$82,157	\$95,519	1.70%
United States Per Capita Personal Income	\$70,728	\$81,377	1.60%
Air Trade Area Gross Regional Product (\$ billion)	\$1,048	\$1,246	1.90%
United States Gross Domestic Product (\$ billion)	\$26,952	\$32,209	2.00%
Air Trade Area Per Capita Gross Regional Product	\$98,925	\$114,483	1.60%
United States Per Capita Gross Domestic Product	\$80,323	\$90,594	1.30%

NOTES:

CAGR - Compound Annual Growth Rate

¹ Dollar amounts are in 2023 dollars.

SOURCE: Woods & Poole Economics, Inc., 2023 Complete Economic and Demographic Data Source (CEDDS), June 2023.

4.5.4 CONCLUSIONS

The Air Trade Area has a population of over 10.6 million that is projected to increase to approximately 10.9 million by 2032.

Median household income and per capita personal income in the Air Trade Area are both higher than United States levels. Median household income in the Air Trade Area in 2023 was \$82,705, 13.9 percent higher than in the United States (\$72,603). The Air Trade Area's 2023 per capita personal income (\$82,157) was 16.2 percent higher than in the United States (\$70,728).

In terms of percentages, the industry sectors in the Air Trade Area with employment that exceeds levels in the United States are services, finance/insurance/real estate, transportation/utilities, and information.

The Air Trade Area's 7.3 million jobs contributed to a GRP of nearly \$1.05 trillion in 2023. Jobs in the Air Trade Area are projected to increase by nearly 935,000 to approximately 8.3 million by 2032. The Air Trade Area's GRP is projected to increase by 18.9 percent, in real terms, to approximately \$1.25 trillion by 2032.

The data cited in this chapter support the conclusion that the Air Trade Area has a large and diverse economy that is capable of supporting growth in demand for air travel through the Projection Period (ending FY 2032).

5. AIR TRAFFIC

This chapter describes the regional perspective of the Airport, historical and current airline service and Airport activity, the factors affecting aviation demand, and provides a forecast of Airport activity for the Projection Period.

5.1 REGIONAL PERSPECTIVE OF THE AIRPORT

The Airport is one of five scheduled passenger service airports serving the Los Angeles region (region). Other scheduled passenger service airports located in the region include Los Angeles International Airport (LAX), Long Beach Airport (LGB), Ontario International Airport (ONT), and John Wayne Airport (SNA). Each of the five airports caters to particular types of passenger demand, owing to each facility's geographic proximity to businesses and population concentrations in the region, as well as to the availability of specific types of air services. The demographic and economic characteristics of the region create a strong local demand for air transportation. This demand is predominantly served through LAX, which represented 72 percent of the passenger traffic served by the five airports combined in FY 2023.⁴⁴ LAX is the region's primary airport serving domestic and international destinations and accommodating a mix of O&D and connecting passengers. The Airport, like LGB, ONT and SNA, primarily accommodates O&D travel to short and medium-haul domestic markets, including the West Coast corridor. Section 5.4.8 provides additional background and information on the other airports in the region.

5.2 AIRLINES SERVING THE AIRPORT

During FY 2024 eight mainline US airlines and four regional/commuter airlines provided passenger service from the Airport. Three all-cargo airlines also serve the Airport. **Table 5-1** lists the passenger and cargo airlines serving the Airport.

TABLE 5-1 AIRLINES SERVING THE AIRPORT (LISTED ALPHABETICALLY)

MAINLINE AIRLINES (8) ¹	REGIONAL/COMMUTER AIRLINES (4) ¹	ALL-CARGO AIRLINES (3) ²
Alaska Airlines	Envoy Air (d/b/a American)	Ameriflight
American Airlines	Horizon Air (d/b/a Alaska)	FedEx
Avelo Airlines	Skywest Airlines (d/b/a Alaska, American, Delta Connection, United Express)	United Parcel Service
Delta Air Lines	JSX Air	
JetBlue Airways		
Southwest Airlines		
Spirit Airlines		
United Airlines		

NOTES:

1 Passenger airlines serving the Airport during FY 2024 as of April 2024.

2 All-cargo airlines serving the Airport during FY 2024 as of April 2024.

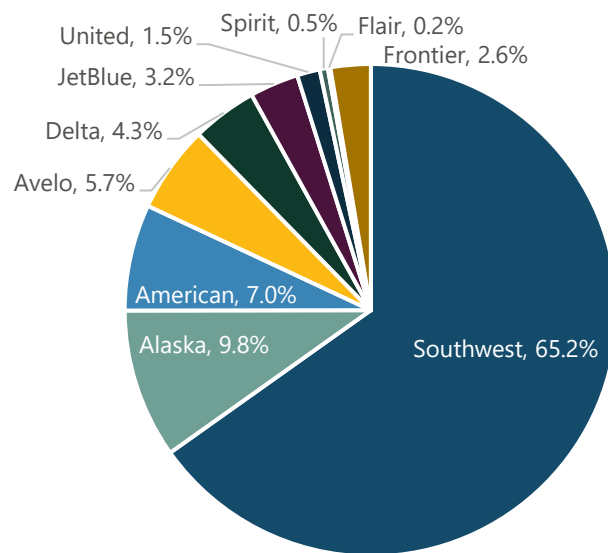
SOURCES: Burbank-Glendale-Pasadena Airport Authority, February 2024; US DOT T-100 Database, February 2024; Cirium Diio (published airline schedules), February 2024.

⁴⁴ SOURCE: US DOT T-100 database, February 2024.

Southwest Airlines (Southwest) scheduled nonstop service from the Airport to 17 domestic destinations during FY 2023, increasing to 22 domestic destinations in FY 2024. In addition to Southwest, other airlines with scheduled service from the Airport during FY 2024 include Alaska Airlines (Alaska), American Airlines (American), Avelo Airlines (Avelo), Delta Air Lines (Delta), JetBlue Airways, Spirit Airlines (Spirit), and United Airlines (United). Together, these airlines provide nonstop service from the Airport to 24 domestic destinations.

Exhibit 5-1 presents the FY 2023 share of enplaned passengers by airlines. In FY 2023, Southwest represented approximately 65.2 percent of the enplaned passengers at the Airport. Alaska had the second largest market share at the Airport at 9.8 percent of enplaned passengers.

EXHIBIT 5-1 FY 2023 AIRLINE MARKET SHARE (MEASURED BY ENPLANED PASSENGERS)



NOTE:

Alaska, American, Delta, and United include regional affiliates.

SOURCE: Burbank-Glendale-Pasadena Airport Authority, November 2023.

Table 5-2 presents the scheduled airlines that have served the Airport since 2013. Five airlines served the Airport every year between FY 2013 and FYTD 2024 with mainline service or through their regional affiliates.

TABLE 5-2 SCHEDULED PASSENGER AIRLINE BASE

AIRLINE	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 ¹
Alaska Airlines	●	●	●	●	●	●	●	●	●	●	●	●
Delta Air Lines	●	●	●	●	●	●	●	●	●	●	●	●
JetBlue Airways	●	●	●	●	●	●	●	●	●	●	●	●
SkyWest (Alaska, Delta Connection, United Express, American)	●	●	●	●	●	●	●	●	●	●	●	●
Southwest Airlines	●	●	●	●	●	●	●	●	●	●	●	●
United Airlines				●	●	●	●	●	●	●	●	●
Compass Airlines (Delta Connection)						●	●	●	●	●	●	●
American Airlines ²							●	●	●	●	●	●
Spirit Airlines							●	●	●	●	●	●
Avelo Airlines									●	●	●	●
<i>Airlines No Longer Serving Airport:</i>												
Mesa (American)	●	●	●	●	●	●	●	●	●	●	●	
Flair Airlines ³										●	●	
Frontier Airlines ⁴										●	●	
AirNet Systems	●	●	●	●	●	●	●					
Horizon Air (Alaska)						●	●					
Mokulele Flight Service							●					
SeaPort Airlines, Inc.	●	●	●	●								
Total Airlines Serving the Airport	8	8	8	9	8	10	14	10	11	13	13	10

NOTES:

Fiscal year ending June 30.

1 Scheduled service in FY 2024, as of February 2024.

2 In December 2013, American and US Airways merged. The FAA granted a single operating certificate on April 8, 2015. All data includes US Airways.

3 Flair Airlines suspended service in October 2022.

4 Frontier Airlines suspended service in February 2023.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, February 2024; Cirium Diio (published airline schedules), February 2024.

5.3 HISTORICAL AIRPORT ACTIVITY

The following subsections describe the Airport's historical passenger activity and air service.

5.3.1 ENPLANED PASSENGER ACTIVITY AND AIRLINE OPERATIONS

Table 5-3 presents historical data on enplaned passengers at the Airport. Total enplaned passengers at the Airport increased from approximately 2.0 million in FY 2013 to approximately 2.7 million FY 2019, which represents a CAGR of 5.6 percent. Enplaned passengers decreased sharply in FY 2020 and FY 2021, falling to a low of approximately 0.9 million in FY 2021 due to the impacts of the COVID-19 pandemic, which are presented in more detail in section 5.4.1. By FY 2023, enplaned passengers exceeded FY 2019 levels, resulting in a FY 2013 to FY 2023 CAGR of 4.1 percent.

TABLE 5-3 HISTORICAL ENPLANED PASSENGERS

FISCAL YEAR	ENPLANED PASSENGERS	ANNUAL GROWTH
2013	1,984,447	(5.6%)
2014	1,907,693	(3.9%)
2015	1,953,558	2.4%
2016	1,987,867	1.8%
2017	2,195,787	10.5%
2018	2,518,334	14.7%
2019	2,745,259	9.4%
2020	2,261,359	(17.6%)
2021	876,735	(61.2%)
2022	2,712,835	209.4%
2023	2,979,039	9.8%
Compound Annual Growth Rate		
2013 – 2019	5.6%	
2013 – 2023	4.1%	

NOTE:

Fiscal year ending June 30.

SOURCE: Burbank-Glendale-Pasadena Airport Authority, November 2023.

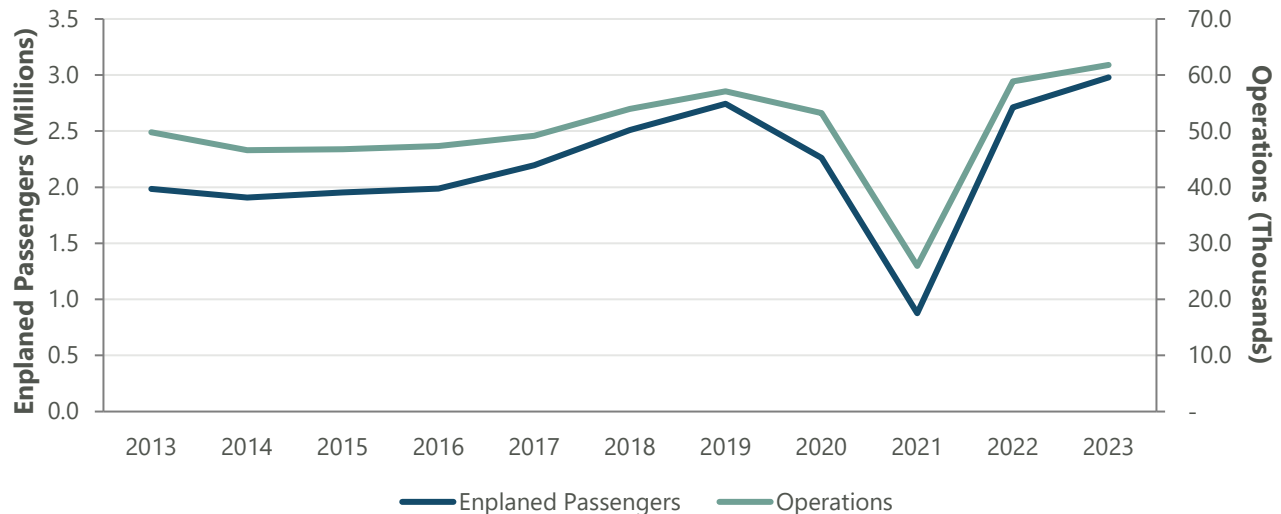
5.3.1.1 DOMESTIC ENPLANED PASSENGERS AND OPERATIONS

Exhibit 5-2 depicts trends in enplaned passengers and operations over a 10-year period.

The following sections describe the year over year changes in historical activity at the Airport:

- FY 2013: Enplaned passengers decreased 5.6 percent due in large part to American suspending service to Dallas Fort Worth International Airport (DFW) and JetBlue suspending service to Harry Reid International Airport (LAS) and reducing service to New York John F. Kennedy International Airport (JFK).
- FY 2014: Enplaned passengers decreased 3.9 percent as Southwest marginally reduced service to most of the destinations it served from the Airport.
- FY 2015: Enplaned passengers increased 2.3 percent. A 3.5 percent increase in load factor more than offset a 2.0 percent decrease in scheduled departing seats as Southwest continued to marginally reduce capacity on most routes while maintaining service on all routes it served in FY 2014.

EXHIBIT 5-2 ENPLANED PASSENGERS AND OPERATIONS



NOTE: Fiscal year ending June 30.

SOURCE: Burbank-Glendale-Pasadena Airport Authority, November 2023.

- FY 2016: Enplaned passengers increased 1.8 percent on a 3.8 percent increase in seat capacity as Southwest initiated service to Dallas Love Field (DAL) and San Francisco International Airport (SFO).
- FY 2017: Enplaned passengers increased 10.5 percent as Southwest continued to grow seat capacity with a full year of service to DAL and SFO as well as initiated new service to Portland International Airport (PDX) and Salt Lake City International Airport (SLC). Alaska also initiated service from the Airport to San Jose Mineta International Airport (SJC) in FY 2017.
- FY 2018: Enplaned passengers increased 14.3 percent on a 13.1 percent increase in scheduled departing seats. Southwest capacity increased on a full year of service to PDX and SLC as well as increased capacity to other existing destinations. Alaska seat capacity increased based on a full year of service to SJC.
- FY 2019: Enplaned passengers increased 9.4 percent on a 7.5 percent increase in scheduled departing seats. Southwest launched service to Midway International Airport in Chicago (MDW), Nashville International Airport (BNA), and William P Hobby Airport in Houston (HOU). Other service changes in FY 2019 included JetBlue initiating service from the Airport to Boston Logan International Airport (BOS) and American resuming service to DFW. Spirit was a new entrant at the Airport in FY 2019 initiating service to LAS.
- FY 2020: Enplaned passengers decreased 17.6 percent due to the COVID-19 pandemic, which is presented in greater detail in Section 5.4.1. Departing seat growth between July 2019 and March 2020 drove a 2.6 percent increase in capacity in FY 2020 despite a sharp decrease in capacity in April, May, and June 2020. Load factor decreased 10 percentage points to 64 percent for the full year of FY 2020 due to the severe contraction in demand for air travel at the onset of the COVID-19 pandemic.
- FY 2021: Enplaned passengers decreased 61.2 percent reflecting a full year of the impact of the COVID-19 pandemic on demand and activity. Departing seats decreased for all incumbent airlines serving the Airport in FY 2021. Airlines began to gradually restore capacity over the course of FY 2021 and by June 2021 all airlines serving the Airport in FY 2020 had resumed service. In May 2021, Avelo Airlines launched its first commercial flights from the Airport, serving 11 destinations in the western US and operating approximately 5 average daily

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

departures.

- FY 2022: Enplaned passengers increased 209.4 percent on a 148.8 percent increase in capacity. Two new entrant airlines initiated served from the Airport: Frontier launched service to Denver International Airport (DEN), LAS, and Phoenix Sky Harbor International Airport (PHX) in June 2021 and Flair launched service to Edmonton International Airport (YEG) and Vancouver International Airport (YVR) in November 2021.⁴⁵ All incumbent airlines at the Airport increased capacity in FY 2022. Southwest launched service to two new destinations: Albuquerque International Sunport (ABQ) and Reno-Tahoe International Airport (RNO). Alaska launched service to Boise Airport (BOI). Avelo launched service to Northern Colorado Regional Airport (FNL), Tucson International Airport (TUS), and BOI. A fourteen-point increase in load factor, from 51 percent in FY 2021 to 65 percent in FY 2022, also drove passenger growth in FY 2022.
- FY 2023: Enplaned passengers increased 9.8 percent on a 4.2 percent increase in scheduled departing seats, exceeding pre-COVID-19 pandemic levels and the previous record set for enplaned passengers in FY 2019. Southwest represented the largest share of the departing seat growth as it increased capacity to most destinations it served from the Airport in FY 2022, resumed service to Portland International Airport (PDX) and launched service to Eugene Airport (EUG). American, Alaska, Spirit, and United also increased departing seats in FY 2023. These gains were partially offset by Flair and Frontier, both of which suspended service to the Airport during FY 2023.
- FY 2024: In October 2023 Southwest announced an expansion of service from the Airport. In June 2024 Southwest will launch daily nonstop service to Boise Airport (BOI), Kansas City International Airport (MCI), Louis Armstrong New Orleans International Airport (MSY), San Antonio International Airport (SAT), and St. Louis Lambert International Airport (STL). These new destinations expand the scope of Southwest's service from BUR, historically focused on the West Coast, with more presence in the middle of the country. With the addition of these new routes, the average distance flown for Southwest flights from BUR will increase 41 percent in June 2024 compared to June 2023. In spite of Southwest's recent reorganization and activity changes at other airports no changes have been made with regard to its expansion at the Airport. Other scheduled service changes occurring in FY 2024 include Alaska launching nonstop service to San Francisco International Airport (SFO) in December 2023, Delta resuming nonstop service to Hartsfield-Jackson Atlanta International Airport (ATL) in June 2024, and Avelo launching nonstop service to McNary Field in Salem Oregon (SLE) in October 2023.

Table 5-4 presents total enplaned passengers by airline at the Airport from FY 2019 through 2023. Southwest's share of enplaned passengers decreased from 72.3 percent in FY 2019 to 65.2 percent in FY 2023 due in large part to Avelo, which launched service to the Airport in FY 2021 and represented 5.7 percent of total enplaned passengers in FY 2023. Contributing to Southwest's decreasing share of passengers is American's growth at the Airport as demonstrated by American's share of enplaned passengers increasing from 3.7 percent in FY 2019 to 7.0 percent in FY 2023. **Exhibit 5-3** illustrates the airline share of passengers at the Airport in FY 2019 and FY 2023.

5.3.2 AIR SERVICE

Table 5-5 presents the historical O&D and connecting enplaned passenger shares at the Airport. The Airport is primarily an origin or destination airport for passengers. However, the number of Southwest passengers making connections at the Airport has increased in recent years. As a result, the O&D enplaned passenger share of total enplaned passengers at the Airport has decreased from 97.9 percent in FY 2013 to 92.9 percent in FY 2023.

⁴⁵ Frontier suspended service to BUR in February 2023 and Flair suspended service to BUR in October 2022.

TABLE 5-4 HISTORICAL TOTAL ENPLANED PASSENGERS BY AIRLINE

RANK	AIRLINE	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
1	Southwest	1,984,129	72.3%	1,530,723	67.7%	565,914	64.5%	1,761,116	64.9%	1,941,466	65.2%
2	Alaska ¹	307,316	11.2%	215,561	9.5%	91,118	10.4%	233,190	8.6%	292,151	9.8%
3	American ¹	102,828	3.7%	142,552	6.3%	100,105	11.4%	188,985	7.0%	208,192	7.0%
4	Avelo	0	0.0%	0	0.0%	36,718	4.2%	187,587	6.9%	169,878	5.7%
8	United ¹	155,126	5.7%	131,673	5.8%	22,637	2.6%	63,030	2.3%	127,638	4.3%
9	Spirit	2,123	0.1%	48,852	2.2%	16,321	1.9%	42,465	1.6%	95,718	3.2%
5	Delta ¹	85,418	3.1%	111,112	4.9%	39,878	4.5%	94,898	3.5%	78,512	2.6%
6	JetBlue	108,319	3.9%	80,886	3.6%	4,044	0.5%	70,334	2.6%	44,526	1.5%
7	Frontier ³	0	0.0%	0	0.0%	0	0.0%	65,866	2.4%	16,015	0.5%
10	Flair ³	0	0.0%	0	0.0%	0	0.0%	5,364	0.2%	4,943	0.2%
Airport Total²		2,745,259	100.0%	2,261,359	100.0%	876,735	100.0%	2,712,835	100.0%	2,979,039	100.0%

NOTES:

Fiscal year ending June 30.

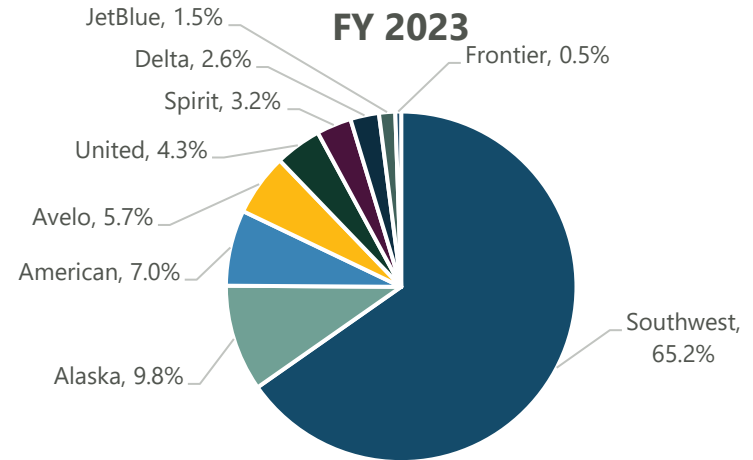
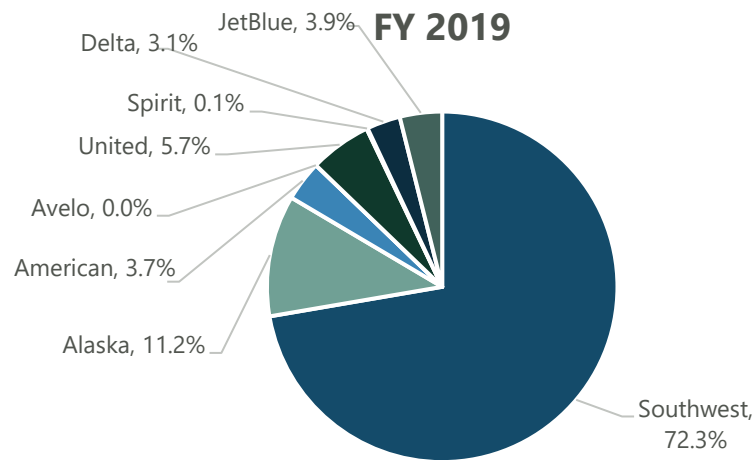
1 Includes regional affiliates.

2 Columns may not add to totals shown because of rounding.

3 Frontier and Flair suspended service during FY 2023.

SOURCE: Burbank-Glendale-Pasadena Airport Authority, November 2023.

EXHIBIT 5-3 FY 2019 AND FY 2023 AIRLINE MARKET SHARES



NOTES:
Fiscal year ending June 30.
Alaska, American, Delta, and United include regional affiliates.
SOURCE: Burbank-Glendale-Pasadena Airport Authority, November 2023.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

TABLE 5-5 HISTORICAL ORIGIN AND DESTINATION AND CONNECTING ENPLANED PASSENGERS

FISCAL YEAR	TOTAL ORIGINATING ENPLANED PASSENGERS	ORIGINATING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL CONNECTING ENPLANED PASSENGERS	CONNECTING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS	TOTAL ENPLANED PASSENGER ANNUAL GROWTH	ORIGINATING ENPLANED PASSENGER PERCENTAGE
2013	1,941,810		42,637		1,984,447		97.9%
2014	1,883,937	-3.0%	23,756	-44.3%	1,907,693	-3.9%	98.8%
2015	1,932,377	2.6%	21,181	-10.8%	1,953,558	2.4%	98.9%
2016	1,961,944	1.5%	26,924	27.1%	1,988,868	1.8%	98.6%
2017	2,135,191	8.8%	60,596	125.1%	2,195,787	10.4%	97.2%
2018	2,452,112	14.8%	66,222	9.3%	2,518,334	14.7%	97.4%
2019	2,655,890	8.3%	89,369	35.0%	2,745,259	9.0%	96.7%
2020	2,189,691	-17.6%	71,668	-19.8%	2,261,359	-17.6%	96.8%
2021	852,977	-61.0%	23,758	-66.9%	876,735	-61.2%	97.3%
2022	2,551,289	199.1%	161,546	580.0%	2,712,835	209.4%	94.0%
2023	2,768,100	8.5%	210,939	30.6%	2,979,039	9.8%	92.9%
Compound Annual Growth Rate							
2013 - 2019	5.4%		13.1%		5.6%		
2013 - 2023	3.6%		17.3%		4.1%		

NOTE:

Fiscal year ending June 30.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, November 2023; US Department of Transportation T-100, November 2023; US Department of Transportation DB1B Survey, November 2023.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

An important characteristic of an airport's activity is the distribution of the airport's O&D markets, which is a function of air travel demand and available service and facilities. **Table 5-6** presents data on the Airport's top 15 domestic O&D markets in FY 2023. Eight domestic O&D markets are short-haul markets (between 1 and 600 miles), six are medium-haul (between 601 and 1,800 miles), and one is a long-haul market (over 1,800 miles). All of the top 15 markets are served nonstop from the Airport. Ten of the top 15 markets are served by two airlines.

TABLE 5-6 TOP 15 DOMESTIC ORIGIN AND DESTINATION PASSENGER MARKETS FOR THE AIRPORT IN FY 2023

RANK	MARKET	TRIP LENGTH ¹	NON-STOP SERVICE	TOTAL O&D PASSENGERS ²	WEEKLY NONSTOP DEPARTURES ³	NUMBER OF AIRLINES ³	AIRLINES ⁴
1	San Francisco ⁵	SH	●	1,280,417	177	2	UA, WN
2	Las Vegas	SH	●	676,279	77	2	NK, WN
3	Phoenix	SH	●	466,240	66	2	AA, WN
4	Sacramento	SH	●	464,063	57	1	WN
5	Seattle	MH	●	400,823	28	1	AS
6	Denver	MH	●	250,387	34	2	UA, WN
7	Portland	MH	●	228,356	26	2	AS, WN
8	Salt Lake City	SH	●	169,926	28	2	DL, WN
9	Dallas ⁶	MH	●	143,907	21	1	AA, WN
10	New York ⁷	LH	●	128,047	7	2	B6
11	Eugene	MH	●	105,451	11	2	WN, XP
12	Boise	SH	●	102,828	9	2	AS, XP
13	Santa Rosa	SH	●	95,286	8	1	AS, XP
14	Reno	SH	●	69,389	7	1	WN
15	Austin	MH	●	64,869	7	1	WN
Top 15 Markets				4,646,270	563		
Other O&D Markets				889,930	50		
All Markets				5,536,200	613		

NOTES:

O&D – Origin and Destination

1 (SH) Short Haul = 1 to 600 miles

(MH) Medium Haul = 601 to 1,800 miles

(LH) Long Haul = over 1,800 miles

2 Includes arriving and departing passengers.

3 For the week of July 23, 2023.

4 AA-American, AS-Alaska, B6-JetBlue, DL-Delta, NK-Spirit, UA-United, WN-Southwest, XP-Avelo

5 Includes San Francisco International, Metropolitan Oakland International, and Norman Y. Mineta San Jose International Airports.

6 Includes Dallas/Fort Worth International and Dallas-Love Field Airports.

7 Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.

SOURCES: US Department of Transportation, DB1B Survey, February 2024; Cirium Diio (published airline schedules), February 2024.

Also shown in Table 5-6 are the number of weekly scheduled nonstop departures in each of the Airport's top 15 domestic O&D markets for the week of May 15, 2023, which represents an average week of the busiest month of the year, as measured by scheduled departures. **Exhibit 5-4** illustrates the domestic markets served nonstop from the Airport during FY 2024 as of February 2024. An average of 85 departures per day were scheduled to 37 nonstop destinations in FY 2024.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)



SOURCES: Esri, 2010 (continent boundary); US Census Bureau, 2022 (state boundary); Esri, 2023 (airports); Cirium, Diio Mi Schedule Dynamic Table Report, February 2024 (airline schedule data); Ricondo & Associates, Inc., February 2024 (routes).

EXHIBIT 5-4



HOLLYWOOD BURBANK AIRPORT
NONSTOP DOMESTIC MARKETS

5.3.3 AIRCRAFT OPERATIONS

Table 5-7 presents aircraft operation levels at the Airport by major user group between FY 2013 and FY 2023. During this period passenger airline operations increased from 49,774 in FY 2013 to 61,806 in FY 2023, which represents a 2.2 percent CAGR. During this period, average seats per departure increased from 119 in FY 2013 to 141 in FY 2023 while average load factor increased from 67 percent in FY 2013 to 68 percent in FY 2023. Operations decreased during this period for all other categories of activity, resulting in FY 2013 to FY 2023 CAGRs of -7.0 percent for all cargo operations, -1.7 percent for air taxi operations, -4.1 percent for general aviation operations, and -3.6 percent for military operations. Total operations decreased from 125,677 in FY 2013 to 115,959 in FY 2023, which represents a CAGR of -0.8 percent.

TABLE 5-7 HISTORICAL AIRCRAFT OPERATIONS

FISCAL YEAR	PASSENGER AIRLINE OPERATIONS			OTHER OPERATIONS				TOTAL OPERATIONS
	OPERATIONS	SEATS PER DEPARTURE	LOAD FACTOR	ALL CARGO	AIR TAXI	GENERAL AVIATION	MILITARY	
2013	49,774	119	67%	7,729	30,408	37,188	578	125,677
2014	46,588	118	70%	6,577	24,773	35,325	702	113,965
2015	46,754	115	73%	6,218	24,943	34,905	1,045	113,865
2016	47,330	118	71%	4,977	30,035	38,979	1,035	122,356
2017	49,178	127	70%	4,737	23,637	37,887	1,086	116,525
2018	53,964	132	71%	4,702	22,967	35,527	999	118,159
2019	57,091	130	74%	4,669	25,008	30,110	527	117,405
2020	53,196	132	64%	4,652	25,842	28,535	531	112,756
2021	25,966	133	51%	4,319	35,120	26,336	432	92,173
2022	58,879	142	65%	4,011	28,244	28,890	384	120,408
2023	61,806	141	68%	3,756	25,606	24,390	401	115,959
Compound Annual Growth Rate								
2013 - 2019	2.3%	1.5%	NA	-8.1%	-3.2%	-3.5%	-1.5%	-1.1%
2013 - 2023	2.2%	1.7%	NA	-7.0%	-1.7%	-4.1%	-3.6%	-0.8%

SOURCES: Burbank-Glendale-Pasadena Airport Authority (operations), November 2023; US DOT T-100 Database (passenger airlines seats per departure and load factor), November 2023.

5.3.4 LANDED WEIGHT

Table 5-8 presents the landed weight and shares of landed weight for the passenger airlines and the all-cargo operators serving the Airport from FY 2019 through FY 2023. Landed weight increased from 3.9 million thousand-pound units in FY 2019 to 4.4 million thousand-pound units in FY 2023, which represents a CAGR of 2.8 percent.

TABLE 5-8 HISTORICAL LANDED WEIGHT BY AIRLINE

	AIRLINE	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		2018 TO 2023
		LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	COMPOUND ANNUAL GROWTH RATE
1	Southwest	2,458,674	63.7%	2,250,560	60.3%	1,041,706	52.2%	2,556,980	60.9%	2,745,377	61.9%	2.2%
2	Alaska	356,773	9.2%	256,224	6.9%	166,531	8.4%	260,357	6.2%	319,372	7.2%	-2.2%
3	American	117,912	3.1%	177,622	4.8%	131,390	6.6%	206,019	4.9%	227,034	5.1%	14.0%
4	Avelo	0	0.0%	0	0.0%	58,085	2.9%	236,181	5.6%	173,630	3.9%	n/a
5	United	178,063	4.6%	178,160	4.8%	34,025	1.7%	76,158	1.8%	156,356	3.5%	-2.6%
6	United Parcel Service	132,577	3.4%	146,371	3.9%	135,102	6.8%	134,569	3.2%	134,260	3.0%	0.3%
7	Spirit	4,554	0.1%	78,724	2.1%	28,130	1.4%	49,377	1.2%	108,817	2.5%	88.7%
8	Federal Express	160,128	4.1%	156,112	4.2%	156,130	7.8%	121,897	2.9%	97,597	2.2%	-9.4%
9	Delta	102,570	2.7%	140,488	3.8%	73,744	3.7%	118,482	2.8%	93,238	2.1%	-1.9%
10	JetBlue	121,723	3.2%	94,075	2.5%	3,757	0.2%	86,407	2.1%	56,608	1.3%	-14.2%
11	Frontier	0	0.0%	0	0.0%	0	0.0%	81,413	1.9%	17,981	0.4%	n/a
12	Ameriflight	0	0.0%	18,514	0.5%	16,889	0.9%	16,088	0.4%	14,847	0.3%	n/a
13	Flair	0	0.0%	0	0.0%	0	0.0%	13,905	0.3%	6,418	0.1%	n/a
	Other, including charters	227,202	5.9%	237,836	6.4%	149,031	7.5%	242,776	5.8%	281,581	6.4%	4.4%
	Airport Total	3,860,175	100.0%	3,734,685	100.0%	1,994,519	100.0%	4,200,608	100.0%	4,433,115	100.0%	2.8%

NOTES:

Fiscal year ending June 30.

Weight in 1,000-pound units.

SOURCE: Burbank-Glendale-Pasadena Airport Authority, November 2023.

5.4 FACTORS AFFECTING AVIATION DEMAND AT THE AIRPORT

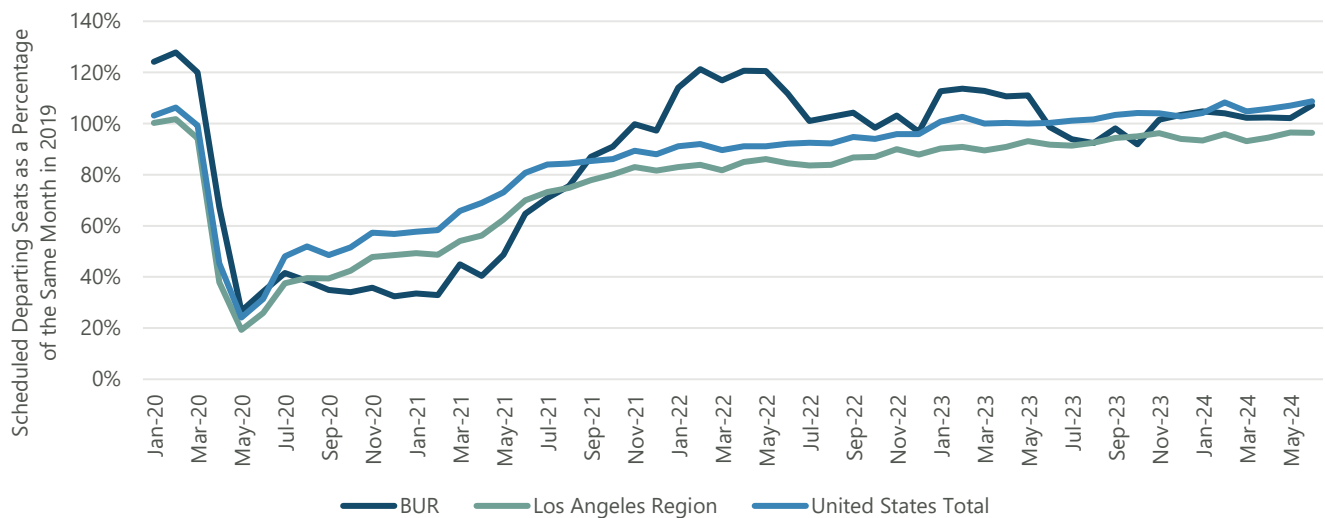
This section discusses qualitative factors that could influence future aviation activity at the Airport. These factors were considered, either directly or indirectly, in developing the aviation activity forecasts for the Airport.

5.4.1 IMPACT OF THE COVID-19 PANDEMIC

The outbreak and spread of the COVID-19 pandemic resulted in a severe contraction in demand for air travel that was driven by fear of illness, as well as government-imposed travel restrictions and quarantine requirements. The impact to air travel began in East Asia in December 2019 and rapidly accelerated to other regions of the world in March and April 2020. Airlines responded to the change in demand by parking aircraft and reducing capacity across their networks. By May 2020, which represented the low point in terms of passenger airline capacity offered, scheduled departing seats to domestic destinations decreased to 24 percent of May 2019 capacity for all US airports and 27 percent for the Airport. A gradual recovery in airline capacity occurred over the second half of CY 2020 and through CY 2021. From June 2020 through August 2021, the Airport’s capacity recovery lagged the average for all airports in the region as well as the national average. The Airport’s capacity recovery accelerated in the fourth quarter of CY 2021 and through most of CY 2022 exceeded CY 2019 levels, outpacing the capacity recovery for all airports in the region and the total US. In June 2024, the Airport’s scheduled departing seats represent 107 percent of June 2019 capacity compared to 109 percent average for all US airports.

Exhibit 5-5 depicts the Airport’s scheduled seat capacity recovery relative, depicted as scheduled departing seats as a percentage of the same month in 2019, to the average for all airports in the region and the average for all US airports.

EXHIBIT 5-5 SCHEDULED DOMESTIC SEAT CAPACITY RECOVERY



NOTE:

The region includes BUR, LAX, LGB, ONT, and SNA.

SOURCE: Cirium Diio (published airline schedules), February 2024.

5.4.2 NATIONAL ECONOMY

Historically, trends in airline travel have been closely correlated with national economic trends, most notably changes in gross domestic product (GDP). Chapter 4 of this report describes the general economic trends, both national and regional, that may influence demand for air service over time. United States GDP is expected to increase

by a CAGR of 2.1 percent⁴⁶ between calendar year (CY) 2022 and CY 2032, which should support generally increasing demand for air service. Actual economic activity may differ from this projection, especially on a year-to-year basis. Demand for air service may be impacted by changes in economic performance.

5.4.3 AIRLINE FINANCIAL PERFORMANCE

US airlines reported revenue growth and positive operating profits in the years leading up to the COVID-19 pandemic. The severe decrease in demand for air travel beginning in March 2020 drove a sharp contraction in operating revenues and steep financial losses in 2020 and 2021. In 2022 strong growth in demand drove record levels of operating revenue and US airlines collectively reported a positive operating profit in 2022, with performance improving over the course of the year. **Exhibit 5-6** presents operating revenue and profit for US airlines from CY 2015 through CY 2022. Most major US airlines have reported positive operating profits for CY 2023 and continued demand strength in the first quarter of CY 2024.

EXHIBIT 5-6 OPERATING REVENUE AND PROFIT OF UNITED STATES COMMERCIAL AIRLINES (CY 2015 – CY 2022)



SOURCE: Airlines for America, *Data & Statistics*, <https://www.airlines.org/dataset/annual-results-u-s-passenger-airlines/> (accessed July 23, 2023).

5.4.4 MERGERS AND ACQUISITIONS

US airlines have merged with or acquired competitors to achieve operational and commercial synergies and to improve financial performance. A wave of consolidation began in 2005 when America West Airlines merged with US Airways, retaining the US Airways brand for the consolidated airline. In CY 2009, Delta acquired Northwest Airlines. In CY 2010, United merged with Continental Airlines. In CY 2011, Southwest acquired AirTran Airways. In CY 2013, US Airways and American merged, with the consolidated airline retaining the American Airlines brand. In CY 2016 when Alaska acquired Virgin America and the two airlines completed their operational integration in CY 2018. In July 2022, JetBlue and Spirit announced their intention to merge, which was blocked by a ruling from a federal judge in January 2024. In December 2023 Alaska announced its intention to acquire Hawaiian Airlines, subject to regulatory approval. The consolidated airline would retain separate Alaska and Hawaiian brands. Consolidation across the

⁴⁶ Woods & Poole Economics, Inc. 2022 Complete Economic and Demographic Data Source (CEDDS), June 2022.

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industry has resulted in the realignment of some capacity as airlines integrate their networks and rationalize their deployment of aircraft and departing seats. Further consolidation of the US airline industry could affect the amount of capacity offered and could alter the competitive landscape. Any future airline industry consolidation is not expected to have a meaningful influence on service levels at the Airport.

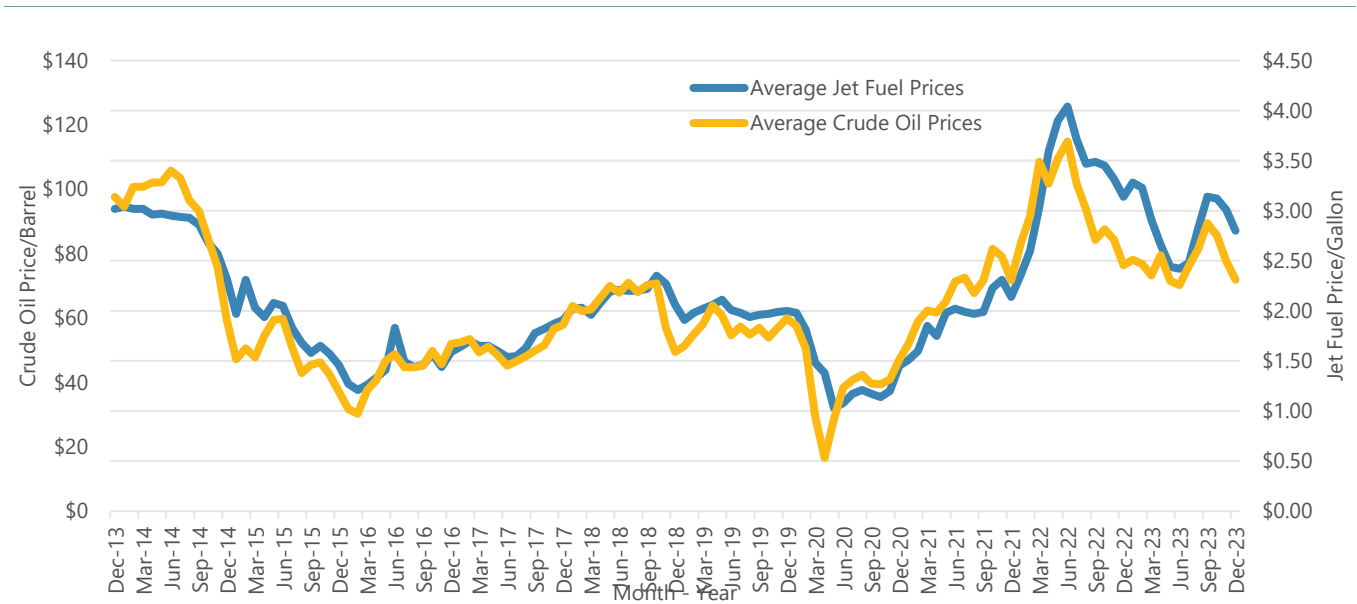
5.4.5 COST OF AVIATION FUEL

As of the third quarter of CY 2023, jet fuel represented 20.8 percent of total airline operating costs, second only to labor, according to the airline trade organization Airlines for America.⁴⁷ As recently as CY 2014, jet fuel represented an airline’s largest operating expense, and the cost of fuel is one of the most significant and volatile factors affecting the airline industry.

Exhibit 5-7 depicts monthly average jet fuel and crude oil prices from December 2013 through December 2023. During the period the average price of jet fuel dipped to a low of \$1.03 per gallon at the onset of the COVID-19 pandemic in May 2020 and reached a maximum of \$4.04 per gallon in June 2022. Fuel prices decreased in the second half of CY 2022 through the first part of CY 2023 and were \$2.80 per gallon in December 2023.

Fluctuating fuel costs will continue to affect airline profitability, and this could lead to changes in air service as airlines restructure air service to address increases or decreases in the cost of fuel.

EXHIBIT 5-7 HISTORICAL MONTHLY AVERAGES OF JET FUEL AND CRUDE OIL PRICES



SOURCES: US Bureau of Transportation Statistics, February 2024 (average jet fuel prices); US Energy Information Administration, February 2024 (average crude oil prices).

5.4.6 THREAT OF TERRORISM AND GEOPOLITICAL ISSUES

Since the terrorist attacks of September 11, 2001, the threat of terrorism incidents against either domestic or world aviation poses a risk to achieving forecast levels of activity. Tighter security measures have restored the public’s

⁴⁷ Airlines for America, *Passenger Airline Cost Index (PACI)*, <http://airlines.org/dataset/a4a-quarterly-passenger-airline-cost-index-u-s-passenger-airlines/> (accessed February 19, 2024).

confidence in the integrity of US and world aviation security systems. However, any terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services.

Additionally, geopolitical issues may affect aviation activity during the Projection Period. Potential governmental or regional instability in certain countries or locations may affect access to, or demand for, aviation service in these places. At the time of this report, the Russian invasion of Ukraine, which began in February 2022, is still ongoing. Additionally, an escalation of conflict between Israel and Hamas, which began in October 2023, remains an evolving situation. Further developments in these conflicts could exacerbate geopolitical and economic uncertainty and potentially impact demand for travel to certain regions.

5.4.7 OPERATIONAL CAPACITY OF THE NATIONAL AIRSPACE SYSTEM

One of the FAA's concerns is how increased delays at busy airports impact the efficiency of the National Airspace System. In its report *Airport Capacity Needs in the National Airspace System* (January 2015), the FAA stated the need to address delays that remain at key airports since its CY 2007 assessment, as well as the need to implement NextGen airspace system improvements. NextGen is a program to modernize the national air traffic control infrastructure by employing a satellite enabled navigation system that optimizes utilization of airspace and increases capacity of the national airspace system.

5.4.8 OTHER AIRPORTS IN THE REGION

In general, an airport's potential catchment area is limited by the distance from an airport while demand is influenced by the availability and quality of air service at nearby airports that compete for traffic. Airports evaluated as competitors for this analysis are LGB, LAX, ONT, and SNA. The Airport is located 17.4 miles from downtown Los Angeles, closer than any of the other competing airports in the region. Note that drive times cited in this section between the Airport and other airports in the region represent estimates and that drive times can vary significantly due to fluctuation in traffic patterns and conditions in and around the Los Angeles region. **Table 5-9** summarizes the comparison of the Airport to LAX, LGB, ONT, and SNA.

5.4.8.1 LOS ANGELES INTERNATIONAL AIRPORT

LAX is located 32.6 miles southwest of the Airport which represents approximately a 30 minute to two-hour drive (depending on traffic patterns and conditions). Downtown Los Angeles is 18.4 miles northeast of LAX, which represents approximately a 30 minute to 1.5-hour drive. For the 12-month period ending June 2024, 71 airlines have 704 scheduled average daily departures to 116 domestic and 78 international destinations from LAX. Thirty-four destinations served from the Airport are also served from LAX. The average domestic fare for the 12-month period ending September 2023 from LAX to the destinations served from both LAX and the Airport was \$175 which is 42 percent higher than the average domestic fare from the Airport to the same destinations. The higher domestic fare from LAX compared to the Airport is due in part to the large number of passengers flying from LAX on long-haul flights, to JFK in particular.

5.4.8.2 LONG BEACH AIRPORT

LGB is located 39.8 miles southeast of the Airport, which represents approximately a 40 minute to two-hour drive. Downtown Los Angeles is 23.6 miles north of LGB, which represents approximately a 30 minute to 1.5-hour drive. During the 12-month period ending June 2024, three airlines have 48 scheduled average daily departures to 24 domestic destinations from LGB. Twenty destinations served from the Airport are also served from LGB. The average domestic fare for the 12-month period ending September 2023 from LGB to the destinations served from both the Airport and LGB was \$107, which is 13 percent lower than the average domestic fare from the Airport to the same destinations.

TABLE 5-9 AIRPORTS IN THE REGION

AIRPORT	DISTANCE (MILES) FROM BUR	DISTANCE (MILES) FROM DOWNTOWN LOS ANGELES	FY 2023 ENPLANED PASSENGERS ¹	SHARE OF FY 2023 ENPLANED PASSENGERS	SHARE OF DOMESTIC O&D PASSENGERS	NUMBER OF MARKETS SERVED			AVERAGE DAILY DEPARTURES ⁴	AVERAGE DOMESTIC FARE ⁵	AVERAGE DOMESTIC FARE FOR DESTINATIONS SERVED NONSTOP FROM BUR ⁵
						DOMESTIC ²	INTERNATIONAL ³	TOTAL			
BUR	NA	17.4	3,082,167	6.3%	8.5%	37	0	37	85	\$135	\$123
LAX	32.6	18.4	35,201,366	72.0%	61.9%	116	78	194	704	\$216	\$175
LGB	39.8	23.6	1,780,434	3.6%	4.9%	24	0	24	48	\$128	\$107
ONT	50.7	41.6	3,070,754	6.3%	8.4%	23	3	26	73	\$178	\$145
SNA	52.9	41.1	5,776,343	11.8%	16.2%	44	4	48	130	\$183	\$150

NOTES:

- 1 Enplaned passengers are sourced from the US DOT T-100 Database and will not tie to airport reported enplaned passengers.
- 2 Scheduled nonstop service to cities within the United States during the 12-month period ending June 2024.
- 3 Scheduled nonstop service to cities outside the United States during the 12-month period ending June 2024.
- 4 Scheduled average daily departures for the 12-month period ending June 2024.
- 5 Average domestic fare for the 12-month period ending September 2023 (most recent data available).

SOURCES: US DOT T-100 Database (enplaned passengers), February 2024; US DOT O&D Survey (domestic O&D passengers and average domestic fares), February 2024; Cirium Diio (published airline schedules), February 2024.

5.4.8.3 ONTARIO INTERNATIONAL AIRPORT

ONT is 50.7 miles east of the Airport, which represents approximately one to two-hour drive from the Airport. Downtown Los Angeles is 41.6 miles west of ONT, which represents approximately a 40 minute to 2 -hour drive. For the 12-month period ending June 2024, thirteen airlines have 73 scheduled average daily departures to 23 domestic and 3 international destinations from ONT. Nineteen destinations served from the Airport are also served from ONT. The average domestic fare for the 12-month period ending September 2023 from ONT to destinations served from both the Airport and ONT was \$145, which is 18 percent higher than the average domestic fare from the Airport to the same destinations.

5.4.8.4 JOHN WAYNE AIRPORT

SNA is located 52.9 miles southeast of the Airport, which represents approximately a 45 minute to two-hour drive from the Airport. Downtown Los Angeles is 41.1 miles northwest of SNA, which represents approximately a 1 to 2-hour drive. In the 12-month period ending June 2024, eleven airlines have 130 scheduled average daily departures to 44 domestic and 4 international destinations from SNA. Twenty-three destinations served from the Airport are also served from SNA. The average domestic fare for the 12-month period ending September 2023 from SNA to destinations served from both the Airport and SNA was \$150, which is 22 percent higher than the average domestic fare from the Airport to the same destinations.

5.5 FORECASTS OF PASSENGER DEMAND

5.5.1 FORECAST METHODOLOGY

Forecasts of passenger airline activity were developed considering historical and forecast factors, including passenger volume trends at the Airport and throughout the industry, historical trends and projections of local and national socioeconomic factors, and anticipated trends in the use of the Airport by the airlines serving it. The following subsections describe the methodologies used in forecasting aviation activity at the Airport and present the results of those forecasts.

5.5.2 KEY ASSUMPTIONS

The forecasts are based on several underlying assumptions:

- While year-to-year fluctuations in economic activity are likely, the historical long-term trends of generally expanding economic activity, both nationally and locally, will continue through the Projection Period, resulting in increased demand for air service.
- Airline passenger demand is expected to continue to be correlated with changes in the US economy, the strength of the regional economy, and socioeconomic factors.
- The Airport will continue its role of primarily serving O&D passengers, with most destinations offered within one-stop of the Airport. Airlines will continue to operate as efficiently as possible, actively managing capacity and seeking to maintain or increase load factors on flights.
- The Airport will maintain its general market share of passenger traffic relative to its nearby competing airports within the region.
- The forecast is not predicated on specific terminal facility constraints or other capacity restrictions. However, the projected maximum passenger aircraft operations do not exceed the capacity of the passenger terminal's 14 gates. The passenger operations forecast assumes a maximum 153 average seats per departure, which is below the seat capacity of the 737-800 that represents the design aircraft for the passenger terminal.

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- Airline consolidation/mergers that may occur during the Projection Period are less likely to materially impact passenger activity levels at the Airport due to its primarily O&D passenger base, as well as the fact that most potential future mergers would be unlikely to involve airlines providing overlapping service at the Airport. Such combinations are unlikely to result in changes to service offered at the Airport.
- While the widespread deployment of effective vaccines to prevent COVID-19 infection and treatments for illness have mitigated the severity of the COVID-19 pandemic, new variants of the COVID-19 virus may emerge, and the full duration of the global pandemic and resulting impact on air travel remain unknown. It is assumed that the emergence of any new variants of the COVID-19 virus or any other infectious disease would not result in a severe reduction in air service as experienced at the onset of the COVID-19 pandemic.
- For these analyses, no terrorist incidents that could materially impact US air traffic demand during the Projection Period will occur. Additionally, any airline bankruptcies or industry consolidation during the Projection Period will not result in a major contraction within the aviation industry.
- There will be no cyber-attacks or breaches of information technology systems that would result in a prolonged disruption in the efficient operation of the Airport and/or the airlines serving the Airport.
- No major “acts of God” that may disrupt the national or global airspace system will occur that would negatively affect aviation demand.
- Many of the factors influencing aviation demand cannot be quantified. As a result, the forecast process should not be viewed as precise, particularly given the major structural changes that have occurred in the aviation industry since deregulation. Actual future traffic levels at the Airport may differ from forecasts presented herein because of unforeseen events.

5.5.3 FORECASTS OF PASSENGER DEMAND

Forecasts were developed using a two-step approach: one for the near-term period (FY 2024) and one for the long-term period (FY 2025 to FY 2032).

5.5.3.1 NEAR-TERM FORECAST (FY 2024)

The FY 2024 forecast was developed in February 2024 using actual reported activity through December 2023 and published airline schedules through June 2024. The activity forecast for this period was modeled on estimates of departing seat capacity and load factor by airline and region to derive a forecast of enplaned passengers. These estimates were based on an analysis of recent airline schedule changes and actual reported activity, taking into account the ongoing impact of supply-side factors that have constrained airline capacity growth including staffing shortages and delayed delivery of new aircraft. In FY 2024 departing growth is forecast to decrease 2.8 percent compared to FY 2023 while load factor is forecast to increase from 68.5 percent to 71.9 percent, resulting in a 2.0 percent increase in enplaned passengers between FY 2023 and FY 2024.

5.5.3.2 LONG-TERM FORECAST (FY 2025 – FY 2032)

The long-term forecast through FY 2032 was developed using socioeconomic regression analysis. Statistical linear regression modeling was employed in this methodology, with local and national socioeconomic and demographic factors as independent variables and domestic O&D passengers for four airports in the Los Angeles region (the Airport, LAX, LGB, and SNA) as the dependent variable, using 20 years of data ending CY 2019. CY 2020, CY 2021, and CY 2022 data were excluded as the activity during this period was heavily influenced by COVID-19 pandemic related factors, which are not expected to influence long-term patterns of demand for air travel. ONT’s O&D passengers are excluded from this analysis due to limited overlap of the ONT catchment area with the other airports in the region. Independent variables considered for this analysis included population, employment, earnings,

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income, gross regional product, and per-capita personal income. Relationships were found between certain local and national socioeconomic variables and domestic O&D enplaned passengers. These local and national socioeconomic variables were total employment, total earnings, total personal income per capita, and gross regional product for the Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area (Los Angeles MSA); total employment, total earnings, total personal income, total personal income per capita, and GRP for the Los Angeles – Long Beach Combined Statistical Area (Los Angeles CSA); and total employment, total earnings, total personal income per capita, and GDP for the US. A combination of these relationships was considered to arrive at a preliminary forecast of domestic O&D enplaned passengers for the Los Angeles region airports through the Projection Period.

Regression analysis on the key socioeconomic factors produced a range of forecast passengers through FY 2032. When regressed, the local and national socioeconomic variables (total employment, total earnings, total personal income per capita, and GRP for the MSA and the nation, and total employment, total earnings, total personal income, total personal income per capita and GDP for the CSA) were statistically significant and had R-squared⁴⁸ results above 85 percent. To arrive at a long-term forecast, the forecasts of all statistically significant variables that generated an R-squared of above 75 percent were averaged to arrive at a growth rate for domestic O&D enplaned passengers at the Los Angeles airports included in the regression analysis. As shown in **Table 5-10**, of those variables whose regression results were used in the average, the CY 2023 to CY 2032 growth rates were between 1.8 and 2.4 percent. The Airport's share of total O&D passengers for the Los Angeles airports included in the regression analysis was assumed to remain constant at the FY 2023 level of 9.5 percent.

TABLE 5-10 SOCIOECONOMIC VARIABLES INCLUDED IN ANALYSIS

SOCIOECONOMIC VARIABLES	RANGE OF R-SQUARED	RANGE OF CY 2023 – CY 2032 CAGR
Total Employment - Los Angeles MSA		
Total Earnings (real) - Los Angeles MSA		
Total Personal Income per Capita (real) - Los Angeles MSA		
Gross Regional Product (real) - Los Angeles MSA		
Total Employment - Los Angeles CSA		
Total Earnings (real) - Los Angeles CSA		
Total Personal Income (real) - Los Angeles CSA	78 – 87%	1.8 – 2.4%
Total Personal Income per Capita (real) - Los Angeles CSA		
Gross Regional Product (real) - Los Angeles CSA		
Total Employment – US		
Total Earnings (real) – US		
Total Personal Income per Capita (real) – US		
Gross Regional Product (real) – US		

NOTES:

CY – Calendar Year

CAGR – Compound Annual Growth Rate

SOURCES: US Department of Transportation DB1B Survey, November 2023 (historical); Woods & Poole Economics, Inc., 2022 Complete Economic and Demographic Data Source (CEDDS), June 2022 (historical and forecast); Ricondo & Associates, Inc., November 2023 (forecast).

⁴⁸ R-squared (R^2 or the coefficient of determination) is a statistical measure in a regression model that determines the proportion of variance in the dependent variable that can be explained by the independent variable. An R-squared value of 100 percent represents a perfect fit between the dependent and independent variables.

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It is assumed the Airport will continue to primarily serve domestic O&D passengers. It is not anticipated to become a hub for any airline and connecting passengers will comprise a very small portion of total passenger volumes. Therefore, connecting passengers were modeled to grow proportionally to domestic O&D passengers. International O&D passengers, also a very small portion of total passenger volumes, were modeled to grow proportionately to domestic O&D passengers.

The long-range forecast analysis established year over year growth rates for enplaned passengers at the Airport which were applied to baseline FY 2024 enplaned passengers to derive the forecast through FY 2032.

Table 5-11 presents the forecast of passenger activity at the Airport through the Projection Period. Total enplaned passengers are forecast to increase from approximately 3.0 million in FY 2023 to approximately 3.6 million in FY 2032, which represents a 2.1 percent CAGR.

TABLE 5-11 ENPLANED PASSENGER FORECAST

FISCAL YEAR	TOTAL ENPLANED PASSENGERS	ANNUAL GROWTH
Historical		
2013	1,984,447	
2014	1,907,693	-3.9%
2015	1,953,558	2.4%
2016	1,988,868	1.8%
2017	2,195,787	10.4%
2018	2,518,334	14.7%
2019	2,745,259	9.0%
2020	2,261,359	-17.6%
2021	876,735	-61.2%
2022	2,712,835	209.4%
2023	2,979,039	9.8%
Forecast		
2024	3,037,933	2.0%
2025	3,107,031	2.3%
2026	3,175,868	2.2%
2027	3,245,032	2.2%
2028	3,314,549	2.1%
2029	3,384,547	2.1%
2030	3,455,001	2.1%
2031	3,525,742	2.0%
2032	3,596,883	2.0%
Compound Annual Growth Rate		
2013 – 2019	5.6%	
2013 – 2023	4.1%	
2019 – 2032	2.1%	
2023 – 2032	2.1%	

NOTES:

Fiscal year ending June 30.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, February 2024 (historical); Ricondo & Associates, Inc., February 2024 (forecast).

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5.5.4 AIRCRAFT OPERATIONS FORECAST

The passenger airline operations forecast was developed based on the enplaned passengers forecast, load factor forecast, and average seat per departure forecast, which was informed by an analysis of current airline fleets and expected future fleets. The forecast assumes that growth in passengers at the Airport will be accommodated by growth in operations as well as higher load factors and average aircraft size. **Table 5-12** presents historical and forecast enplaned passengers, passenger airline aircraft operations, load factors, and seats per departure, as well as general aviation, all-cargo, and military operations.

TABLE 5-12 AIRCRAFT OPERATIONS FORECAST

FISCAL YEAR	TOTAL ENPLANED PASSENGERS	PASSENGER AIRLINE OPERATIONS	AVERAGE SEATS PER DEPARTURE	AVERAGE LOAD FACTOR	ALL CARGO AIRLINE OPERATIONS	GENERAL AVIATION/AIR TAXI OPERATIONS ¹	MILITARY OPERATIONS	AIRPORT TOTAL OPERATIONS
Historical								
2013	1,984,447	49,774	119	67.0%	7,729	67,596	578	125,677
2014	1,907,693	46,588	118	69.6%	6,577	60,098	702	113,965
2015	1,953,558	46,754	115	72.9%	6,218	59,848	1,045	113,865
2016	1,988,868	47,330	118	71.2%	4,977	69,014	1,035	122,356
2017	2,195,787	49,178	127	70.4%	4,737	61,524	1,086	116,525
2018	2,518,334	53,964	132	70.5%	4,702	58,494	999	118,159
2019	2,745,259	57,091	130	74.0%	4,669	55,118	527	117,405
2020	2,261,359	53,196	132	64.3%	4,652	54,377	531	112,756
2021	876,735	25,966	133	50.8%	4,319	61,456	432	92,173
2022	2,712,835	58,879	142	65.0%	4,011	57,134	384	120,408
2023	2,979,039	61,806	141	68.4%	3,756	49,996	401	115,959
Forecast								
2024	3,037,933	61,714	137	71.9%	3,872	50,551	401	116,538
2025	3,107,031	61,800	138	72.9%	3,992	49,720	401	115,914
2026	3,175,868	61,866	139	73.9%	4,116	48,679	401	115,063
2027	3,245,032	62,340	140	74.4%	4,244	48,536	401	115,521
2028	3,314,549	62,802	141	74.9%	4,375	48,867	401	116,445
2029	3,384,547	63,254	142	75.4%	4,511	49,199	401	117,365
2030	3,455,001	63,696	143	75.9%	4,651	49,523	401	118,271
2031	3,525,742	64,127	144	76.4%	4,795	49,845	401	119,168
2032	3,596,883	64,547	145	76.9%	4,944	50,169	401	120,060
Compound Annual Growth Rate								
2013 - 2019	5.6%	2.3%	1.5%	1.7%	-8.1%	-3.3%	-1.5%	-1.1%
2013 - 2023	4.1%	2.2%	1.7%	0.2%	-7.0%	-3.0%	-3.6%	-0.8%
2019 - 2032	2.1%	0.9%	0.8%	0.3%	0.4%	-0.7%	-2.1%	0.2%
2023 - 2032	2.1%	0.5%	0.3%	1.3%	3.1%	0.0%	0.0%	0.4%

NOTES:

Fiscal year ending June 30.

¹ Includes Civil Air operations.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, February 2024 (historical enplaned passengers, operations); US Department of Transportation, T-100 Database, February 2024 (historical operations, seats per departure, and load factor); Ricondo & Associates, Inc., February 2024 (forecast).

Average seats per departure are forecast to decrease from 141 in FY 2023 to 137 in FY 2024. This decrease reflects a marginally faster rate of growth for American, Delta, and United, which typically operate smaller aircraft than Southwest, during this period. Average seats per departure increase each year between FY 2024 and FY 2032, reaching 145 in FY 2032, as airlines serving the Airport are expected to take delivery of larger aircraft during the Projection Period. The average load factor is forecast to increase from 68.4 percent in FY 2023 to 71.9 percent in FY 2024, reflecting recent trends as growth in demand has driven load factors closer to the pre-COVID pandemic average of 74.0 percent in FY 2019. Average load factor is forecast to gradually increase each year of the Projection Period, reaching 76.9 percent in FY 2032. The long-term growth in average load factors reflects the assumption that airlines will continue to refine and improve their pricing and inventory management systems in order to maximize revenue. Passenger aircraft operations are expected to increase from 61,806 in FY 2023 to 64,547 in FY 2032, which reflects a CAGR of 0.5 percent compared to a CAGR of 2.1 percent for enplaned passengers during the same period. The Airport's fourteen available gates will be able to accommodate the forecast growth in passenger airline operations, with average daily departures per gate increasing from 6.0 in FY 2023 to 6.3 in FY 2032.

The all-cargo aircraft operations forecast is based on growth rates for North America cargo volumes established in the 2022 Boeing World Air Cargo Forecast. All-cargo aircraft operations are forecast to increase from 3,756 in FY 2023 to 4,944 in FY 2032, which represents a CAGR of 3.1 percent. The general aviation and air taxi operations forecast is based on growth rates established in the 2022 FAA aerospace forecast for these categories of aircraft operations. Aggregate general aviation and air taxi operations are forecast to increase from 49,996 in FY 2023 to 50,169 in FY 2032, which represents a CAGR of 0.0 percent. Military operations are forecast to remain constant at FY 2023 levels of 401 throughout the Projection Period. Total Airport operations are forecast to increase from 115,959 in FY 2023 to 120,060 in FY 2032, which represents a CAGR of 0.4 percent.

5.5.5 LANDED WEIGHT FORECASTS

Table 5-13 presents passenger airline and all-cargo airline landed-weight forecasts. Passenger airline landed weight is forecast to increase from approximately 4.2 million thousand-pound units in FY 2023 to approximately 4.5 million thousand-pound units in FY 2032, a CAGR of 0.8 percent. All-cargo airline landed weight is forecast to increase from approximately 0.25 million thousand-pound units in FY 2023 to approximately 0.32 million thousand-pound units in FY 2032, a CAGR of 3.1 percent.

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TABLE 5-13 PASSENGER AIRLINE LANDED-WEIGHT FORECAST

FISCAL YEAR	PASSENGER AIRLINE LANDED WEIGHT ¹	ANNUAL GROWTH	ALL-CARGO AIRLINE LANDED WEIGHT ¹	ANNUAL GROWTH	TOTAL LANDED WEIGHT	ANNUAL GROWTH
Historical						
2013	2,727,234		308,851		3,036,085	
2014	2,512,091	-7.9%	313,406	1.5%	2,825,497	-6.9%
2015	2,419,572	-3.7%	331,100	5.6%	2,750,672	-2.6%
2016	2,564,287	6.0%	333,651	0.8%	2,897,938	5.4%
2017	2,887,277	12.6%	319,083	-4.4%	3,206,360	10.6%
2018	3,305,072	14.5%	316,001	-1.0%	3,621,073	12.9%
2019	3,547,499	7.3%	312,677	-1.1%	3,860,176	6.6%
2020	3,413,688	-3.8%	320,998	2.7%	3,734,685	-3.3%
2021	1,686,398	-50.6%	308,121	-4.0%	1,994,519	-46.6%
2022	3,928,055	132.9%	272,554	-11.5%	4,200,608	110.6%
2023	4,186,411	6.6%	246,704	-9.5%	4,433,115	5.5%
Forecast						
2024	4,083,472	-2.5%	254,352	3.1%	4,337,823	-2.1%
2025	4,116,666	0.8%	262,237	3.1%	4,378,902	0.9%
2026	4,148,577	0.8%	270,366	3.1%	4,418,943	0.9%
2027	4,206,233	1.4%	278,747	3.1%	4,484,981	1.5%
2028	4,263,545	1.4%	287,388	3.1%	4,550,933	1.5%
2029	4,320,668	1.3%	296,297	3.1%	4,616,966	1.5%
2030	4,377,581	1.3%	305,483	3.1%	4,683,064	1.4%
2031	4,434,086	1.3%	314,953	3.1%	4,749,039	1.4%
2032	4,490,324	1.3%	324,716	3.1%	4,815,041	1.4%
Compound Annual Growth Rate						
2013 - 2019	4.5%		0.2%		4.1%	
2013 - 2023	4.4%		-2.2%		3.9%	
2019 - 2032	1.8%		0.3%		1.7%	
2023 - 2032	0.8%		3.1%		0.9%	

NOTES:

In thousand-pound units.

Fiscal year ending June 30.

Includes charters' landed weight.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, November 2023 (historical); Ricondo & Associates, Inc., November 2023 (forecast).

6. FINANCIAL ANALYSIS

This chapter presents the financial structure of the Authority and further provides historical (FY 2018 – FY 2023),⁴⁹ and projected (FY 2024 Budget – FY 2032) financial information. The analysis supporting this chapter incorporates estimated impacts of the CIP and the Project on projected O&M Expenses; airline and non-airline revenues; debt service requirements, including the issuance of the 2024 Bonds; and anticipated future bond issuances. The resulting airline cost per enplaned passenger and projected application of Revenues are discussed and debt service coverage throughout the Projection Period is calculated pursuant to the Rate Covenant. **Appendix A** of this Report includes the financial analysis performed by Ricondo including financial information through the Projection Period.

6.1 FINANCIAL FRAMEWORK

The Airport is owned by the Authority and operated and maintained through a management services agreement with TBI. The Authority operates on a July through June fiscal year and manages financial operations in accordance with generally accepted accounting principles, and as required by the provisions of various legal agreements, including the Master Indenture and the AUA. The Authority reports its financial operations as an enterprise activity, and as such, its financial statements are presented using the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.⁵⁰ Operating revenues include charges for services and tenant rent. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The Authority has Existing AUAs with eight signatory passenger airlines: Alaska, American, Avelo, Delta, JetBlue, Southwest, Spirit, and United (Signatory Airlines). All Existing AUAs have an expiration date of June 30, 2025. In April 2024, the Authority offered the AUA Amendment and the Replacement AUA to each Signatory Airline. The AUA Amendment extends the term of the Existing AUA to the earlier of DBO of the Replacement Passenger Terminal or June 30, 2030. "DBO" means to the date of beneficial occupancy, which is the beginning of revenue operations in the Replacement Passenger Terminal, currently projected to be October 13, 2026.

The Replacement AUA sets forth the business arrangement between the Authority and the Signatory Airlines starting on the DBO of the Replacement Passenger Terminal, including the granting of terminal and gate space on an exclusive and common use basis, provisions for airline approval of certain capital improvement projects, and the Authority's new rate-setting methodology. Under this residual methodology, for each FY, the rent and fees to be paid by the Signatory Airlines will be calculated so that they will yield sufficient amounts to cover the requirements necessary for the different cost centers of the Airport (Requirements), including bond coverage. In addition, the Replacement AUA provides for the establishment of a set-aside fund to be used as deemed necessary by the Authority's Executive Director. The amount of this set-aside fund will initially equal \$3.0 million and will be increased by 3 percent each FY. The Replacement AUA also permits the Authority to accumulate, and then maintain, sufficient cash (or cash equivalent) to allow the Authority to continue operating the Airport for 540 days in the event of an

⁴⁹ Values referenced for FY 2023 are audited actuals.

⁵⁰ Burbank-Glendale-Pasadena Airport Authority, Basic Financial Statements, June 30, 2022 and 2021, p. 39.

unforeseen revenue interruption. Replenishment each FY, as necessary, of the set-aside fund and the extraordinary operating reserve will be included in the rate base for the airlines' rates and charges.

Pursuant to their terms, the effectiveness of each of the AUA Amendment and the Replacement AUA is conditioned on the airline's execution of both documents. If any airline elects not to execute the Replacement AUA, it can continue to serve the Airport under an Operating Permit after June 30, 2025 (the expiration date of the Existing AUA) as a non-signatory airline and pay a 35 percent premium as compared to the Signatory Airlines rate. In the event none of the current Signatory Airlines execute the AUA Amendment and a Replacement AUA by July 1, 2025, the Authority has the option of establishing rates for the rents and fees pursuant to a resolution ("Rate Resolution"). The rates under the Rate Resolution will be sufficient to enable the Authority to meet the coverage requirements of the Indenture, and is also expected to take into account provisions for set asides and extraordinary operating reserves.

This report assumes all airlines serving the Airport will sign the AUA Amendment and the Replacement AUA. Because of the residual rate-setting under the Replacement AUA, the premium charged to any carrier that is not a party to the Replacement AUA will serve to reduce the portion of the Requirements to be borne by the Signatory Airlines and lower the rents and fees charged to the Signatory Airlines (because of the offset by revenue from the non-signatory airlines). The residual rate setting methodology and terms in the Replacement AUA guarantee revenue sufficient to meet the Authority's rate covenant under the Indenture.

6.1.1 AIRPORT RATES AND CHARGES

The AUA establishes the following five cost centers for use in determining the allocation of revenues and expenses for Airport operations as well as the calculation of certain airline rates, fees, and charges described later in this section:

- **Airfield** – includes revenues and expenses associated with the operation of the Airfield Area consisting of the runways, taxiways, apron, and other portions of the Airport that provide for the landing, takeoff, handling, servicing, loading, and unloading of aircraft.
- **Authority Areas** - includes any property or improvements obtained by the Authority with funds other than Airport Revenue or with Airport Revenue that is allocable to the Authority Areas Cost Center.
- **Other Buildings and Areas** - consists of revenues and expenses associated with the operation, maintenance, and improvements of any portion of the Airport not included in another Airport Cost Center.
- **Parking and Roadway** – includes revenues and expenses associated with the operation, maintenance, and improvement of access roads to and from the Terminal Area and the Airport's parking facilities.
- **Terminal Building** – includes revenues and expenses associated with the operation, maintenance, and improvement of the terminal building.

The Replacement AUA incorporates a residual rate-setting methodology for both the Terminal Building and Airfield Cost Centers. Airline fees in the Terminal Building Cost Center include rent for Exclusive Use Space and Common Use Fees for non-exclusive space. In the Airfield Cost Center, the airlines pay landing fees based on their level of activity. **Table 6-1** presents the Authority's rate schedule under the terms of the Existing AUA for FY 2024 Budget. These rates have remained unchanged since FY 2013.

TABLE 6-1 SCHEDULE OF AIRLINE RATES AND CHARGES – FY 2024 BUDGET

RATE DESCRIPTION	RATE
Landing Fees Per Thousand Pound Units	
Signatory Air Carrier	\$0.97
Non-Signatory Air Carrier	\$1.56
Terminal Rental Rates Per Square Foot; Annual Basis	
Exclusive Use Space (Terminals A and B)	
Operations Office	\$17.71
Ramp Storage/Holdroom	\$8.74
Baggage Make Up Space	\$8.74
Ramp Area	\$0.58
Baggage Service Office	\$20.70
Office Space (Building 9)	\$23.00
First Floor Office Space	\$20.70
Common Use Space	
Ticket Counter	\$26.45
Baggage Claim	\$19.72
Holdroom Space	\$19.72

SOURCE: Burbank-Glendale-Pasadena Airport Authority, August 2023.

6.1.2 DESCRIPTION OF REPLACEMENT AUA RATE SETTING METHODOLOGY

As noted above, upon DBO of the Replacement Terminal Building, the Replacement AUA applies a residual rate-setting methodology for establishing airline terminal rental rates and landing fees. Under a residual agreement, an airport owner / operator credits non-airline revenues against total O&M Expenses, with the airlines charged the difference (or residual amount) such that 100 percent of the expenses, debt service, and debt service coverage attributable to the applicable cost center is fully recovered by the airport owner / operator.

Since inception of the Existing AUA, the Authority has maintained generally consistent rates through the application of non-airline revenues as credits to airline rates and charges. However, the Existing AUA allows the terminal rental rates and landing fees to be adjusted annually to amounts sufficient to recover all expenses associated with the Terminal Building Cost Center (Terminal Building Requirement) and the Airfield Cost Center (Airfield Area Requirement), respectively. The Existing AUA further allows the Authority, at its discretion, to apply up to 100 percent of net Parking and Roadway Cost Center revenues to the Terminal Building Requirement and / or the Airfield Cost Center Requirement. For the purposes of this analysis, under both the existing and Replacement AUA, it is assumed that the Authority will apply 100 percent of net Parking and Roadway Cost Center revenues / deficits to airline rates and charges to the Terminal Building Requirement. It should be further noted that the existing and Replacement AUA contains a provision allowing the Authority to adjust airline rates and charges during a Fiscal Year in the event the Authority anticipates Airport Revenues to be insufficient to fulfill the Terminal Building or Airfield Area Requirement; airline landing fees for any quarter vary by more than 10 percent; or actual Airport Expenses are expected to exceed projected Airport Revenues.

6.1.2.1 TERMINAL BUILDING REQUIREMENT

Under the Replacement AUA, the Terminal Building Requirement for a given Fiscal Year is calculated by totaling the following amounts: (1) the estimated amounts for maintenance, operating and administrative expenses, capital outlays, replacements, and renewals of the Terminal Building Cost Center for the Fiscal Year, as reflected in the Authority's Annual Budget; (2) all amounts required by Bond Resolutions to be paid or set-aside (e.g., interest and principal payments on Bonds, debt service reserve fund deposits, operating reserve deposits) during the Fiscal Year that are allocable to the Terminal Building Cost Center; (3) the estimated expense of services, if any, to be provided by the Cities of Burbank, Glendale, and Pasadena to the Terminal Building Cost Center for the Fiscal Year; (4) an amount determined by the Authority, equal to the total estimated deficit (or, if there is an estimated surplus, the total estimated surplus as a credit) resulting from actual operations of the Parking and Roadway Cost Center for the Fiscal Year; and (5) any Airport Expense, assessment, or charge for the Fiscal Year allocable to the Terminal Building Cost Center.

The Terminal Building Requirement for a Fiscal Year shall be net of the total estimated Non-Airline Revenue from the Terminal Building Cost Center for the Fiscal Year.

6.1.2.2 AIRFIELD AREA REQUIREMENT

Under the Replacement AUA, the Airfield Area Requirement for a given Fiscal Year is calculated by totaling the following amounts: (1) the estimated maintenance expenses, operating and administrative expenses, capital outlays, replacements, and renewals of the Airfield Cost Center for the Fiscal Year, as reflected in the Authority's Annual Budget; (2) all amounts required by Bond Resolutions to be paid or set-aside (e.g., interest and principal payments on Bonds, debt service reserve fund deposits, operating reserve deposits) during the Fiscal Year that are allocable to the Airfield Cost Center; (3) the estimated expense of services, if any, to be provided by the Cities of Burbank, Glendale, and Pasadena to the Airfield Cost Center for the Fiscal Year; (4) any Airport Expense, assessment, or charge for the Fiscal Year allocable to the Airfield Cost Center; and (5) any deficiency in any Special Fund of the Authority, including for the accumulation to, and maintenance of, an amount of unencumbered cash (or cash equivalents) equal to 540 days of the Airport Daily Operating Requirement. Airport Daily Operating Requirement means the dollar amount necessary for the Authority to maintain operation of the Airport for one full day, assuming no revenue.

The Airfield Area Requirement for a fiscal year shall be net of the following amounts: (1) the total estimated Non-Airline revenue from the Airfield Cost Center for the Fiscal Year; and (2) estimated Other Buildings and Areas Cost Center net revenue (deficit) for the Fiscal Year.

6.1.3 THE MASTER INDENTURE OF TRUST

The Joint Powers Act and the Joint Powers Agreement empower the Authority to issue revenue bonds to support the development of the Airport, among other purposes. The Authority's bonds are issued under and secured by the Indenture, as it may be amended and supplemented from time to time.

6.1.4 SECURITY PLEDGED FOR REPAYMENT OF BONDS

Pursuant to the Indenture, the Authority may issue Bonds, which may be Senior Bonds, Subordinate Bonds or Junior Subordinate Bonds. Each Series of Senior Bonds has a first lien and pledge on the Trust Estate, subject to the terms the Master Indenture and the Supplemental Indenture related to such Senior Bonds. Each Series of Subordinate Bonds has a pledge on the Trust Estate, subject to the terms the Master Indenture and the Supplemental Indenture related to such Subordinate Bonds, that ranks junior to the Senior Bonds. Each Series of Junior Subordinate Bonds has a pledge on the Trust Estate, subject to the terms the Master Indenture and the Supplemental Indenture related to such Junior Subordinate Bonds, that ranks junior to the Senior Bonds and the Subordinate Bonds.

The Authority may also issue other Obligations (debt instruments secured by the pledge of the Trust Estate or a portion thereof) pursuant to related Issuing Instruments, subject to the terms of the Indenture.

With respect to any Series of Obligations, revenues from Grant Funds, Customer Facility Charges and PFC in specified amounts are pledged (and thus constitute Available Grant Revenues, Available CFC Revenues or Available PFC Revenues) only if such pledge is so provided in the related Supplemental Indenture.

"Senior Obligations" include (i) the 2012 Bonds, (ii) the 2024 Bonds, (iii) any other Series of Senior Bonds, (iv) the Commercial Paper Notes, (v) the Commercial Paper Reimbursement Obligations, and (vi) any Obligations (or portions thereof) which may be incurred by the Authority that have the priority of "Senior Obligation" upon satisfying the conditions set forth in the Master Indenture.

Currently, there are no outstanding Subordinate Bonds (nor any other Subordinate Obligations) nor Junior Subordinate Bonds (nor any other Junior Subordinate Obligations).

"Trust Estate" means, subject to the provisions of the Indenture and any applicable Issuing Instrument: and subject to the rights of the Authority to release categories of Revenues from the Trust Estate as provided in the Indenture: (i) the Net Revenues; (ii) each Credit Support Instrument, including all payments thereunder; (iii) each Reserve Guaranty, including all payments thereunder; (iv) the Construction Fund, the Net Proceeds Fund, the Revenue Fund, the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund, the Junior Subordinate Fund, the Surplus Fund, each Senior Series Debt Service Reserve Fund and each Subordinate Series Debt Service Reserve Fund, including all Accounts in any of the foregoing, all money, instruments, investment property and other property on deposit in or credited to any such Fund or Account, and all property, including Permitted Investments, purchased with money on deposit in or credited to any such Fund or Account; (v) any additional property that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by the Authority or by anyone on its behalf which additional property the Trustee is authorized and directed to accept as part of the Trust Estate and any additional property in which a security interest is granted pursuant to a Supplemental Indenture or an Issuing Instrument to the extent provided in such Supplemental Indenture or Issuing Instrument; and (vi) all proceeds of the foregoing. "Net Revenues" means for any period of time, the Revenues for such period less the Operating Expenses for such period.

"Revenues" means all income, receipts, earnings and revenues (including, but not limited to, any Subsidy) received by or accrued to the Authority, excluding the following (except to the extent deposited in the Revenue Fund): (a) gifts, grants and other funds otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of Operating Expenses or Debt Service on Obligations; (b) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds are restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Operating Expenses or Debt Service on Obligations; (c) except as and to the extent included in the rate covenant calculations made pursuant to the Indenture, any Transfer; (d) except as provided in the Indenture, any Special Facility Revenue; (e) any gain or loss from the sale, exchange or other disposition of capital assets of the Authority; (f) any Released Revenues; (g) any unrealized gains on securities held for investment by or on behalf of the Authority; (h) any gains or losses resulting from changes in valuation of any Swap; (i) any unrealized gains or losses from the write-down, reappraisal or revaluation of assets; (j) the proceeds of Obligations; (k) any Termination Payments paid to the Authority upon the termination of a Swap; (l) Facilities Construction Credits; (m) Passenger Facility Charges; (n) Customer Facility Charges; (o) Grant Funds; (p) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Obligations; (q) any arbitrage earnings which are required to be paid to the United States of America pursuant to Section 148 of the Code; and (r) interest earnings or other investment earnings on the Net

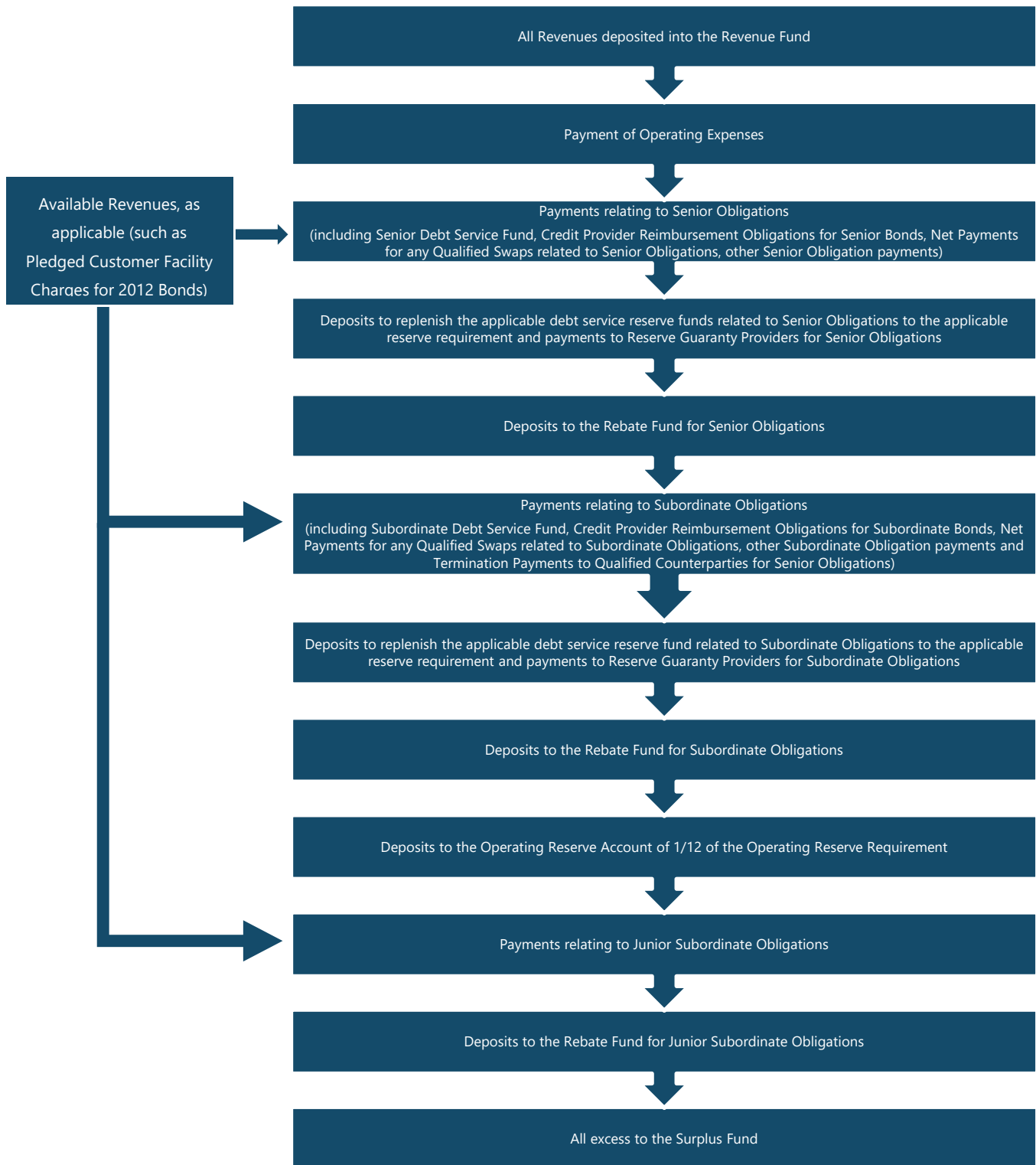
Proceeds Fund and any Account in the Construction Fund established by any Supplemental Indenture unless otherwise provided in such Supplemental Indenture.

“Operating Expenses” means the reasonable and necessary costs and expenses of operating, maintaining and administering the Airport, determined in accordance with Generally Accepted Accounting Principles, including (among other things) charges under management agreements for the operation and maintenance of the Airport, salaries and wages and payments for associated benefits including payments in connection with medical, pension and post-retirement medical plans, fees for services, costs of materials, supplies and fuel, reasonable expenses of management, repairs and other expenses necessary to maintain and preserve the Airport in good repair and working order, reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, legal fees and expenses, the costs of Capital Improvements to the extent such Capital Improvements are projected to be paid from the Operating Fund, the fees and expenses of the Fiduciaries, the fees and expenses of remarketing agents, auction agents and dealers, the regularly scheduled fees to be paid pursuant to any Credit Support Agreement, expenses incurred in connection with the purchase or redemption of Obligations, and all other costs (including overhead of officers and employees of the member cities of the Authority) properly allocable to the operation, maintenance or administration of the Airport, but excluding in all cases: (a) amortization of intangibles or other bookkeeping entries of a similar nature; (b) amortization and depreciation of Airport facilities and assets; (c) charges for the payment of principal, Redemption Price, Purchase Price, interest or other payments on any Obligations; (d) any items chargeable to a capital account; (e) any loss from the sale, exchange or other disposition of capital assets of the Airport; (f) any unrealized losses on securities held for investment by or on behalf of the Authority; (g) any losses resulting from changes in valuation of any Swap; (h) any unrealized losses from the write-down, reappraisal or revaluation of assets including investments for “other than temporary” declines in book value; (i) any extraordinary losses; (j) any loss resulting from extinguishment of indebtedness; (k) the costs and expenses of operating, maintaining and administering any Special Facility; (l) any costs and expenses paid or expected to be paid, or for which the Authority (or an entity controlled by the Authority) is or is expected to be reimbursed, from or through any source (including Released Revenues) that is not included or includable in the definition of “Revenues”; and (m) any costs and expenses to the extent such costs and expenses are directly related or reasonably allocable to a category of Released Revenues, as determined by the Authority.

6.1.5 FLOW OF FUNDS

All Revenues are required to be deposited to the Revenue Fund, which is held by the Authority, upon receipt. No later than the last business day of each month, the Authority shall withdraw monies from the Revenue Fund and make deposits or payments in order of priority as presented in **Exhibit 6-1**. Unless pledged, available Revenues (i.e., Available Grant Revenues, Available CFC Revenues and Available PFC Revenues) are not a component of Revenues and are deposited directly to the funds related to the applicable Obligations as permitted in the Indenture.

EXHIBIT 6-1 FLOW OF FUNDS



SOURCE: Burbank-Glendale-Pasadena Airport Authority, April 2024.

6.1.6 RATE COVENANT

The Master Indenture establishes a rate covenant. Generally, the Authority covenants to set rates, tolls fees, rental and charges in connection with the ownership and operation of the Airport and services rendered in connection therewith, so that for each Fiscal Year: (1) Net Revenues will be at least equal to 100 percent of the aggregate amounts required to be made under the flow of funds provision of the Master Indenture, as described above; (2) Net Revenues plus any Transfer (from the Surplus Fund) will be at least equal to 125 percent of Accrued Debt Service on all Outstanding Parity Senior Obligations for such Fiscal Year, provided that the amount of any Transfer taken into account for such purpose shall not exceed 25 percent of the Accrued Debt Service on the Outstanding Senior Obligations for such Fiscal Year; (3) Net Revenues plus any Transfer will be at least equal to 110 percent of Accrued Debt Service on all Outstanding Senior Obligations and Subordinate Obligations for such Fiscal Year, provided that the amount of any Transfer taken into account for such purpose shall not exceed 10 percent of the Accrued Debt Service on the Outstanding Senior Obligations and Subordinate Obligations for such Fiscal Year; and (4) Net Revenues will be at least equal to 100 percent of Accrued Debt Service on all Outstanding Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations for such Fiscal Year.

6.1.7 CAPITAL PROJECT APPROVAL

The Existing AUA sets forth a procedure for the Authority to consult with the Signatory Airlines and seek approval of those Airport capital projects which may affect airline rates and charges (capital projects). The Replacement AUA contains substantially identical provisions. However, such approval is not required under certain circumstances. Pursuant to the Existing AUA and the Replacement AUA, the Authority may undertake capital projects, without approval of the Signatory Airlines if the costs to the Authority are under \$1 million, subject to an aggregate total of \$2 million of capital projects in any one Fiscal Year. Airline approval also is not required for (and the \$1 million per project/\$2 million per year aggregate total does not apply to), capital projects determined by the Authority to be necessary or prudent to: a) ensure compliance with a requirement of any governmental entity (exclusive of the Authority); b) permit the continued operation, maintenance, and development of the Airport; c) maintain or create functional capability at the Airport at a level which is required (i) by public health, safety, or welfare or (ii) by the bond indenture (or other applicable bond documents) for the security of the Bonds; d) satisfy judgments against the Authority rendered by a court of competent jurisdiction; e) repair or replace Airport property damaged by casualty to a condition appropriate for the continued use of such Airport property for its intended purpose; or, f) acquire land to preserve the Airport or its operations.

Capital projects in excess of \$1 million (and does not otherwise fall into one of the exceptions described above) must be presented by the Authority to the Signatory Airlines for their consultation and approval. A project is deemed approved unless a Majority-in-Interest (MII) of the Signatory Airlines specifically withhold approval, in writing, to the Authority. The AUA defines the MII as a numerical majority of Signatory Airlines, which numerical majority shall have landed more than 75 percent of the total landed weight at the Airport during the immediately preceding Fiscal Year. If MII approval is withheld, the Authority may convene a second meeting of the Signatory Airlines within 45 days to seek their reconsideration. If the Signatory Airlines again withhold their approval, the capital project must be deferred to the next fiscal year, at which time the Authority may again seek Signatory Airline approval of the capital project.

The February 7, 2022 amendment to the AUA sets forth guidance specific to airline approval of the Replacement Passenger Terminal Program.

- a. Memorandum of Understanding (MOU).The parties shall meet in good faith to negotiate a MOU stating deal points for a replacement airport use agreement that defines Airline's responsibility for fees, rates, and charges to pay for the operation, maintenance, and debt service for the RPT Program. Such MOU shall outline: (i) the

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

financial terms for Airline's support of the RPT Program; and (ii) the process by which the Authority and the Signatory Airlines shall reach a guaranteed maximum price ("GMP") for the RPT Program. If project costs increase after receipt of the GMP, such costs will be subject to a MII approval. Prior to execution of the MOU, the content was transferred into the Replacement AUA.

- b. Participation. Upon the Authority's award of a progressive design build contract for the RPT Program, Airline shall participate in good faith in meetings with the selected design builder and the Authority with regard to design and cost of the RPT Program.
- c. Acknowledgement. Airline acknowledges that, if the Signatory Airlines cease support for the RPT Program (whether such cessation occurs prior to or after GMP determination), then all non-capitalized expenses associated with the RPT Program (including expenses incurred prior to GMP determination) are within the scope of the Terminal Building Requirement. Additionally, Airline acknowledges that such expenses shall be factored into the adjustment of Rental and Common Use Fees.

6.2 OPERATION AND MAINTENANCE EXPENSES

O&M Expenses include those expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities. Historical, budgeted, and projected O&M Expenses are described in the following sections of this Report.

6.2.1 HISTORICAL OPERATION AND MAINTENANCE EXPENSES

Historical O&M Expenses for the period FY 2018 actuals – 2023 actuals as well as the resulting O&M Expenses per enplaned passenger values, are presented in **Table 6-2**. Total O&M Expenses increased at a CAGR of 5.5 percent from \$42.1 million in FY 2018 to \$54.9 million in FY 2023. Growth in O&M Expenses can be attributed to growth in airline traffic and increases in salaries and benefits (7.7 percent), professional services (6.1 percent), and repairs and maintenance (9.2 percent).

TABLE 6-2 HISTORICAL OPERATION AND MAINTENANCE EXPENSES, FY 2018 THROUGH FY 2023

O&M EXPENSES BY CATEGORY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	CAGR (FY 2018-FY 2023)
Contracted airport services	\$19,215,948	\$20,435,584	\$20,850,757	\$18,269,154	\$20,871,769	\$23,561,851	4.2%
Salaries and benefits	5,032,761	5,465,519	5,893,032	6,301,998	6,362,897	7,277,119	7.7%
Financial services	974,182	1,015,883	1,008,698	776,346	1,788,161	1,784,813	12.9%
Rescue services	2,894,419	3,260,929	3,151,738	3,345,417	3,591,874	3,686,682	5.0%
Materials and supplies	370,520	337,742	368,513	348,613	365,869	413,816	2.2%
Repairs and maintenance	4,425,836	4,973,100	5,623,541	4,693,372	5,427,626	6,859,440	9.2%
Utilities	1,897,477	1,918,002	1,854,677	1,715,301	1,942,277	2,008,420	1.1%
Professional services	2,253,350	2,236,102	3,363,956	2,490,812	3,180,213	3,028,342	6.1%
Insurance	1,143,126	1,132,971	1,276,271	1,353,231	1,337,733	1,341,036	3.2%
Parking tax expense	2,230,382	2,305,482	1,841,355	899,006	2,678,382	3,091,506	6.7%
Other operating expenses	1,620,419	1,769,149	1,977,323	710,073	1,342,422	1,802,991	2.2%
Total O&M Expenses	\$42,058,420	\$44,850,463	\$47,209,861	\$40,903,322	\$48,889,221	\$54,856,016	5.5%
Enplaned Passengers	2,518,334	2,745,259	2,261,359	876,735	2,712,835	2,979,039	3.5%
O&M Expenses per Enplaned Passenger	\$16.70	\$16.34	\$20.88	\$46.65	\$18.02	\$18.41	1.9%

NOTES:

CAGR - Compound Annual Growth Rate, FY – Fiscal Years ending June 30, O&M – Operation and Maintenance

SOURCE: Burbank-Glendale-Pasadena Airport Authority, October 2023.

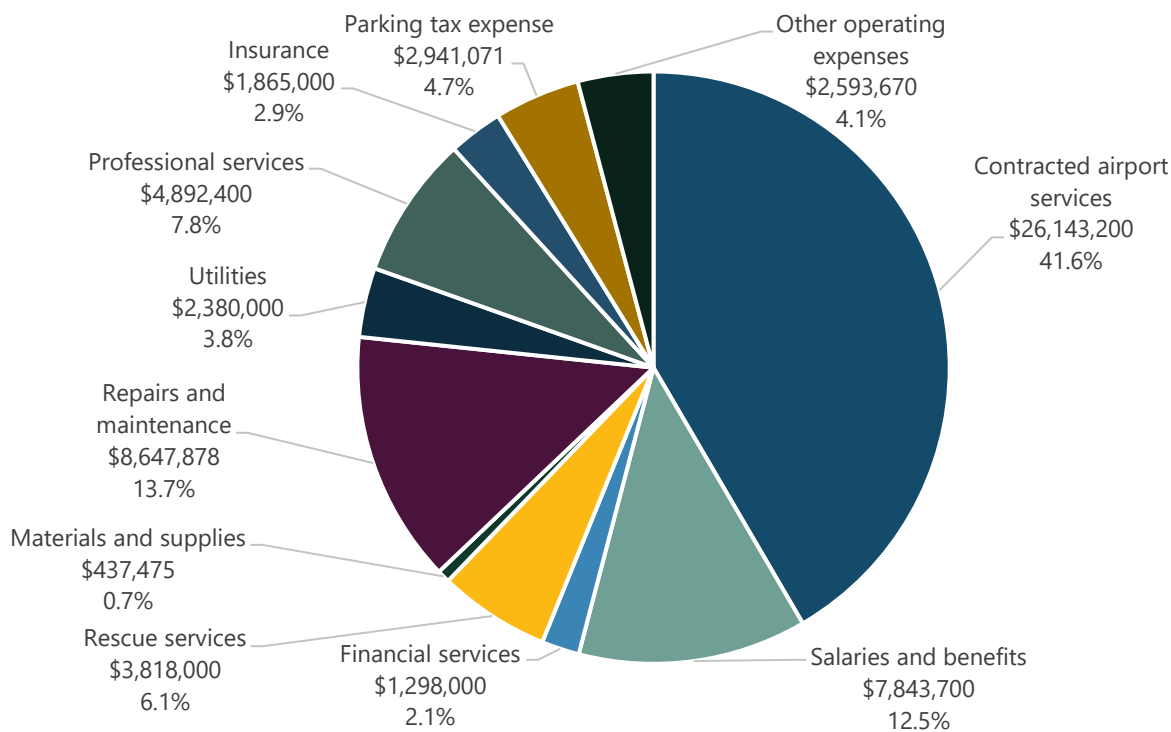
O&M Expenses per enplaned passenger increased at a CAGR of 1.9 percent from \$16.76 in FY 2018 to \$18.41 in FY 2023. Enplaned passengers declined significantly in FY 2021 due to the COVID-19 pandemic, with O&M Expenses per enplaned passenger levels returning to pre-COVID-19 pandemic levels since FY 2022.

6.2.2 FISCAL YEAR 2024 BUDGET OPERATION AND MAINTENANCE EXPENSES

As shown in Table A-1 of Appendix A of this Report, FY 2024 budgeted O&M Expenses are approximately \$62.9 million; 14.6 percent greater than FY 2023 O&M Expenses. This year-over-year increase is attributable to the Airport’s favorable passenger activity, the Authority’s efforts to “catch up” on O&M Expenses previously deferred due to the COVID-19 pandemic, and labor rate or other contractual increases associated with various services.

Exhibit 6-1 presents the FY 2024 budgeted O&M Expenses by cost category.

EXHIBIT 6-1 BUDGET FISCAL YEAR 2024 OPERATING EXPENSES BY COST CATEGORY



SOURCE: Burbank-Glendale-Pasadena Airport Authority, October 2023.

6.2.3 OPERATION AND MAINTENANCE EXPENSES RELATED TO THE PROJECT

The completion of the Project is expected to result in an increase in annual O&M Expenses given the increased size of the Replacement Passenger Terminal (approximately 58 percent larger than the existing terminal building). While the Authority intends to incorporate new energy efficient materials, systems, and fixtures in the Replacement Passenger Terminal, the overall growth in the footprint of the facility relative to the current terminal building will translate to higher custodial, personnel, and other operating costs. For purposes of this analysis, the following O&M

Expense categories are assumed to increase beginning in FY 2027 upon occupancy and use of the Replacement Passenger Terminal⁵¹:

- Professional management services – a 10-percent increase in FY 2027 compared to FY 2026 to account for five additional maintenance workers under the TBI contract for management of the Airport.
- Salaries and benefits – provide four additional full-time equivalent (FTE) positions
- Utilities – a 20-percent increase in FY 2027 compared to FY 2026 due to increased size of the Replacement Passenger Terminal; and
- Insurance – a 25-percent increase in FY 2027 compared to FY 2026.

6.2.4 OPERATION AND MAINTENANCE EXPENSE PROJECTIONS

FY 2024 Budget serves as the base year from which O&M Expenses are projected. O&M Expenses are projected to increase based on the type of expenditure, expectations of future inflation rates, and operational impacts of the Project as well as O&M Expense impacts from other planned capital projects expected to be completed by the Authority during the Projection Period.

As shown in Table A-1 of Appendix A of this Report, FY 2024 Budget O&M Expenses are expected to be approximately \$62.9 million and are projected to increase to approximately \$90.6 million in FY 2032, reflecting a CAGR of 4.7 percent. Projected growth in O&M Expenses generally assumes annual inflation of 3.0 percent and is inclusive of the increases assumed in FY 2027 due to the Project. Categories of O&M Expenses and associated projection assumptions are described in the following subsections. Assumed annual increases in O&M Expenses are based on historical results and discussion with Authority staff.

6.2.4.1 CONTRACTED SERVICES

Contracted services include activities covered by management agreements, including the TBI contract for management of the Airport, as well as the Authority's contract for parking and shuttle services. The TBI contract covers 121 FTE positions, with an additional four FTE positions included in the FY 2024 Budget, totaling \$17.54 million. The professional management contract cost is projected to increase 3.0 percent per year through the Projection Period, with an additional 10-percent increase in FY 2027, as noted above. Effective October 1, 2023, the Authority contracts with Ace Parking for self-park and management services, courtesy shuttle operations, and valet parking lot operations. The annual budget for the contract period for these services increases from approximately \$8.7 million in FY 2024 to approximately \$9.2 million in FY 2028, representing an annual increase of 5.5 percent. This analysis assumes further increases of 5.0 percent per year through the end of the Projection Period, totaling approximately \$11.2 million in FY 2032.

Contracted services represent the largest O&M Expense category for the Authority, accounting for 41.6 percent of total O&M Expenses in Authority's FY 2024 Budget. Within this category, shuttle services increased at an annual rate of 3.8 percent from FY 2018 to FY 2023, while professional management services (TBI contract) increased at a CAGR of 4.9 percent over the same period. Parking and shuttle services (ACE contract) have been projected to decrease 8.9 percent from FY 2023 Actual to FY 2024 Budget. Professional management services have been projected to increase 12.0 percent from FY 2023 Actual to FY 2024 Budget. Contracted services are projected to increase at an annual rate of 3.6 percent during the Projection Period between FY 2023 and FY 2032.

⁵¹ Completion of the Project is anticipated in October 2026. However, for purposes of this analysis, increased O&M Expenses associated with the Project are assumed to begin in July 2026 to represent a full fiscal year of operation (FY 2027).

6.2.4.2 SALARIES AND BENEFITS

Salaries and benefits include expenses related to compensation for the Authority's Law Enforcement Officers (LEOs), the only direct employees of the Authority. For FY 2024, 34 FTE LEO positions are authorized by the Authority, including the new position of Deputy Police Chief, effective January 2024. Salaries and benefits represent the third largest expenditure category for the Authority at 12.5 percent of the total O&M Expenses projected for FY 2024. Salaries and benefits increased 7.7 percent from FY 2018 to FY 2023. Salaries and benefits are projected to increase 7.8 percent year-over-year from FY 2023 Actual to FY 2024 Budget based upon the terms of the three-year MOU between the Authority and the police force, which went into effect February 1, 2023. This MOU will expire on June 30, 2026. It is assumed that a similar MOU will be in place through FY 2032, with annual increases of 5.0 percent assumed for this category through the Projection Period between FY 2024 and FY 2032. In consideration of the additional four FTE positions assumed to be added in FY 2027 in conjunction with the completion of the Project, salaries and benefits are projected to increase at a CAGR of 6.4 percent over the Projection Period between FY 2024 and FY 2032.

6.2.4.3 FINANCIAL SERVICES

Financial services include credit card fees from parking transactions, investment advisor fees, audit fees and other miscellaneous banking fees, and have increased at a CAGR of 12.9 percent from FY 2018 to FY 2023, with a projected decrease of 27.3 percent in FY 2024, due, in part, to the elimination of pre-booking parking commissions as a result of termination of the pre-booking program at the end of FY 2023. Financial services expenses are projected to increase at a CAGR of 5.9 percent from FY 2024 to FY 2032, primarily in consideration of credit card fees from parking transactions.

6.2.4.4 RESCUE SERVICES

The Authority contracts with TBI to provide ARFF personnel which currently accounts for 20 of TBI's FTE positions. Rescue service expenses reflect the direct personnel wages and benefits and reimbursement for actual out-of-pocket expenses of TBI including related insurance costs and management fee. Rescue services expenses increased at a CAGR of 5.0 percent from FY 2018 to FY 2023 in accordance with the terms of the Collective Bargaining Agreement (CBA) that became effective July 1, 2021. This line item is projected to account for 6.1 percent of total FY 2024 Budget O&M Expenses. The CBA expired on June 30, 2023. As of July 1, 2023, a new ARFF MOU was negotiated and will be in place through FY 2026. The MOU specifies annual increases of 4.5 percent, which is assumed to continue through FY 2032 for purposes of this analysis.

6.2.4.5 REPAIRS AND MAINTENANCE, MATERIALS, AND SUPPLIES

O&M Expenses associated with Airport repairs and maintenance and materials and supplies represent the second largest source of Authority costs (13.7 percent) for the FY 2024 Budget. Combined, these O&M Expense categories increased at a CAGR of 8.7 percent from FY 2018 to FY 2023. FY 2024 Budget amounts are 24.9 percent higher than FY 2023 actuals. Janitorial services and contractual building and system repairs account for the majority of the anticipated increases. The O&M Expense categories of Repairs and Maintenance as well as Materials and Supplies are assumed to increase 3.0 percent per year through the Projection Period.

6.2.4.6 UTILITIES

Utility services at the Airport include gas, electricity, and water. Utility service expenses increased at a CAGR of 1.1 percent from FY 2018 to FY 2023, although year-over-year increases of 18.5 percent are sought in the FY 2024 Budget. The Authority continues to focus on water conservation measures as governed by the City of Burbank and the implementation of newer energy efficient technologies, such as the installation of Light-Emitting Diode (LED) lighting. Assuming annual increases of 5.0 percent due to inflation and utility rate increases, and an additional 20 percent increase in FY 2027 upon completion of the Project, utility expenses are projected to increase at CAGR of 7.4 percent from FY 2024 to FY 2032.

6.2.4.7 PROFESSIONAL SERVICES

Professional services, which include a noise consultant, legal services, engineering services, and security services, account for 7.8 percent of FY 2024 Budget O&M Expenses. Professional services expenses increased at a CAGR of 6.1 percent from FY 2018 to FY 2023. FY 2024 Budget amounts are 61.1 percent higher than FY 2023 actuals. The FY 2024 Budget includes appropriations for outside contracted security services and other professional services such as undertaking a strategic planning initiative, the completion of the Safety Management System consulting contract, continued state legislative advocacy support, and parking consultant services. Professional services expenses are assumed to increase 3.0 percent per year from FY 2024 Budget through FY 2032.

6.2.4.8 INSURANCE

Insurance expenses increased at a CAGR of 3.2 percent from FY 2018 to FY 2023. FY 2024 Budget amounts are 39.1 percent higher than FY 2023 actuals, which does not reflect annual bill backs to tenants located in certain Authority facilities, such as aircraft hangars. Budgeted increases in FY 2024 are based on estimates from the Authority's insurance broker. Insurance expenses projections assume annual increases of 3.0 percent through FY 2032, with an assumed additional 25 percent increase in FY 2027 to account for completion of the Project. Resulting insurance expenses are projected to increase at a CAGR of 5.9 percent over the Projection Period.

6.2.4.9 PARKING TAX EXPENSE

The City of Burbank has imposed a Parking Tax which the Authority is obligated to collect and remit to the City of Burbank in the amount of 12.0 percent of gross public parking and government agency parking revenues. The City of Burbank Parking Tax is a pass-through revenue line item; therefore, variability in this line item has minimal effect on O&M Expenses. Parking Tax expense accounts for 4.7 percent of the Authority's FY 2024 Budget O&M Expenses. From FY 2018 to FY 2023, Parking Tax expense increased at a CAGR of 6.7 percent, reflecting increased demand for parking as passenger traffic increased. Parking Tax expense is budgeted to decrease by 4.9 percent year-over-year in FY 2024. Parking Tax expenses are projected to increase at a CAGR of 8.2 percent during the Projection Period.

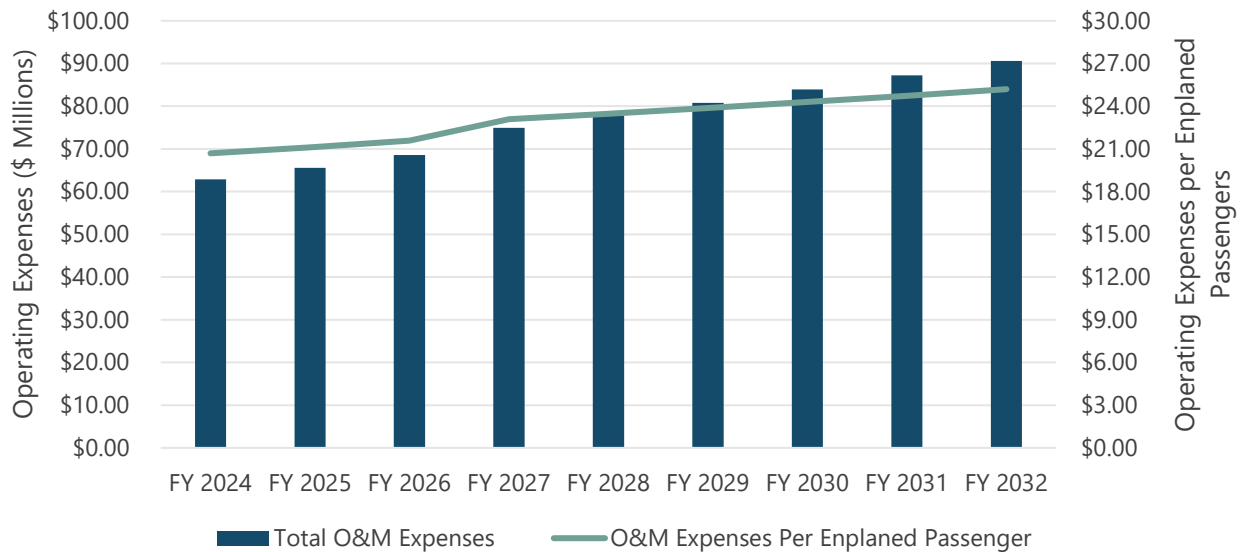
6.2.4.10 OTHER OPERATING EXPENSES

Other operating expenses include items such as employee recruitment, professional memberships, employee uniform expenses, conference and training expenses, and public relations / advertising. The largest expense item in this category is air service retention / development, which provides appropriations for the Authority's efforts to attract / retain airline service and further develop the branding and geographic identity of the Airport. From FY 2018 to FY 2023, Other Operating Expenses increased at a CAGR of 2.2 percent. This item is projected to increase by 43.9 percent in the FY 2024 Budget, as air traffic is expected to continue to increase after the end of the COVID-19 pandemic. Other Operating Expenses are assumed to increase at a rate of 7.0 percent per year during the Projection Period.

6.2.4.11 OPERATION AND MAINTENANCE EXPENSES PROJECTION SUMMARY

For the Projection Period, O&M Expenses are anticipated to increase based on inflation, the Authority’s contractual obligations, consideration of historical operating results, and impacts associated with the completion of the Project. **Exhibit 6-2** presents expected O&M Expenses for the Projection Period. As shown, total O&M Expenses are projected to increase from \$62.9 million in FY 2024 to \$90.6 million in FY 2032, representing a CAGR of 4.7 percent, including an increase of approximately 9.3 percent in FY 2027 due, in part, to completion of the Project. The CAGR from FY 2027 to FY 2032 (upon completion of the Project) is approximately 3.9 percent. The total O&M Expenses per enplaned passenger is projected to increase at a CAGR of 2.5 percent during the Projection Period. Total O&M Expenses per enplaned passenger is projected to increase at a slower rate compared to total O&M expenses due to the strong passenger growth during the Projection Period. Table A-1, in Appendix A of this Report, presents budgeted and projected O&M Expenses for the Projection Period, including the allocation of O&M Expenses to the Airport Cost Centers.

EXHIBIT 6-2 PROJECTED OPERATING AND MAINTENANCE EXPENSES



NOTES:

FY – Fiscal Year ending June 30

O&M – Operation and Maintenance

SOURCES: Burbank-Glendale-Pasadena Airport Authority, September 2023 (FY 2024 budget); Ricondo & Associates, Inc., February 2024 (projected).

6.3 NON-AIRLINE REVENUES

Non-Airline Revenues consist of those revenues generated at the Airport from sources other than airline fees and charges and includes automobile parking fees, concession revenues (rental car privilege fees; food, beverage, and news and gift revenues; and other concession revenues); non-airline tenant rent; ground transportation fees and revenue; fuel flowage fees; and other operating revenue. Over half of the Airport’s Non-Airline Revenues are generated from automobile parking and concessions even through the COVID-19 pandemic between FY 2018 and FY 2023. Automobile parking and concessions are projected to generate over 40.0 percent Non-Airline Revenues during FY 2024 Budget periods.

6.3.1 HISTORICAL NON-AIRLINE REVENUES

Table 6-3 presents a summary of historical Airport Non-Airline Revenues for the period FY 2018 through FY 2023. Total Non-Airline Revenues during this period increased at a CAGR of 6.1 percent from \$48.9 million in FY 2018 to \$65.7 million in FY 2023. In addition to enplaned passenger growth, this increase is also partially due to continually enhanced concession offerings at the Airport, with local and national brands well represented.

TABLE 6-3 HISTORICAL NON-AIRLINE REVENUES, FY 2018 – FY 2023

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	CAGR (FY 2018-FY 2023)
Parking fees	\$20,978,287	\$21,688,728	\$17,361,157	\$8,526,478	\$25,174,111	\$29,082,523	6.8%
Concession fees							
Rental cars	\$5,818,074	\$6,250,047	\$5,482,613	\$3,385,348	\$7,705,475	\$8,053,394	6.7%
Food and beverage	2,402,630	2,847,608	2,541,982	1,100,569	3,056,790	3,538,102	8.0%
Gifts and news	1,054,119	1,096,118	881,184	303,343	1,152,631	1,331,029	4.8%
Other concessions	1,076,858	911,346	651,027	81,804	591,222	758,819	-6.8%
Non-airline tenant rent	\$13,152,149	\$13,963,143	\$14,910,818	\$14,848,586	\$15,907,381	\$17,309,860	5.6%
Ground transportation revenue	\$3,019,439	\$3,988,429	\$3,899,653	\$948,286	\$2,815,018	\$3,681,065	4.0%
Fuel flowage fees	\$693,284	\$748,194	\$648,527	\$481,963	\$604,992	\$623,058	-2.1%
Other operating revenue ¹	\$736,653	\$863,843	\$709,038	\$484,901	1,435,288	\$1,367,671	13.2%
Total Non-Airline Revenues	\$48,931,493	\$52,357,456	\$47,085,999	\$30,161,278	\$58,442,908	\$65,745,521	6.1%

NOTES:

CAGR – Compound Annual Growth Rate

FY – Fiscal Year ending June 30

1 A new revenue source, ground handling and support services, began in FY 2022. These revenues accounted for approximately \$756,000 and \$839,000 in FY 2022 and FY 2023, respectively.

SOURCE: Burbank-Glendale-Pasadena Airport Authority, February 2024.

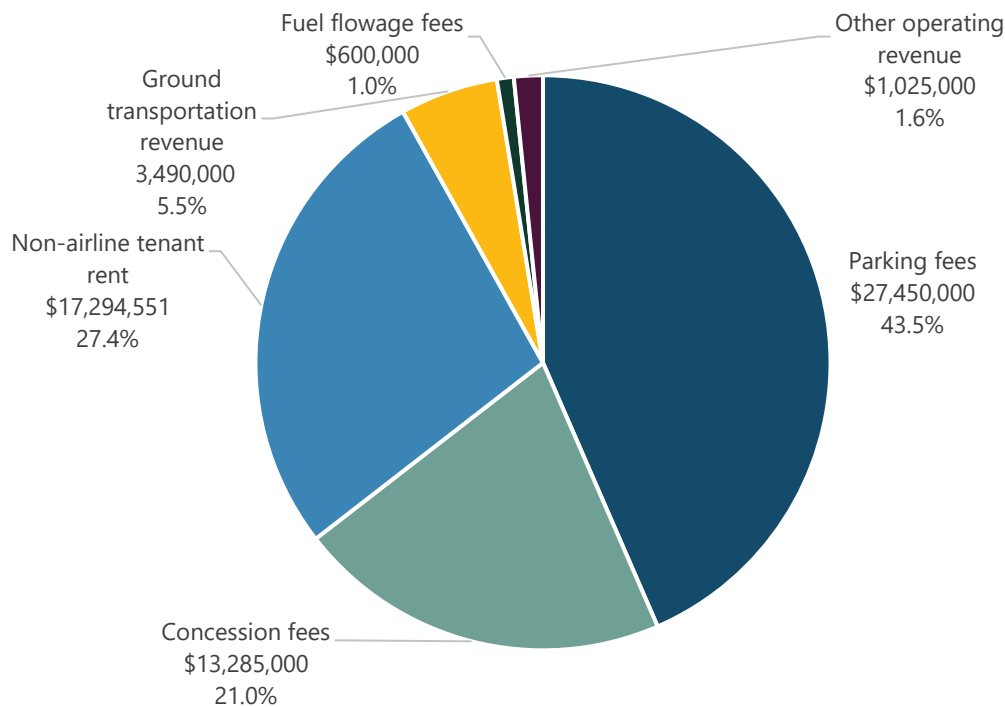
6.3.2 FISCAL YEAR 2024 BUDGETED NON-AIRLINE REVENUES

FY 2024 Budget serves as the base year from which Non-Airline Revenues are analyzed for the Projection Period.⁵² Totaling approximately \$63.1 million, Non-Airline Revenues for FY 2024 Budget represent a decrease of 4.0 percent from FY 2023 Actual. The Authority's budgeting practice is historically conservative. FY 2023 Actual Non-Airline Revenues of \$65.7 million outperformed FY 2023 Budget Non-Airline Revenues of \$55.4 million by approximately 18.6 percent.

Exhibit 6-3 presents the Authority's FY 2024 budget for Non-Airline Revenues. Automobile parking represents the largest source of Non-Airline Revenues followed by concessions revenue and non-airline tenant rent.

⁵² Based on discussions with Authority staff, FY 2023 Actual Non-Airline Revenues were determined to be more appropriate than the FY 2024 Budget from the standpoint of projecting passenger-based revenues (i.e., concessions and certain parking revenues) for FY 2025 through the end of the Projection Period. All other Non-Airline Revenues are projected from the FY 2024 Budget base year.

EXHIBIT 6-3 NON-AIRLINE REVENUES – FISCAL YEAR 2024 BUDGET



SOURCE: Burbank-Glendale-Pasadena Airport Authority, October 2023.

6.3.3 NON-AIRLINE REVENUE IMPACTS FROM THE PROJECT

Completion of the Project is expected to spur additional growth in Non-Airline Revenues due to the increased rentable space in the Replacement Passenger Terminal and the new landside (parking/roadway) development. For purposes of this analysis, the following Non-Airline Revenue categories are assumed to increase beginning in FY 2027:⁵³

- Concessions – a 10-percent increase in food and beverage and news and gift concession revenues per passenger in FY 2027 compared to FY 2026 to account for additional concession space and the operation of two master concessionaires; and
- Advertising – a 10-percent increase in advertising revenue per passenger in FY 2027 compared to FY 2026 due to additional and refreshed display advertising space located in the Replacement Passenger Terminal.

6.3.4 NON-AIRLINE REVENUE PROJECTIONS

Based on FY 2023, Non-Airline Revenues are projected to increase based on the type of revenue, forecast passenger growth, and operational impacts of planned capital programs.

⁵³ Completion of the Project is anticipated in October 2026. However, for purposes of this analysis, increased Non-Airline Revenues associated with the Project are assumed to begin in July 2026 to represent a full fiscal year of operation (FY 2027).

6.3.4.1 PARKING REVENUE

Activity associated with the Airport's public automobile parking facilities (parking garage and surface lots) represents the Authority's greatest source of operating revenue, projected to generate 56.3 percent of the Authority's total parking revenue in FY 2024. Public parking revenue accounts for over half of all parking revenue at the Airport. Public parking revenues increased at a CAGR of 6.1 percent from FY 2018 (\$12.0 million) to FY 2023 (\$16.2 million), compared to overall growth of 6.8 percent for all parking revenues over the period. Public parking revenue in FY 2024 Budget is set to 5.6 percent below FY 2023 Actual levels. Parking revenues are also generated through a valet parking service, government agency parking, overflow parking, and tenant employee parking. Valet parking accounts for the second highest revenue generator among total parking revenue and grew at a CAGR of 8.7 percent between FY 2018 and FY 2023. Valet parking revenue in FY 2024 Budget is set to 6.1 percent below FY 2023 Actual levels.

FY 2024 Budget total parking revenue is estimated to be \$27.5 million. Existing public parking facilities include a garage for short-term parking, along with four surface lots. Current short-term garage rates are \$34 per day, while the long-term surface lots have maximum daily rates ranging from \$15 to \$24 depending on the lot. Valet parking is available at rates up to \$27 per day. All parking prices include the City of Burbank Parking Tax.

Future public and valet parking revenues are a function of revenue tickets, assumed average daily rate, and duration of stay. In addition, several factors influence on-airport parking demand and subsequent revenue: the variety of parking products offered (e.g., valet parking, premium pricing, terminal garages, and economy spaces); off-airport parking competition; availability of alternative transportation, such as public transportation and taxis, as well as the impact of TNCs, such as Uber and Lyft; and the cost and convenience associated with each of these facilities and alternatives. For purposes of the financial analysis included in this Report, a shift in demand or modes used to access the Airport is not assumed.

It is assumed that during the Projection Period, on-airport parking demand will increase at a rate consistent with the increase in originating enplaned passengers described in Chapter 5. Future public and valet parking revenue tickets are projected on the basis of FY 2023 actual tickets per enplaned passenger. The parking revenue projections assume that daily garage, valet, and surface lot parking rates will increase through the Projection Period, based on discussions with Authority staff in consideration of the recommendations contained in a parking rate study completed for the Airport by ACE Parking. The parking rate study also used data from 2021-2023 to estimate the length of stay by parking product, which is assumed to average 0.92 days per ticket for the short-term garage and 2.75-3.00 days per ticket for valet and surface lots through the Projection Period. **Table 6-4** presents the projected revenue, tickets, and assumed average daily rate for public and valet parking during the Projection Period. It is assumed that similar parking rates applied to existing parking facilities will be assessed on future parking facilities associated with the Project beginning in FY 2027.

Revenue generated from government agency parking, overflow parking, and tenant employee parking, is assumed to increase 2.0 percent per year during the Projection Period.

Total parking revenue is projected to increase at a CAGR of 8.0 percent during the Projection Period between FY 2024 Budget and FY 2032, from \$27.5 million to \$50.6 million.

TABLE 6-4 PUBLIC AND VALET PARKING REVENUE PROJECTION

	ACTUAL FY 2023	BUDGET FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Public and Valet Parking Revenue ¹										
Short-Term Garage	\$5,677,820	\$5,556,205	\$7,070,860	\$7,227,517	\$7,384,917	\$7,902,319	\$8,069,202	\$8,237,175	\$8,405,830	\$8,575,440
Valet	12,219,156	11,473,002	16,216,366	17,710,962	21,344,790	23,697,886	24,198,345	24,702,071	25,207,842	25,716,478
Surface Lots	10,495,304	9,906,793	11,048,396	12,102,477	13,192,971	14,320,243	14,622,661	14,927,055	15,232,684	15,540,044
Total Public and Valet Parking Revenue	\$28,392,280	\$26,936,000	\$34,335,622	\$37,040,955	\$41,922,678	\$45,920,448	\$46,890,208	\$47,866,301	\$48,846,357	\$49,831,962
Revenue Tickets (Exits) ²										
Short-Term Garage	175,455	165,606	182,993	187,048	191,121	195,215	199,338	203,488	207,654	211,844
Valet	142,947	134,923	149,089	152,392	155,710	159,046	162,405	165,786	169,180	172,594
Surface Lots	147,642	139,354	153,985	157,397	160,825	164,270	167,739	171,231	174,737	178,263
Total Public and Valet Tickets										
Average Daily Rate ³										
Short-Term Garage	\$34.00	\$34.00	\$42.00	\$42.00	\$42.00	\$44.00	\$44.00	\$44.00	\$44.00	\$44.00
Valet	\$27.00	\$27.00	\$36.50	\$39.00	\$46.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Lot A ⁴	\$13.00	\$13.00	--	--	--	--	--	--	--	--
Lot C	\$15.00	\$15.00	\$17.00	\$18.00	\$19.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Lot E	\$24.00	\$24.00	\$28.00	\$30.00	\$32.00	\$34.00	\$34.00	\$34.00	\$34.00	\$34.00
Lot F ⁵	\$0.00	\$24.00	\$28.00	\$30.00	\$32.00	\$34.00	\$34.00	\$34.00	\$34.00	\$34.00
Lot G	\$23.00	\$23.00	\$26.00	\$28.00	\$30.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00

NOTES:

FY – Fiscal Year ending June 30

1 Does not include government agencies parking, overflow parking, or tenant employee parking.

2 Revenue tickets for FY 2024-FY 2032 are calculated in total and distributed among parking products based on Actual FY 2023 distribution.

3 Average daily rate is provided by ACE Parking, LLC pricing analysis. Lot A is assumed to be replaced by Lot F beginning in FY 2025. It is assumed that similar parking rates applied to existing parking facilities will be assessed on future parking facilities associated with the Project beginning in FY 2027.

4 Lot A closed January 2024

5 Lot F opened September 2023

SOURCES: Burbank-Glendale-Pasadena Airport Authority; ACE Parking, LLC; Ricondo & Associates, Inc., April 2024.

6.3.4.2 CONCESSION REVENUES

Rental Car Concession Revenues

The Authority has entered into concession and lease agreements with rental car companies to provide the following rental car brands at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless, and Thrifty (on-Airport rental car companies). On-airport rental car services are provided at the RITC. The Authority has further authorized Go Rentals to provide off-Airport rental car service to Airport customers. Go Rentals does not operate in the RITC. The on-Airport rental car companies remit concession fees to the Authority equal to the greater of a minimum annual guarantee or 10 percent of annual gross revenues. Off-Airport rental car companies remit concession fees to the Authority equal to 10 percent of annual gross revenues. Rental car operators serving the Airport also collect and remit CFC revenues to the Authority on a per-transaction-day basis (see Section 6.5).

Rental car concession revenue increased at a CAGR of 6.7 percent from FY 2018 to FY 2023. Alternative modes of transportation such as TNCs have entered the market during this time period. As such, the Authority's number of rental car transaction days per enplaned passenger decreased from 38.5 in FY 2018 to 28.2 in FY 2023 estimated actual, corresponding with the introduction of TNC operations at the Airport. Rental car concession revenue in FY 2024 Budget is set to 2.0 percent below FY 2023 Actual levels. Rental car concession revenues are projected to increase between FY 2024 and FY 2032 at an annual rate of 2.8 percent during the Projection Period. Rental car concession revenues do not include rental car facility rent.

Terminal Concession Revenues

Food and beverage as well as news and gift concessions are located throughout the existing passenger terminal building. Continued changes in the food and beverage line-up have had a positive effect on resulting concession revenues. The Authority routinely looks for improvements in its concession varieties and locations and as a result from FY 2018 to FY 2023, food and beverage concession revenue increased at a CAGR of 8.0 percent. News and gift concession revenue increased at a rate of 4.8 percent over the same period. From FY 2018 to FY 2023, revenue per enplaned passenger ranged from \$0.96 to \$1.19 for food and beverage concessions and from \$0.42 to \$0.45 for news and gift concessions.

Food and beverage and News and Gift concession revenue are projected to generate \$3.5 million and \$1.2 million respectively in FY 2024 Budget.

Projections of food and beverage and news and gift concession revenue categories are made on the basis of FY 2023 revenue per enplaned passenger values of \$1.19 and \$0.45, respectively. For projection purposes, these values were applied to forecast enplaned passengers for FY 2025 and FY 2026. When the Replacement Passenger Terminal becomes operational in FY 2027 it is anticipated that a combination of increased concessions space, along with the opportunity to place concessions in favorable locations within the Replacement Passenger Terminal, along with a continued mix of national and local brands, will result in a higher per-passenger spend rate on concessions. For purposes of this analysis, revenue per passenger is increased by 10.0 percent in FY 2027 and held constant at \$1.31 and \$0.49 per enplaned passenger for food and beverage and news and gift concession revenues, respectively, through FY 2032. The resulting increase in revenues for both categories of concessions represents a CAGR of 4.0 percent for the Projection Period.

Other concession revenue includes phone services and advertising. Phone revenue increased at a CAGR of 2.6 percent from FY 2018 to FY 2023. Phone revenue is projected to generate approximately \$48,000 revenue in FY 2024 Budget. Phone revenue is projected to remain essentially unchanged during the Projection Period. Advertising revenue decreased at an average annual rate of 5.4 percent from FY 2018 to FY 2023. Advertising revenue in FY 2024 Budget is set to 7.0 percent below Actual FY 2023 Actual levels. It is anticipated that the Replacement Passenger Terminal will have additional areas for advertising and therefore, a 10-percent increase in Advertising revenue per

passenger is assumed in FY 2027, resulting in a projected CAGR of 4.5 percent for the Projection Period.

6.3.4.3 NON-AIRLINE TENANT RENT

Non-airline tenant rent includes revenue generated through the Authority's rental of buildings or land to tenants other than the airlines. Revenue in this category is a function of lease terms, types of facilities rented, and turnover / vacancy rates. Revenue from the rental of aircraft hangars is also included in this category of Non-Airline revenues. Non-airline tenant rents increased at a CAGR of 5.6 percent from FY 2018 to FY 2023. Non-airline tenant rent in FY 2024 Budget and FY 2025 is estimated to be below FY 2023 Actual levels due to termination of the lease for one Airport tenant resulting from the lot being located within the Project area. Beyond FY 2025, revenue derived from the rental of aircraft hangars and commercial buildings is assumed to increase at a CAGR of 1.3 percent per year during the Projection Period. Many of these lease agreements are multi-year in nature and include automatic CPI-based adjustments (assumed to average 2.0 percent per year).

Non-airline tenant rent also includes the lease of the consolidated rental car facility (CRCF) to the rental car companies within the RITC. CRCF rent paid by the rental car companies is determined each year and equals the greater of \$2.00 per square foot, or the annual facility rent requirement. The annual facility rent requirement equals the debt service on the 2012 Bonds attributable to the CRCF less estimated CFC revenues used to pay debt service. **Table 6-5** presents the calculation of rental car facility rent.

6.3.4.4 GROUND TRANSPORTATION REVENUES

The Authority receives revenues from commercial ground transportation entities such as taxicabs, limousines, and TNCs. Ground transportation revenue increased from approximately \$3.0 million in FY 2018 to \$3.7 million in FY 2023 at a CAGR of 4.0 percent. This source of revenue was affected by the COVID-19 pandemic as evidenced by a year-over-year decline of 75.7 percent from FY 2020 to FY 2021; however, it is in the process of recovering. Ground transportation revenue in FY 2024 Budget is set to 5.2 percent below Actual FY 2023 levels. This is primarily due to the demand for ride sharing services anticipated to remain below pre-pandemic levels.

TNC activity increased at a CAGR of 6.1 percent between FY 2018 and FY 2023 despite being negatively impacted by the COVID-19 pandemic in FY 2021. The combination of the COVID-19 pandemic and the growth in TNC activity has adversely impacted the business of other commercial ground transportation operators, such as taxis and limos, resulting in a declining annual growth rate of 24.7 percent between FY 2018 and FY 2023. TNC activity is projected to generate \$3.3 million in FY 2024 Budget, accounting for over 90.0 percent of the ground transportation revenue in both years. The rise of TNC activities has positively influenced the recovery of overall ground transportation revenue after the COVID-19 pandemic. This is attributable to the fact that in many cases TNCs have been used as a substitute for private vehicle trips that would not otherwise generate revenues for the Airport, and thus replaced a trip that contributes no revenue with a trip that contributes a per-trip fee.

Effective May 1, 2019, the Authority increased TNC fees from \$3.00 to \$3.50 for each drop-off and pick-up. Ground transportation revenue is projected to moderately increase 2.1 percent per year during the Projection Period, from \$3.49 million to approximately \$4.13 million, based on forecast enplaned passenger growth.

6.3.4.5 FUEL FLOWAGE FEES

The Authority collects a fuel flowage fee of \$0.05 per gallon of fuel dispensed at the Airport. From FY 2018 to FY 2023, fuel flowage fees decreased at an annual rate of 2.1 percent from approximately \$693,000 to approximately \$623,000. Fuel flowage fee revenue is projected to decrease to approximately \$600,000 in FY 2024. In FY 2032, fuel flowage fees are projected to increase to approximately \$709,000, reflecting a CAGR of 2.1 percent during the Projection Period. This increase is based on forecasted growth in general aviation aircraft operations of approximately 1.0 percent per year, with an additional increase of 4.0 percent every three years (beginning in FY 2025) to account Authority adopted increases to the fuel flowage fee rate.

TABLE 6-5 RENTAL CAR FACILITY RENT

	FY 2024 BUDGET	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Base Facility Rent									
\$2.00 per square foot	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Facility square feet	515,481	515,481	515,481	515,481	515,481	515,481	515,481	515,481	515,481
Base Facility Rent	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962
Facility Rent Requirement									
Debt Service on Series 2012 Bonds	\$5,832,433	\$5,833,134	\$5,832,439	\$5,835,069	\$5,835,469	\$5,833,360	\$5,833,464	\$5,835,225	\$5,833,087
Less: Annual CFC Revenues ¹	(\$4,600,000)	(\$5,251,493)	(\$5,367,841)	(\$5,484,742)	(\$5,602,241)	(\$5,720,550)	(\$5,833,464)	(\$5,835,225)	(\$5,833,087)
Net Rental Car Requirement	\$1,232,433	\$581,641	\$464,598	\$350,327	\$233,228	\$112,810	\$0	\$0	\$0
Assessed Facility Rent²	\$1,232,433	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962	\$1,030,962

NOTES:

FY – Fiscal Year ending June 30

CFC – Customer Facility Charge

1 Annual CFC revenues are derived on the basis of rental car transaction days applied to a rate of \$6.00 per transaction day, up to a maximum of five days per transaction.

2 Greater of Base Facility Rent and Net Rental Car Requirement.

SOURCES: Burbank-Glendale-Pasadena Airport Authority; Ricondo & Associates, Inc., February 2024.

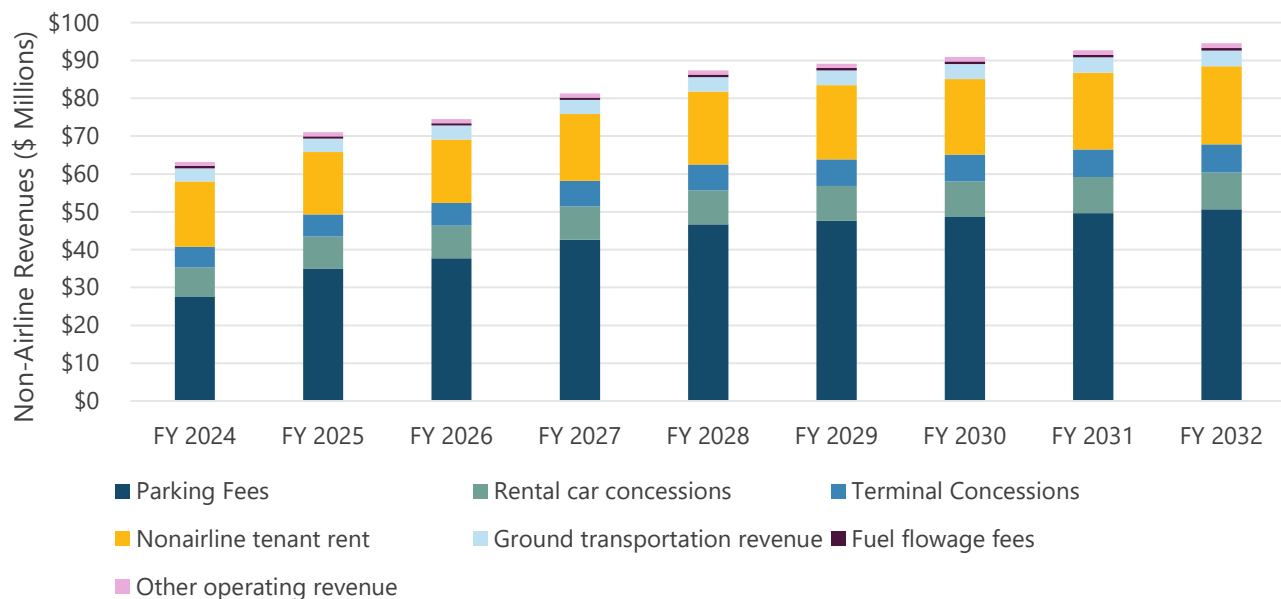
6.3.4.6 OTHER OPERATING REVENUES

Other operating revenues include employee fingerprinting fees, film location revenue, TSA / Law Enforcement Officer reimbursement, airfield access fees, ground handling & support services, and various fees collected from fines and violations. Actual revenue from this category fluctuates year-over-year and increased at an annual rate of 13.2 percent from FY 2018 to FY 2023. Projections of these revenue items are not impacted by increases or decreases in aviation activity; increases are based on an estimated inflation rate of 2.0 percent per year. Other operating revenues are projected to increase from approximately \$1.03 million to approximately \$1.20 million during the Projection Period.

6.3.4.7 NON-AIRLINE REVENUE PROJECTION SUMMARY

Exhibit 6-4 presents the projection of Non-Airline Revenues during the Projection Period. Total Non-Airline Revenues are projected to increase from \$63.1 million in FY 2024 to \$94.5 million in FY 2032, representing a CAGR of 5.2 percent. Table A-2, in Appendix A of this Report, presents budgeted and projected Non-Airline Revenues for the Projection Period.

EXHIBIT 6-4 PROJECTED NON-AIRLINE REVENUES



NOTE:

FY – Fiscal Year ending June 30

SOURCES: Burbank-Glendale-Pasadena Airport Authority, September 2023 (FY 2024 budget); Ricondo & Associates, Inc., February 2024 (projected).

6.4 PASSENGER FACILITY CHARGE REVENUE

As described in Section 1.2.5 of this Report, the Authority is currently authorized to collect approximately \$306.1 million of PFC revenue through April 1, 2029.

Projected annual PFC collections, based on existing FAA approvals, forecast enplaned passengers, an assumed PFC level of \$4.50 per eligible enplaned passenger through the end of the Projection Period, and an assumed PFC collection eligibility of approximately 90.3 percent of enplaned passengers, is presented in Table A-3 in Appendix

A. Total PFC revenue collections are projected to increase from approximately \$12.0 million in Budget FY 2024 to approximately \$14.3 million in FY 2032, averaging approximately \$13.1 million per year during the Projection Period.

PFC revenue is projected to be used to fund eligible project costs on a pay-as-you-go (pay go) basis for the Project, as well as for capital projects other than the Project. As presented previously in Table 1-3, the Authority plans to use approximately \$48.4 million from FY 2024 to FY 2027 to fund eligible design elements of the Project, along with approximately \$4.9 million in FY 2027 for demolition of the existing terminal and parking garage. An additional \$50.0 million of PFC revenue is assumed to be used in FY 2028 – FY 2032 to fund airside projects in the Southeast Quadrant of the Project. Total PFC-eligible Southeast Quadrant costs are estimated to total approximately \$117.1 million, so additional PFC revenues will be used for reimbursement of project expenses subsequent to the Projection Period. Approximately \$5.1 million of PFC revenue is assumed to be used in FY 2024 to fund equipment acquisition, airfield projects, and noise mitigation, as identified in the Authority's FY 2024 budget. In addition, an annual allowance of \$2 million per year is assumed from FY 2030 through FY 2032 to fund future non-Project PFC projects. The Authority's PFC Fund balance is projected to increase from a beginning balance of \$67.8 million in FY 2024 to an ending balance of \$77.3 million in FY 2032.

6.5 CUSTOMER FACILITY CHARGE REVENUE

Effective December 1, 2009, the Authority authorized the collection and use of a CFC (Rental Car CFC) in the amount of \$10.00 per rental car transaction to provide for the planning, design, construction, and financing of the CRCF. Effective July 1, 2011, the Authority implemented an alternative Rental Car CFC rate of \$6.00 per rental car transaction day up to a maximum of five days.⁵⁴ In accordance with the Indenture (particularly the Supplemental Indenture relating to the 2012 Bonds), the Rental Car CFC revenues generated on / after July 1, 2014 are used solely for the purposes of repayment of the 2012 Bonds debt obligations incurred, which were issued to finance the construction of the CRCF located in the RITC. The Rental Car CFC fund balances are available for use in accordance with the agreements between the Authority and the rental car companies for operation of the CRCF.

Table A-4 in Appendix A of this Report provides a projection of CFC revenues and associated uses through the Projection Period. \$5.0 million in Rental Car CFC revenues were collected in FY 2023, which represents 0.28 transaction days per enplaned passenger. Rental Car CFC revenues in FY 2024 Budget are conservatively set at \$4.6 million, which is lower than FY 2023 Actual revenues and represents 0.25 transaction days per enplaned passenger. For projection purposes, the FY 2023 value was held constant and the current Rental Car CFC rate of \$6.00 per transaction day is assumed to remain unchanged during the Projection Period. Rental Car CFC revenue is projected to increase from \$4.6 million in FY 2024 to \$6.1 million in FY 2032, representing a CAGR of 3.5 percent over the Projection Period. Annual Rental Car CFC revenue is projected to be lower than annual debt service obligations on the 2012 Bonds through FY 2029, while exceeding debt service obligations in FY 2030 – FY 2032.

6.6 AMORTIZATION OF AUTHORITY FUNDS

As reflected in Chapter 3, the Airport CIP assumes the Authority will use unencumbered discretionary cash-on-hand to fund certain costs associated with the Project. Approximately \$100.0 million of Authority funds are anticipated to be used to fund the Replacement Passenger Terminal Project, which, for purposes of this analysis, is assumed not

⁵⁴ Under the California CFC statute, CFC revenue can be used for rental car-related projects, including busing expenses, but not facility O&M expenses.

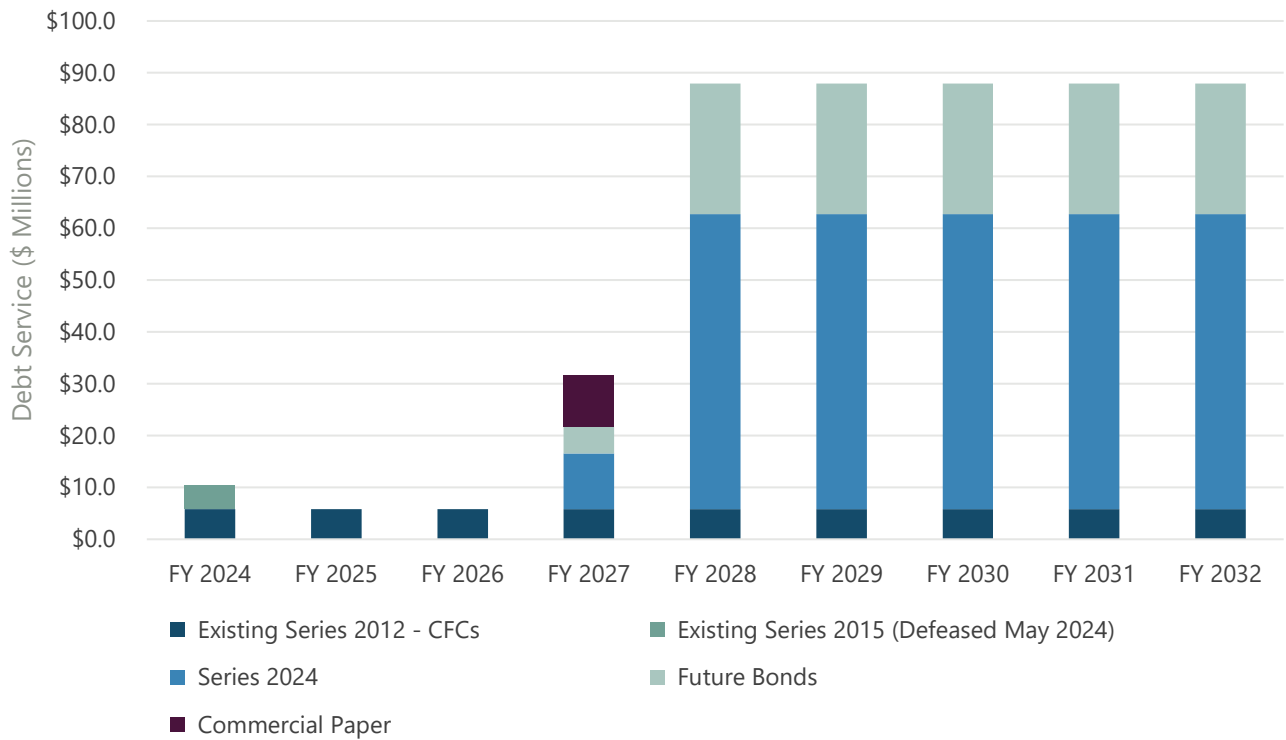
to be amortized over the useful life of the Project and recovered through the calculated airline terminal rental rate. No other use of Authority funds is assumed for funding of capital projects in this analysis.

6.7 DEBT SERVICE

Exhibit 6-5 presents the Authority’s existing annual debt service obligations, including debt service paid with PFC revenue, CFC revenue, and future annual debt service requirements. Table A-5 in Appendix A provides additional detail regarding existing and future Authority debt service.

As shown on Exhibit 6-5, existing debt service on the 2012 Bonds is approximately \$5.8 annually during the Projection Period. As discussed previously, CFC revenue is applied to debt service on the 2012 Bonds. In addition, debt service on the 2015 Bonds (defeased in May 2024) is approximately \$4.6 million annually for FY 2024 Budget.

EXHIBIT 6-5 DEBT SERVICE



NOTES:

FY – Fiscal Year ending June 30

CFC – Customer Facility Charge

Debt service is net of Capitalized Interest

SOURCE: Burbank-Glendale-Pasadena Airport Authority, September 2023 (existing debt service); PRAG Advisors, April 2024 (future debt service).

Proceeds from the 2024 Bonds will be used to fund in part the Project as described in Chapter 3. The Project totals \$1.29 billion, of which approximately \$671.2 million is assumed to be funded with proceeds from the 2024 Bonds. The 2024 Bonds are assumed to have a term of 30 years. 2024 Bonds debt service is estimated to be approximately \$56.9 million per year beginning FY 2028 through FY 2032, with a lower amount of approximately \$10.7 million in FY 2027.

In addition to the 2024 Bonds, the Authority intends to issue Future Bonds in the amount of approximately \$340.4 million to fund approximately \$141.4 million of Project costs and to refund approximately \$161.6 million of Commercial Paper Notes. Total future debt service is estimated to increase from \$25.8 million in FY 2027 to \$82.1 million in FY 2032. Total maximum annual debt service through the Projection Period is estimated at \$87.9 million.

6.8 AIRLINE REVENUES

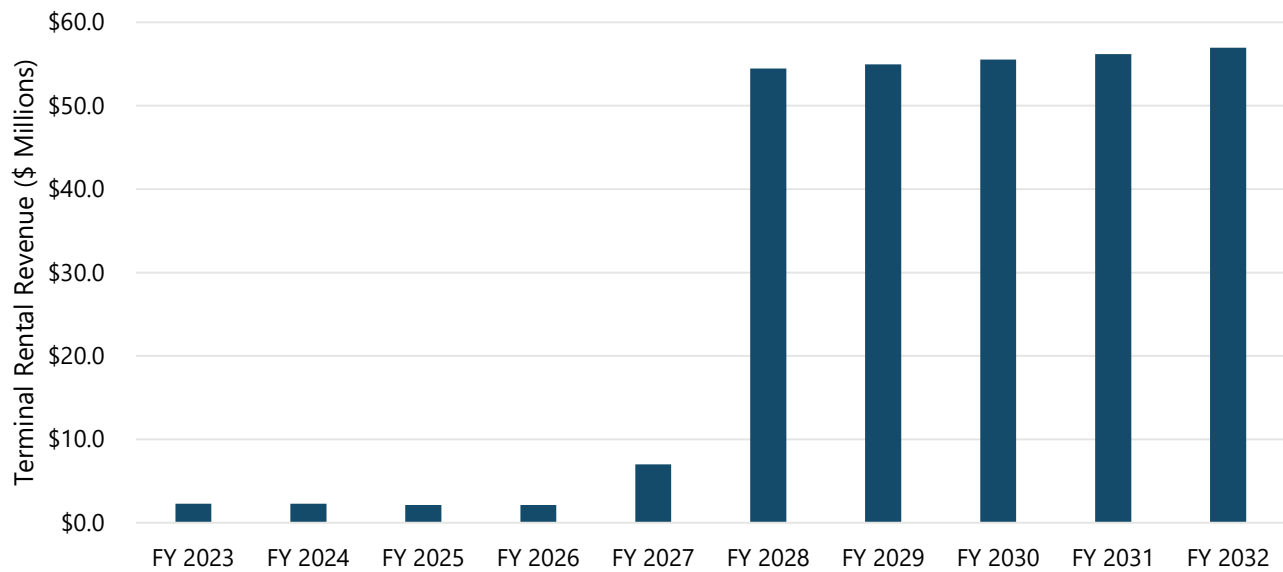
6.8.1 TERMINAL RENTAL REVENUE

As noted in Section 6.1.2, the Replacement AUA describes the methodology for establishment of, and adjustments to, terminal building rental rates. The Authority has historically maintained generally consistent terminal rental rates through the application of non-airline revenues to the Terminal Building Requirement. The FY 2024 budget terminal rental rates are presented in Table 6-1. Through the application of these rates to existing terminal space, airline terminal rental revenue for FY 2024 is projected to be approximately \$2.1 million, as presented in Table A-6 in Appendix A. For this analysis, it is assumed that the FY 2024 terminal rental rates will remain fixed and applied similarly in FY 2025 and FY 2026.

Beginning in FY 2027, when the Replacement Passenger Terminal is operational, this analysis assumes that the Replacement AUA with Signatory Airlines operating at the Airport will be in effect to impose a full residual rate-setting methodology similar, different from the methodology under the Existing AUA. A key difference between the Existing AUA methodology and the Replacement AUA methodology used in this analysis is the treatment of deficits in the Parking and Roadway Cost Center. Under the Existing AUA, up to 50 percent of such annual deficits can be included in the Terminal Building Requirement and Airfield Area Requirement (in combination). Pursuant to the provisions of the Replacement AUA, the full residual calculation is assumed whereby 100 percent of any annual deficit in the Parking and Roadway Cost Center will be included in the Replacement Passenger Terminal Requirement. Also included in the Replacement Passenger Terminal Requirement beginning in FY 2027 is a \$1.5 million annual capital allowance for the Authority to recover and use for future terminal area-related capital projects. Calculation of the annual net Replacement Passenger Terminal Requirement for FY 2027 through FY 2032 is presented in Table A-7 in Appendix A.

Exhibit 6-6 presents the calculated terminal rental revenue for the Projection Period. As shown, it is expected that airline terminal rental revenue will increase from approximately \$2.1 million in FY 2024 to approximately \$57.0 million in FY 2032. Increases in the terminal rental revenue are associated with projected increases in O&M Expenses for the Replacement Passenger Terminal, additional debt service associated with the Project, and the application of 100 percent of annual net parking revenue deficits to the Replacement Passenger Terminal Requirement.

EXHIBIT 6-6 TERMINAL AIRLINE RENTAL REVENUE



NOTE:

FY – Fiscal Year ending June 30

SOURCES: Burbank-Glendale-Pasadena Airport Authority, September 2023; Ricondo & Associate, Inc., April 2024.

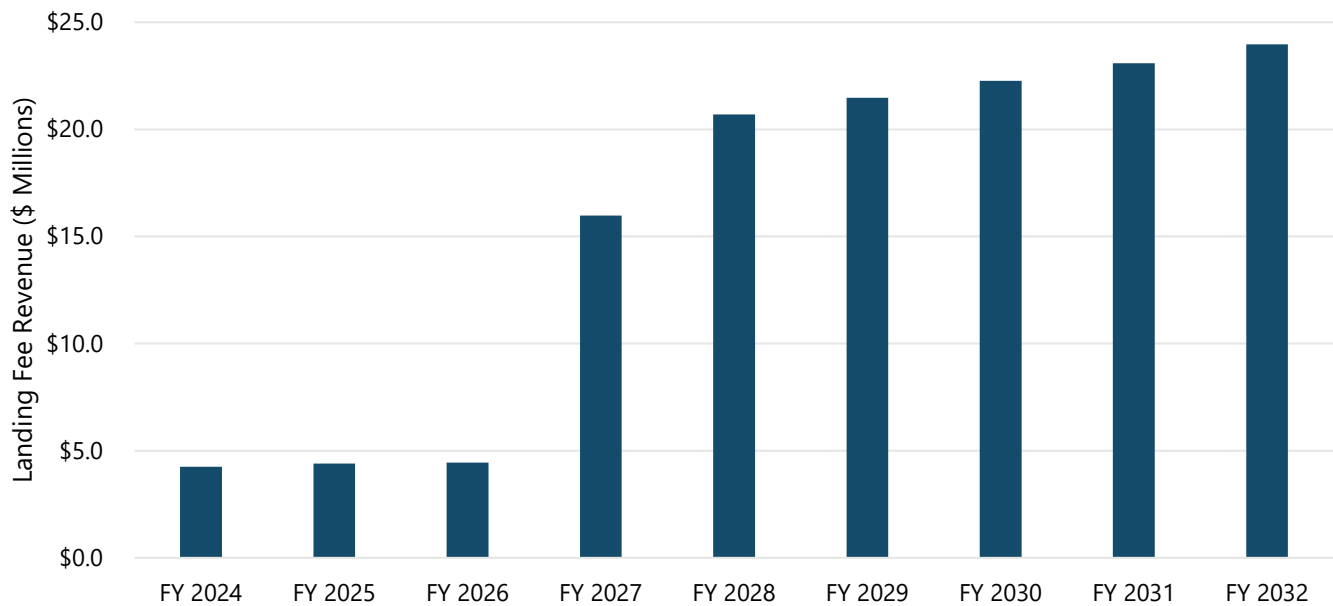
6.8.2 LANDING FEES

The Replacement AUA further describes the methodology for the establishment of, and adjustments to, the airline landing fee rate. The Authority has historically maintained generally consistent landing fee rates through the application of non-airline revenues to the Airfield Area Requirement. The FY 2024 Budget Signatory Airline and Non-Signatory landing fee rates are presented in Table 6-1. Through the application of these rates to forecast aircraft landed weight, landing fee revenue for FY 2024 is projected to be approximately \$4.3 million, as presented in Table A-8 in Appendix A. For this analysis, it is assumed that the FY 2024 landing fee rate will apply similarly in FY 2025 and FY 2026.

Beginning in FY 2027, when the Project is completed, this analysis assumes that the Authority will impose a residual rate-setting methodology for establishment of the landing fee rate similar to the methodology specified in the Existing AUA, with the net Airfield Area Requirement recovered through airline rates and charges. Under the Replacement AUA, 100 percent of any deficit (or surplus) in the Parking and Roadway Cost Center will be credited to the Replacement Passenger Terminal Requirement. Also included in the Airfield Area Requirement beginning in FY 2027 is a \$1.5 million annual capital allowance for the Authority to recover and use for future Airfield Area-related capital projects. Calculation of the annual net Airfield Area Requirement for FY 2027 through FY 2032 is presented in Table A-9 in Appendix A.

Exhibit 6-7 presents the calculated airline landing fee revenue for the Projection Period. As presented, airline landing fee revenue is projected to increase from approximately \$4.3 million in FY 2024 to approximately \$24.0 million in FY 2032. Projected increases in landing fee revenue are associated with projected increases in airfield operating expenses, and future airfield debt service.

EXHIBIT 6-7 LANDING FEE REVENUE



NOTES:

FY – Fiscal Year ending June 30

SOURCES: Burbank-Glendale-Pasadena Airport Authority, September 2023; Ricondo & Associate, Inc., April 2024.

6.9 AIRLINE COST PER ENPLANEMENT

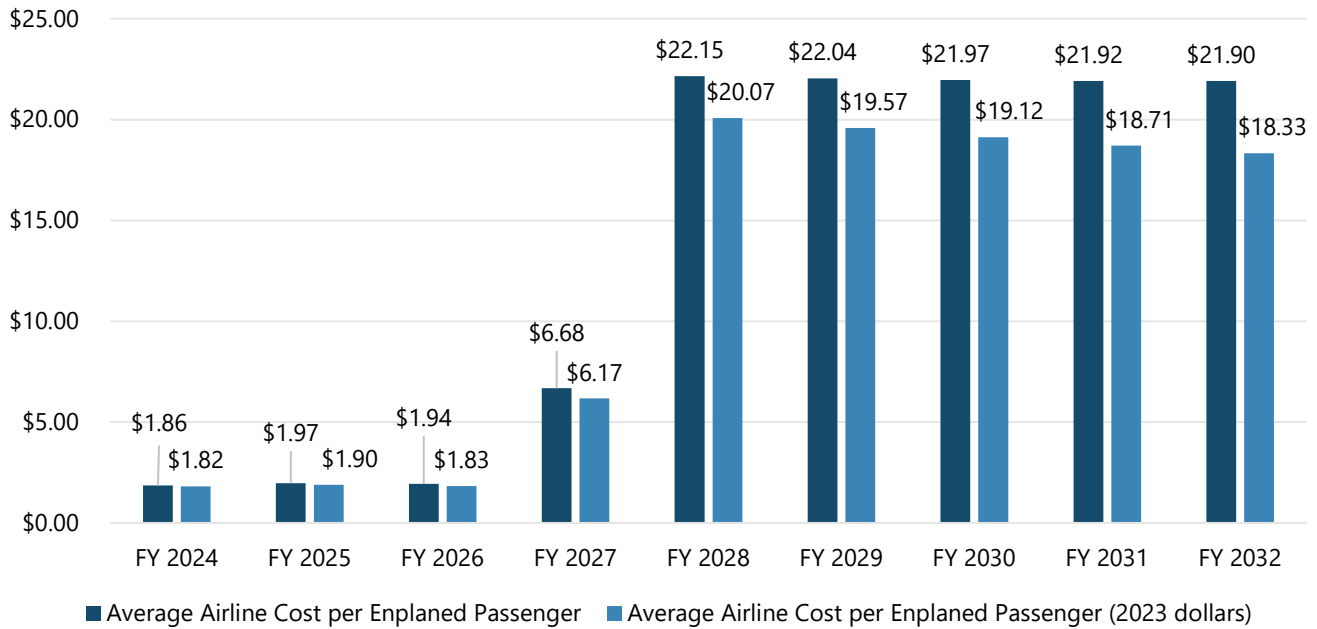
Exhibit 6-8 presents the Airline CPE for the Projection Period. As presented, the Airline CPE is estimated to be \$1.86 in current dollars in FY 2024 Budget and is projected to increase to \$22.16 within the Projection Period, which equates to approximately \$20.07 in 2023 dollars. The increase in Airline CPE is attributable to increases in O&M Expenses, incremental O&M Expenses associated with the Replacement Passenger Terminal Project, and existing / future debt service. Table A-10 in Appendix A presents the projected Airline CPE in table format.

Based on the assumptions contained in this analysis as well as the forecast of passenger demand presented in Chapter 5, the projected Airline CPE shown on Exhibit 6-8 is presumed to be acceptable and should not deter forecasted demand for passenger air traffic at the Airport. The projected airline revenues in this analysis are deemed to be acceptable based on the following combination of factors as well as the fact that on May 1, 2024 Southwest provided written confirmation to the Authority that it will execute the Replacement AUA and the AUA Amendment within the following 60-day period:

- **Strong economic base.** As demonstrated in Chapter 4, there is a strong economic base in the Air Service Area to support continued growth of passenger demand and airline service. Typically, there is a positive correlation between population growth and economic activity in an air service area and air travel demand.
- **Attractive geographical location.** The travel and tourism industry in the Air Service Area is one of the largest service categories in the Air Trade Area (ATA) defined in Chapter 4 (Los Angeles County and Ventura County).
- **Capital projects enable growth.** Airport user fees during the Projection Period are calculated to recover debt service and O&M Expenses partially attributable to the Project which is required to meet FAA design safety standards and provide capacity at the Airport. The Project will support the ability of the airlines to maintain and

increase service. Although the funding of the Project is anticipated to result in increased Airport user fees, the Project supports the long-term growth forecast of the Airport.

EXHIBIT 6-8 AVERAGE AIRLINE COST PER ENPLANED PASSENGER



NOTE:

FY – Fiscal Year ending June 30

SOURCES: Burbank-Glendale-Pasadena Airport Authority, September 2023; Ricondo & Associate, Inc., April 2024.

In summary, Airline CPE, although increasing over the Projection Period, is one of many factors that are considered by airlines when evaluating air service. According to the airline industry group Airlines for America, and airport rates and fees are one of many factors airlines consider when allocating capacity resources. Forecast growth of the population and economic base, along with the geographical location, support the acceptability of projected airline rates and fees during the Projection Period.

6.10 FINANCIAL PERFORMANCE AND DEBT SERVICE COVERAGE

Section 6.05 of the Indenture establishes the Rate Covenant, under which the Authority covenants to set rates and charges in connection with the ownership and operation of the Airport so that for each Fiscal Year:

- 1) Net Revenues will at least equal Accrued Debt Service on Outstanding Parity Obligations, all required deposits into the various reserve accounts, and Accrued Debt Service on any Subordinate Obligations and required reserve funds; and,
- 2) Net Revenues plus any Transfer (from the Surplus Fund) will be at least equal to 125 percent of accrued Debt Service on all Outstanding Parity Obligations for such Fiscal Year. The amount of any Transfer taken into account for the purposes of satisfying the rate covenant shall not exceed 25 percent of the Accrued Debt Service on the Outstanding Parity Obligations for such Fiscal Year.

The debt service coverage ratio is projected to achieve the 1.25x minimum requirement in each year of the Projection Period.

Table A-11 in Appendix A presents the debt service coverage ratio projected for all outstanding Bonds through FY 2032, including existing 2012 and 2015 Bonds, and 2024 and the Future Bonds (expected to be issued in 2026). Table A-11 also presents the application of revenues, showing the use of Authority funds for capital projects. As indicated, the resulting projections of all Airport revenues and expenses results in a positive cash balance at the end of each year of the Projection Period. Accordingly, revenues are sufficient to meet the Authority's debt service obligations and to make all deposits required under the Resolution for each year of the Projection Period.

6.11 ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The techniques and methodologies used in preparing this financial analysis are consistent with industry practices for similar studies in connection with airport revenue bond sales. While Ricondo believes the approach and assumptions used are reasonable, some assumptions regarding future trends and events presented in this Report, including the implementation schedule and enplanement forecasts, may not materialize. Achievement of the projections presented in this Report, therefore, is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

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APPENDIX A

Financial Projection Tables

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BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

TABLE A-1 OPERATING EXPENSES

(For Fiscal Years Ending June 30)

	BUDGET FY 2024	PROJECTED								COMPOUND ANNUAL GROWTH RATE (FY 2024-FY 2032)
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
O&M Expenses by Category										
Contracted airport services	\$26,143,200	\$25,898,552	\$26,833,908	\$29,101,139	\$30,148,815	\$31,236,651	\$32,366,290	\$33,539,442	\$34,757,894	3.6%
Salaries and benefits	7,843,700	8,235,885	8,647,679	10,117,785	10,623,674	11,154,858	11,712,601	12,298,231	12,913,142	6.4%
Financial services	1,298,000	1,374,480	1,455,479	1,541,264	1,632,119	1,728,345	1,830,259	1,938,198	2,052,520	5.9%
Rescue services	3,818,000	4,428,689	4,627,980	4,836,239	5,053,870	5,281,294	5,518,952	5,767,305	6,026,834	5.9%
Materials and supplies	437,475	450,599	464,117	478,041	492,382	507,153	522,368	538,039	554,180	3.0%
Repairs and maintenance	8,647,878	8,907,314	9,174,534	9,449,770	9,733,263	10,025,261	10,326,019	10,635,799	10,954,873	3.0%
Utilities	2,380,000	2,499,000	2,623,950	3,306,177	3,471,486	3,645,060	3,827,313	4,018,679	4,219,613	7.4%
Professional services	4,892,400	5,039,172	5,190,347	5,346,058	5,506,439	5,671,632	5,841,781	6,017,035	6,197,546	3.0%
Insurance	1,865,000	1,920,950	1,978,579	2,547,420	2,623,842	2,702,558	2,783,634	2,867,143	2,953,158	5.9%
Parking tax expense	2,941,071	4,051,261	4,575,954	5,005,971	5,111,593	5,217,927	5,324,721	5,432,145	5,540,193	8.2%
Other operating expenses	2,593,670	2,775,227	2,969,493	3,177,357	3,399,772	3,637,756	3,892,399	4,164,867	4,456,408	7.0%
	\$62,860,394	\$65,581,129	\$68,542,020	\$74,907,220	\$77,797,255	\$80,808,496	\$83,946,337	\$87,216,883	\$90,626,361	4.7%
O&M Expenses by Cost Center										
Airfield	\$21,333,963	\$22,257,343	\$23,262,229	\$25,422,492	\$26,403,330	\$27,425,304	\$28,490,245	\$29,600,224	\$30,757,354	4.7%
Parking and Roadway	22,480,536	23,453,543	24,512,436	26,788,799	27,822,352	28,899,251	30,021,426	31,191,060	32,410,379	4.7%
Rental Car	39,146	40,840	42,684	46,648	48,448	50,323	52,277	54,314	56,437	4.7%
Terminal Building	19,006,749	19,829,402	20,724,671	22,649,281	23,523,125	24,433,617	25,382,388	26,371,285	27,402,190	4.7%
Total Operating Expenses	\$62,860,394	\$65,581,129	\$68,542,020	\$74,907,220	\$77,797,255	\$80,808,496	\$83,946,337	\$87,216,883	\$90,626,361	4.7%
Operating Reserve Deposits										
Prior Year O&M Expenses	\$54,856,016	\$62,860,394	\$65,581,129	\$68,542,020	\$74,907,220	\$77,797,255	\$80,808,496	\$83,946,337	\$87,216,883	
Current Year O&M Expenses	62,860,394	65,581,129	68,542,020	74,907,220	77,797,255	80,808,496	83,946,337	87,216,883	90,626,361	
Annual increase	8,004,378	2,720,735	2,960,891	6,365,200	2,890,035	3,011,240	3,137,841	3,270,546	3,409,478	
Required Deposit (25% of Annual increase)	\$2,001,094	\$680,184	\$740,223	\$1,591,300	\$722,509	\$752,810	\$784,460	\$817,637	\$852,369	
Operating Reserve Deposits by Cost Center										
Airfield	\$679,144	\$230,845	\$251,221	\$540,066	\$245,210	\$255,494	\$266,235	\$277,495	\$289,283	
Parking and Roadway	715,644	243,252	264,723	569,091	258,388	269,225	280,544	292,408	304,830	
Rental Car	1,246	424	461	991	450	469	489	509	531	
Terminal Building	605,060	205,663	223,817	481,153	218,461	227,623	237,193	247,224	257,726	
Total Operating Reserve	\$2,001,094	\$680,184	\$740,223	\$1,591,300	\$722,509	\$752,810	\$784,460	\$817,637	\$852,369	

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024 (Budget), September 2023; Ricondo & Associates, Inc., FY2025 - FY2032 (Projected), April 2024.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

TABLE A-2 NON-AIRLINE REVENUES

(For Fiscal Years Ending June 30)

REVENUE TYPE	BUDGET FY 2024	PROJECTED								COMPOUND ANNUAL GROWTH RATE (FY 2024-FY 2032)
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Parking Fees										
Public Parking	\$15,462,998	\$18,119,256	\$19,329,994	\$20,577,888	\$22,222,562	\$22,691,864	\$23,164,230	\$23,638,515	\$24,115,485	5.7%
Valet Parking	11,473,002	16,216,366	17,710,962	21,344,790	23,697,886	24,198,345	24,702,071	25,207,842	25,716,478	10.6%
Government Agencies Parking	45,000	53,546	54,617	55,709	56,823	57,960	59,119	60,301	61,507	4.0%
Overflow Parking	300,000	417,208	425,552	434,063	442,744	451,599	460,631	469,844	479,240	6.0%
Tenant Employee Parking	170,000	233,811	238,487	243,256	248,122	253,084	258,146	263,309	268,575	5.9%
Parking Refunds	(1,000)	(2,413)	(2,462)	(2,511)	(2,561)	(2,612)	(2,665)	(2,718)	(2,772)	13.6%
Total Parking Fees	\$27,450,000	\$35,037,773	\$37,757,149	\$42,653,196	\$46,665,576	\$47,650,239	\$48,641,532	\$49,637,093	\$50,638,513	8.0%
Concessions										
Rental Car Privilege Fees	\$7,891,200	\$8,399,401	\$8,585,492	\$8,772,466	\$8,960,397	\$9,149,625	\$9,340,089	\$9,531,326	\$9,723,646	2.6%
Food and Beverage	3,462,000	3,690,113	3,771,869	4,239,414	4,330,234	4,421,681	4,513,725	4,606,143	4,699,084	3.9%
Gifts and News	1,221,900	1,388,215	1,418,972	1,594,861	1,629,028	1,663,430	1,698,057	1,732,824	1,767,789	4.7%
Phone Fees	48,000	48,820	48,820	48,820	48,820	48,820	48,820	48,820	48,820	0.2%
Advertising	661,900	740,503	756,910	850,733	868,958	887,309	905,779	924,325	942,976	4.5%
Total Concessions	\$13,285,000	\$14,267,053	\$14,582,062	\$15,506,294	\$15,837,436	\$16,170,864	\$16,506,470	\$16,843,438	\$17,182,314	3.3%
Non-Airline Tenant Rent										
Commercial Buildings Rent	\$15,997,818	\$15,389,818	\$15,698,206	\$16,012,779	\$16,333,663	\$16,660,982	\$16,994,868	\$17,335,451	\$17,682,867	1.3%
Rental Car Facility Rent	1,232,433	1,030,962	1,030,962	1,030,962	1,030,962	1,030,962	1,030,962	1,030,962	1,030,962	-2.2%
Airline Support Facility Rent ¹	0	0	0	591,026	1,878,143	1,878,010	1,878,030	1,878,166	1,878,137	
Other Building Rent	64,300	61,279	62,430	47,125	48,068	49,029	50,010	51,010	52,030	-2.6%
Total Non-Airline Tenant Rent	\$17,294,551	\$16,482,059	\$16,791,598	\$17,681,893	\$19,290,836	\$19,618,984	\$19,953,870	\$20,295,589	\$20,643,996	2.2%
Ground Transportation Revenue	\$3,490,000	\$3,569,380	\$3,648,460	\$3,727,916	\$3,807,779	\$3,888,193	\$3,969,131	\$4,050,399	\$4,132,126	2.1%
Fuel Flowage Fees	\$600,000	\$624,000	\$630,240	\$636,542	\$662,004	\$668,624	\$675,310	\$702,323	\$709,346	2.1%
Other Operating Revenue	\$1,025,000	\$1,045,500	\$1,066,410	\$1,087,738	\$1,109,493	\$1,131,683	\$1,154,316	\$1,177,403	\$1,200,951	2.0%
Total Non-Airline Revenue	\$63,144,551	\$71,025,765	\$74,475,919	\$81,293,580	\$87,373,124	\$89,128,587	\$90,900,631	\$92,706,244	\$94,507,246	5.2%
Total Concessions per Enplaned Passenger	\$4.37	\$4.59	\$4.59	\$4.78	\$4.78	\$4.78	\$4.78	\$4.78	\$4.78	

NOTE:

1 Facility rent is equal to future debt service allocated to the the Airline Support Facility comprising a ground support equipment (GSE) building and an air cargo building.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024 (Budget), September 2023; Ricondo & Associates, Inc., FY2025 - FY2032 (Projected), April 2024.

TABLE A-3 PROJECTED PFC REVENUE COLLECTIONS

(For Fiscal Years Ending June 30)

	BUDGET FY 2024	PROJECTED							
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
PFC Collections									
Enplaned Passengers	3,037,933	3,107,031	3,175,868	3,245,032	3,314,549	3,384,547	3,455,001	3,525,742	3,596,883
Percent of PFC Eligible Passengers	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%
PFC Eligible Enplaned Passengers	2,743,839	2,806,248	2,868,421	2,930,889	2,993,677	3,056,898	3,120,533	3,184,425	3,248,679
PFC Level	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Less: Airline Collection Fee	(\$0.11)	(\$0.11)	(\$0.11)	(\$0.11)	(\$0.11)	(\$0.11)	(\$0.11)	(\$0.11)	(\$0.11)
Net PFC Collection Rate	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39
PFC Collections	12,045,453	12,319,429	12,592,368	12,866,603	13,142,242	13,419,782	13,699,140	13,979,626	14,261,701
PFC Cash Flow									
PFC Beginning Balance	\$67,814,496	\$55,792,448	\$58,484,139	\$61,551,221	\$62,167,840	\$65,307,343	\$67,771,580	\$70,626,773	\$73,812,916
PFC Revenues									
Collections	\$12,045,453	\$12,319,429	\$12,592,368	\$12,866,603	\$13,142,242	\$13,419,782	\$13,699,140	\$13,979,626	\$14,261,701
Interest and Investment Return	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Interest and Unrealized Gain/Loss	\$202,928	\$207,544	\$212,142	\$216,762	\$221,406	\$226,082	\$230,788	\$235,513	\$240,265
Total PFC Revenues	\$12,248,381	\$12,526,973	\$12,804,510	\$13,083,365	\$13,363,648	\$13,645,864	\$13,929,928	\$14,215,139	\$14,501,966
PFC Revenues Plus Beginning Balance	\$80,892,448	\$69,066,439	\$72,079,173	\$75,451,260	\$76,374,893	\$79,838,745	\$82,626,773	\$85,812,916	\$89,337,187
Uses of PFC revenues									
PFC Paygo (Future Paygo Projects) ¹	\$0	\$582,300	\$527,952	\$0	\$1,067,550	\$2,067,165	\$2,000,000	\$2,000,000	\$2,000,000
PFC Paygo (RPT Design)	20,000,000	10,000,000	10,000,000	8,403,420	0	0	0	0	0
PFC Paygo (Demolition)				4,880,000					
PFC Paygo (RPT Southeast Quadrant) ²	0	0	0	0	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
PFC Paygo (Existing Paygo Projects)	5,100,000	0	0	0	0	0	0	0	0
PFCs Used for Debt Service	0	0	0	0	0	0	0	0	0
Total Uses of PFC Revenues	\$25,100,000	\$10,582,300	\$10,527,952	\$13,283,420	\$11,067,550	\$12,067,165	\$12,000,000	\$12,000,000	\$12,000,000
PFC Ending Balance	\$55,792,448	\$58,484,139	\$61,551,221	\$62,167,840	\$65,307,343	\$67,771,580	\$70,626,773	\$73,812,916	\$77,337,187

NOTE:

- 1 Includes projected use of PFC revenues on the Airport's CIP through FY 2029, with \$2.0 million per year assumed thereafter.
- 2 The Southeast Quadrant will include airside/pavement projects, as well as demolition of an existing cargo building, for a total estimated cost of approximately \$75.4 million. It is assumed that PFC revenue will fund the cost of these projects, in the form of PFC paygo and/or reimbursement, with full reimbursement extending beyond the planning period of this Report.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024 (Budget), September 2023; Ricondo & Associates, Inc., FY2025 - FY2032 (Projected), April 2024.

TABLE A-4 PROJECTED CFC REVENUE COLLECTIONS

(For Fiscal Years Ending June 30)

	BUDGET FY 2024	PROJECTED							
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
CFC Collections									
Enplaned Passengers	3,037,933	3,107,031	3,175,868	3,245,032	3,314,549	3,384,547	3,455,001	3,525,742	3,596,883
Transaction Days per Enplaned Passenger	0.25	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Transaction Days	766,667	875,249	894,640	914,124	933,707	953,425	973,272	993,200	1,013,240
CFC Level per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
CFC Collections	\$4,600,000	\$5,251,493	\$5,367,841	\$5,484,742	\$5,602,241	\$5,720,550	\$5,839,632	\$5,959,198	\$6,079,441
CFC Cash Flow									
CFC Beginning Balance	\$1,814,161	\$1,414,161	\$1,414,161	\$1,414,161	\$1,414,161	\$1,414,161	\$1,414,161	\$1,420,330	\$1,544,303
Total CFC Revenues	\$4,600,000	\$5,251,493	\$5,367,841	\$5,484,742	\$5,602,241	\$5,720,550	\$5,839,632	\$5,959,198	\$6,079,441
Uses of CFC revenues									
CFC Paygo	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFC-Eligible Debt Service (Series 2012 Bonds)	5,832,433	5,833,134	5,832,439	5,835,069	5,835,469	5,833,360	5,833,464	5,835,225	5,833,087
CFCs Used for Rental Car Debt Service (Series 2012 Bonds)	4,600,000	5,251,493	5,367,841	5,484,742	5,602,241	5,720,550	5,833,464	5,835,225	5,833,087
Total Uses of CFC Revenues	\$5,000,000	\$5,251,493	\$5,367,841	\$5,484,742	\$5,602,241	\$5,720,550	\$5,833,464	\$5,835,225	\$5,833,087
CFC Ending Balance	\$1,414,161	\$1,414,161	\$1,414,161	\$1,414,161	\$1,414,161	\$1,414,161	\$1,420,330	\$1,544,303	\$1,790,657

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024 (Budget), September 2023; Ricondo & Associates, Inc., FY2025 - FY2032 (Projected), April 2024.

TABLE A-5 DEBT SERVICE

(For Fiscal Years Ending June 30)

	BUDGET FY 2024	PROJECTED								
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Existing Airport Revenue Bonds										
2012 Series A	\$335,750	\$335,750	\$335,750	\$335,750	\$335,750	\$335,750	\$335,750	\$335,750	\$335,750	\$335,750
2012 Series B	5,496,683	5,497,384	5,496,689	5,499,319	5,499,719	5,497,610	5,497,714	5,499,475	5,497,337	
2012 Series Total	\$5,832,433	\$5,833,134	\$5,832,439	\$5,835,069	\$5,835,469	\$5,833,360	\$5,833,464	\$5,835,225	\$5,833,087	
2015 Series Total (Defeased May 2024)	\$4,567,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Existing Airport Revenue Bond Debt Service	\$10,399,933	\$5,833,134	\$5,832,439	\$5,835,069	\$5,835,469	\$5,833,360	\$5,833,464	\$5,835,225	\$5,833,087	
Future Debt (Net of Capitalized Interest)										
Series 2024 Bonds	\$0	\$0	\$0	\$10,749,230	\$56,901,922	\$56,896,822	\$56,897,725	\$56,900,225	\$56,898,725	
Series 2026 Bonds	\$0	\$0	\$0	\$5,079,526	\$25,178,106	\$25,177,412	\$25,177,369	\$25,180,800	\$25,181,038	
Commercial Paper Program	0	0	0	10,000,691	0	0	0	0	0	
Total Future Debt Service	\$0	\$0	\$0	\$25,829,448	\$82,080,028	\$82,074,234	\$82,075,094	\$82,081,025	\$82,079,763	
Existing Debt Service by Area										
Terminal	\$289,526	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Airfield	675,561	0	0	0	0	0	0	0	0	
Parking and Roadway	3,602,413	0	0	0	0	0	0	0	0	
Rental Car	5,832,433	5,833,134	5,832,439	5,835,069	5,835,469	5,833,360	5,833,464	5,835,225	5,833,087	
Other	0	0	0	0	0	0	0	0	0	
Subtotal Existing Debt Service	\$10,399,933	\$5,833,134	\$5,832,439	\$5,835,069	\$5,835,469	\$5,833,360	\$5,833,464	\$5,835,225	\$5,833,087	
Future Debt Service by Area										
Terminal	\$0	\$0	\$0	\$14,907,548	\$47,372,747	\$47,369,404	\$47,369,900	\$47,373,323	\$47,372,595	
Airfield	0	0	0	1,988,253	6,318,208	6,317,762	6,317,828	6,318,285	6,318,187	
Parking and Roadway	0	0	0	8,342,622	26,510,929	26,509,058	26,509,336	26,511,251	26,510,844	
Rental Car	0	0	0	0	0	0	0	0	0	
Other	0	0	0	591,026	1,878,143	1,878,010	1,878,030	1,878,166	1,878,137	
Subtotal Future Debt Service	\$0	\$0	\$0	\$25,829,448	\$82,080,028	\$82,074,234	\$82,075,094	\$82,081,025	\$82,079,763	
Total Debt Service by Area										
Terminal	\$289,526	\$0	\$0	\$14,907,548	\$47,372,747	\$47,369,404	\$47,369,900	\$47,373,323	\$47,372,595	
Airfield	675,561	0	0	1,988,253	6,318,208	6,317,762	6,317,828	6,318,285	6,318,187	
Parking and Roadway	3,602,413	0	0	8,342,622	26,510,929	26,509,058	26,509,336	26,511,251	26,510,844	
Rental Car	5,832,433	5,833,134	5,832,439	5,835,069	5,835,469	5,833,360	5,833,464	5,835,225	5,833,087	
Other	0	0	0	591,026	1,878,143	1,878,010	1,878,030	1,878,166	1,878,137	
Total Debt Service	\$10,399,933	\$5,833,134	\$5,832,439	\$31,664,517	\$87,915,496	\$87,907,594	\$87,908,557	\$87,916,250	\$87,912,849	

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024 (Budget), September 2023; Ricondo & Associates, Inc., FY2025 - FY2032 (Projected), April 2024.

TABLE A-6 TERMINAL RENTAL REVENUE (FY 2024 - FY 2026)

(For Fiscal Years Ending June 30)

	TERMINAL AIRLINE SPACE (SQ FT)	RATE PER SQ FT	TERMINAL RENTAL REVENUE	BUDGET FY 2024	PROJECTED	
					FY 2025	FY 2026
Exclusive Use Space						
Operations Office	3,731	\$17.71	\$66,085	\$66,085	\$66,085	\$66,085
Ramp Storage/Holdroom	1,315	\$8.74	11,493	11,493	11,493	11,493
Baggage Make Up Space	7,912	\$8.74	69,151	69,151	69,151	69,151
Ramp Area	14,651	\$0.58	8,498	8,498	8,498	8,498
Baggage Service Office		\$20.70	0	0	0	0
Office Space (Building 9)	6,000	\$23.00	138,000	138,000	138,000	138,000
First Floor Office Space	1,417	\$20.70	29,332	29,332	29,332	29,332
Subtotal Exclusive Use Space	35,026		\$322,558	\$322,558	\$322,558	\$322,558
Common Use Space						
Ticket Counter	2,177	\$26.45	\$57,582	\$57,582	\$57,582	\$57,582
Baggage Claim	21,431	\$19.72	422,619	422,619	422,619	422,619
Holdroom Space	67,704	\$19.72	1,335,123	1,335,123	1,335,123	1,335,123
Subtotal Joint Use Space	91,312		\$1,815,324	\$1,815,324	\$1,815,324	\$1,815,324
Total	126,338		\$2,137,882	\$2,137,882	\$2,137,882	\$2,137,882

SOURCE: Burbank-Glendale-Pasadena Airport Authority (terminal space and rates); January 2023.

TABLE A-7 TERMINAL RENTAL REVENUE (FY 2027 - FY 2032)

(For Fiscal Years Ending June 30)

	PROJECTED					
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Net Parking and Roadway Cost Center Revenues						
Revenues	\$46,381,113	\$50,473,355	\$51,538,431	\$52,610,664	\$53,687,492	\$54,770,639
Less: Operating Expenditures ¹	(27,357,890)	(28,080,741)	(29,168,476)	(30,301,970)	(31,483,468)	(32,715,209)
Less: Debt Service	(8,342,622)	(26,510,929)	(26,509,058)	(26,509,336)	(26,511,251)	(26,510,844)
Net Revenues (Deficit)	\$10,680,600	(\$4,118,315)	(\$4,139,103)	(\$4,200,642)	(\$4,307,228)	(\$4,455,413)
Net Revenues Credited to Rate Base	\$10,680,600	\$0	\$0	\$0	\$0	\$0
Percent Credited to Terminal Building Rate Base	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Replacement Passenger Terminal Requirement						
Requirements						
Operating Expenditures - Terminal	\$23,130,433	\$23,741,586	\$24,661,240	\$25,619,581	\$26,618,510	\$27,659,916
Existing Bond Debt Service Allocated to Terminal	0	0	0	0	0	0
Future Bond Debt Service Allocated to Terminal	14,907,548	47,372,747	47,369,404	47,369,900	47,373,323	47,372,595
Capital Allowance	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Net Parking Revenue Deficit Applied to Terminal ²	0	4,118,315	4,139,103	4,200,642	4,307,228	4,455,413
Total Requirements	\$39,537,981	\$76,732,648	\$77,669,746	\$78,690,123	\$79,799,061	\$80,987,924
Credits						
Replacement Passenger Terminal Cost Center Nonairline Revenue						
Rentals	4,014,976	4,095,433	4,177,503	4,261,219	4,346,615	4,433,724
Concessions	15,506,294	15,837,436	16,170,864	16,506,470	16,843,438	17,182,314
Other Revenues	2,331,015	2,346,278	2,363,395	2,382,407	2,403,202	2,424,088
Subtotal Replacement Passenger Terminal Cost Center Nonairline Revenue	21,852,285	22,279,147	22,711,762	23,150,096	23,593,255	24,040,126
Application of Net Parking and Roadway Cost Center Revenue	10,680,600	0	0	0	0	0
Total Credits	32,532,885	22,279,147	22,711,762	23,150,096	23,593,255	24,040,126
Net Replacement Passenger Terminal Requirement / Revenue	\$7,005,096	\$54,453,500	\$54,957,984	\$55,540,027	\$56,205,806	\$56,947,798
Airline Leased Space (square feet)	161,196	161,196	161,196	161,196	161,196	161,196
Calculated Average Terminal Rental Rate	\$43.46	\$337.81	\$340.94	\$344.55	\$348.68	\$353.28
Applied Terminal Rental Revenue	\$7,005,096	\$54,453,500	\$54,957,984	\$55,540,027	\$56,205,806	\$56,947,798
Total Terminal Rental Revenue	\$7,005,096	\$54,453,500	\$54,957,984	\$55,540,027	\$56,205,806	\$56,947,798

NOTES:

1 Includes parking tax

2 Reflects application of 100 percent of the annual net deficit in the Parking and Roadway Cost Center to the Terminal Building Requirement.

SOURCES: Burbank-Glendale-Pasadena Airport Authority; Ricondo & Associates, Inc., FY2027 - FY2032 (Projected), April 2024.

TABLE A-8 LANDING FEE REVENUE (FY 2024 - FY 2026)

(For Fiscal Years Ending June 30)

	BUDGET FY 2024	PROJECTED	
		FY 2025	FY 2026
<i>Signatory</i>			
Landed Weight, Signatory Airlines (1,000 lbs)	3,608,247	4,116,666	4,148,577
Landing Fee Rate, Signatory (\$/1,000 lbs)	\$0.97	\$0.97	\$0.97
Signatory Airline Landing Fee Revenue	\$3,500,000	\$3,993,166	\$4,024,120
<i>Non-Signatory (Cargo)</i>			
Landed Weight, Non-Signatory + Cargo Airlines (1,000 lbs)	480,492	262,237	270,366
Landing Fee Rate, Non-Signatory (\$/1,000 lbs) ¹	\$1.56	\$1.56	\$1.56
Non-Signatory Airline Landing Fee Revenue	\$750,000	\$409,325	\$422,014
Total Landing Fee Revenue	\$4,250,000	\$4,402,491	\$4,446,134

NOTES:

1 Non-signatory landing fee rates are applied to cargo carriers and are the greater of \$1.56 or 1.35x the Signatory airline rate.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024 (Budget and landing fee rates), September 2023; Ricondo & Associates, Inc., FY2025 - FY2026

TABLE A-9 LANDING FEE REVENUE (FY 2027 - FY 2032)

(For Fiscal Years Ending June 30)

	PROJECTED					
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Airfield Area Requirement						
Requirements						
Operating Expenditures - Airfield Area	\$25,962,557	\$26,648,540	\$27,680,798	\$28,756,480	\$29,877,719	\$31,046,637
Existing Bond Debt Service Allocated to Airfield	\$0	\$0	\$0	\$0	\$0	\$0
Future Bond Debt Service Allocated to Airfield	\$1,988,253	\$6,318,208	\$6,317,762	\$6,317,828	\$6,318,285	\$6,318,187
Capital Allowance	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Net Parking Revenue Deficit Applied to Airfield ¹	\$0	\$0	\$0	\$0	\$0	\$0
Total Requirements	\$29,450,810	\$34,466,748	\$35,498,560	\$36,574,308	\$37,696,003	\$38,864,824
Credits						
Nonairline Revenue - Airfield Area						
Rentals	12,044,929	12,286,298	12,532,509	12,783,658	13,039,846	13,301,173
Other Revenues - Fuel flow charges	636,542	662,004	668,624	675,310	702,323	709,346
Non-Signatory Landing Fees	1,311,426	1,726,811	1,818,887	1,917,124	2,020,255	2,132,096
Other Revenues	799,308	815,294	831,600	848,232	865,197	882,501
Subtotal Non-Airline Revenues - Airfield Area	14,792,205	15,490,407	15,851,620	16,224,325	16,627,621	17,025,116
Application of Net Parking and Roadway Cost Center Revenue	0	0	0	0	0	0
Total Credits	14,792,205	15,490,407	15,851,620	16,224,325	16,627,621	17,025,116
Net Airfield Area Requirement	\$14,658,605	\$18,976,341	\$19,646,940	\$20,349,983	\$21,068,383	\$21,839,708
Landed Weight, Signatory Airlines (1,000 lbs)	4,206,233	4,263,545	4,320,668	4,377,581	4,434,086	4,490,324
Landing Fee Rate, Signatory (\$/1,000 lbs)	\$3.48	\$4.45	\$4.55	\$4.65	\$4.75	\$4.86
Signatory Airline Landing Fees	\$ 14,658,605	\$ 18,976,341	\$ 19,646,940	\$ 20,349,983	\$ 21,068,383	\$ 21,839,708
Landed Weight, Cargo Airlines (1,000 lbs)	278,747	287,388	296,297	305,483	314,953	324,716
Landing Fee Rate, Non-Signatory (\$/1,000 lbs) ²	\$4.70	\$6.01	\$6.14	\$6.28	\$6.41	\$6.57
Cargo Landing Fees	\$1,311,426	\$1,726,811	\$1,818,887	\$1,917,124	\$2,020,255	\$2,132,096
Total Landing Fee Revenue	\$ 15,970,031	\$ 20,703,151	\$ 21,465,827	\$ 22,267,107	\$ 23,088,638	\$ 23,971,805

NOTES:

1 Reflects application of 0 percent of the annual net deficit in the Parking and Roadway Cost Center to the Airfield Area Requirement.

2 Non-signatory landing fee rates are applied to cargo carriers and are the greater of \$1.56 or 1.35x the Signatory airline rate.

SOURCES: Burbank-Glendale-Pasadena Airport Authority; Ricondo & Associates, Inc., FY2027 - FY2032 (Projected), April 2024.

TABLE A-10 AVERAGE AIRLINE COST PER ENPLANED PASSENGER

(For Fiscal Years Ending June 30)

	BUDGET FY 2024	PROJECTED							
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Airline Terminal Space Rentals	\$2,137,882	\$2,137,882	\$2,137,882	\$7,005,096	\$54,453,500	\$54,957,984	\$55,540,027	\$56,205,806	\$56,947,798
Airline Landing Fee Revenues	3,500,000	3,993,166	4,024,120	14,658,605	18,976,341	19,646,940	20,349,983	21,068,383	21,839,708
Total Airline Revenue	\$5,637,882	\$6,131,048	\$6,162,002	\$21,663,701	\$73,429,841	\$74,604,924	\$75,890,010	\$77,274,189	\$78,787,506
Enplaned Passengers	3,037,933	3,107,031	3,175,868	3,245,032	3,314,549	3,384,547	3,455,001	3,525,742	3,596,883
Average Airline Cost per Enplaned Passenger	\$1.86	\$1.97	\$1.94	\$6.68	\$22.15	\$22.04	\$21.97	\$21.92	\$21.90
Average Airline Cost per Enplaned Passenger (2023 dollars)	\$1.82	\$1.90	\$1.83	\$6.17	\$20.07	\$19.57	\$19.12	\$18.71	\$18.33

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024 (Budget), September 2023; Ricondo & Associates, Inc., FY2025 - FY2032 (Projected), April 2024.

BOB HOPE AIRPORT (HOLLYWOOD BURBANK AIRPORT)

TABLE A-11 CASH FLOW AND DEBT SERVICE COVERAGE

(For Fiscal Years Ending June 30)

	BUDGET FY 2024	PROJECTED							
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
NET REVENUES									
Total Signatory Airline Revenues	\$5,637,882	\$6,131,048	\$6,162,002	\$21,663,701	\$73,429,841	\$74,604,924	\$75,890,010	\$77,274,189	\$78,787,506
Total Non-Signatory (Cargo) Airline Revenues	\$750,000	\$409,325	\$422,014	\$1,311,426	\$1,726,811	\$1,818,887	\$1,917,124	\$2,020,255	\$2,132,096
Total Non-Airline Revenues	63,144,551	71,025,765	74,475,919	81,293,580	87,373,124	89,128,587	90,900,631	92,706,244	94,507,246
Total Non-Operating Revenues ¹	5,450,000	2,541,802	2,140,777	2,042,585	2,052,080	2,063,312	2,076,323	2,090,996	2,105,638
Total Pledged Revenues	74,982,433	80,107,940	83,200,712	106,311,291	164,581,856	167,615,710	170,784,087	174,091,684	177,532,487
Less: Operating Expenses	(62,860,394)	(65,581,129)	(68,542,020)	(74,907,220)	(77,797,255)	(80,808,496)	(83,946,337)	(87,216,883)	(90,626,361)
Net Revenues	12,122,039	14,526,811	14,658,692	31,404,071	86,784,601	86,807,214	86,837,750	86,874,801	86,906,126
RATE COVENANT: SECTION 6.05(a)									
Net Revenues	\$ 12,122,039	\$ 14,526,811	\$ 14,658,692	\$ 31,404,071	\$ 86,784,601	\$ 86,807,214	\$ 86,837,750	\$ 86,874,801	\$ 86,906,126
Add: Offsets to Debt Service									
PFC Revenue applied to Debt Service	0	0	0	0	0	0	0	0	0
CFC Revenue applied to Debt Service	4,600,000	5,251,493	5,367,841	5,484,742	5,602,241	5,720,550	5,833,464	5,835,225	5,833,087
Less:									
Debt Service on Existing Bonds (Series 2012 and Series 2015)	(10,399,933)	(5,833,134)	(5,832,439)	(5,835,069)	(5,835,469)	(5,833,360)	(5,833,464)	(5,835,225)	(5,833,087)
Debt Service on Future GARBs	0	0	0	(15,828,757)	(82,080,028)	(82,074,234)	(82,075,094)	(82,081,025)	(82,079,763)
Commercial Paper Program Interest	0	0	0	(10,000,691)	0	0	0	0	0
Deposits to O&M Reserve Account	(2,001,094)	(680,184)	(740,223)	(1,591,300)	(722,509)	(752,810)	(784,460)	(817,637)	(852,369)
Deposits to Authority Discretionary Account ²	0	0	0	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Must Not Be Less Than Zero	4,321,011	13,264,986	13,453,872	632,996	748,837	867,361	978,196	976,139	973,994
DEBT SERVICE COVERAGE									
Net Revenues	\$ 12,122,039	\$ 14,526,811	\$ 14,658,692	\$ 31,404,071	\$ 86,784,601	\$ 86,807,214	\$ 86,837,750	\$ 86,874,801	\$ 86,906,126
Transfer ³	2,599,983	1,458,284	1,458,110	1,458,767	16,106,968	15,926,590	15,756,117	15,726,481	15,693,577
Adjusted Net Revenues	\$ 14,722,022	\$ 15,985,094	\$ 16,116,802	\$ 32,862,838	\$ 102,891,569	\$ 102,733,804	\$ 102,593,867	\$ 102,601,281	\$ 102,599,703
Accrued Debt Service (on Series bonds)									
Debt Service	\$ 10,399,933	\$ 5,833,134	\$ 5,832,439	\$ 31,664,517	\$ 87,915,496	\$ 87,907,594	\$ 87,908,557	\$ 87,916,250	\$ 87,912,849
Less: Offsets to Debt Service									
PFC Revenue applied to Debt Service	0	0	0	0	0	0	0	0	0
CFC Revenue applied to Debt Service	(4,600,000)	(5,251,493)	(5,367,841)	(5,484,742)	(5,602,241)	(5,720,550)	(5,833,464)	(5,835,225)	(5,833,087)
Accrued Debt Service	\$ 5,799,933	\$ 581,641	\$ 464,598	\$ 26,179,775	\$ 82,313,255	\$ 82,187,044	\$ 82,075,094	\$ 82,081,025	\$ 82,079,763
Must Be At Least 1.25	2.54	27.48	34.69	1.26	1.25	1.25	1.25	1.25	1.25
APPLICATION OF REVENUES									
Cash and investments - Beginning Balance	\$ 205,132,453	\$ 169,453,464	\$ 142,718,450	\$ 136,172,322	\$ 136,805,318	\$ 137,554,155	\$ 138,421,516	\$ 139,399,712	\$ 140,375,851
Change in assets	4,321,011	13,264,986	13,453,872	632,996	748,837	867,361	978,196	976,139	973,994
Authority funds used for capital projects	(40,000,000)	(40,000,000)	(20,000,000)	0	0	0	0	0	0
Cash and investments - Ending Balance	\$ 169,453,464	\$ 142,718,450	\$ 136,172,322	\$ 136,805,318	\$ 137,554,155	\$ 138,421,516	\$ 139,399,712	\$ 140,375,851	\$ 141,349,845

NOTES:

- 1 Non-operating revenues represent investment/interest income, which is equal to a rate of 1.5% applied to the cash and investments ending balance.
- 2 Replacement AUA Section 5.02.
- 3 The Authority intends to maintain an amount equal to 25 percent of the maximum annual debt service on outstanding GARBs and Commercial Paper interest in the Surplus Fund to provide such a Transfer in each Fiscal Year. It is assumed that each annual transfer shown for a given Fiscal Year would be made into the Surplus Fund before the beginning of the Fiscal Year.

SOURCES: Burbank-Glendale-Pasadena Airport Authority, FY 2024 (Budget), September 2023; Ricondo & Associates, Inc., FY2025 - FY2032 (Projected), April 2024.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

Basic Financial Statements

Year ended June 30, 2023 and 2022

(With Independent Auditor's
Report Thereon)

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Basic Financial Statements

June 30, 2023 and 2022

Table of Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information - Unaudited)	5
Basic Financial Statements:	
Statements of Net Position	30
Statements of Revenues, Expenses and Changes in Net Position	33
Statements of Cash Flows	34
Notes to Basic Financial Statements	37

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Independent Auditor's Report

The Honorable Board of Commissioners
Burbank-Glendale-Pasadena Airport Authority
Burbank, California

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of the Burbank-Glendale-Pasadena Airport Authority (the Authority) as of and for the years ended June 30, 2023 and 2022, 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 financial position of the Authority as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinion.

Responsibilities of Management for the Financial Statements

The Authority's 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 audits.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 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, 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.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, slightly slanted style.

Walnut Creek, California
December 15, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

The Burbank-Glendale-Pasadena Airport Authority (Authority) is a separate governmental entity created by a Joint Exercise of Power Agreement (Agreement) executed in June 1977 among the Cities of Burbank, Glendale, and Pasadena, California (Cities). The purpose of the Agreement was to enable the Cities to acquire, operate, repair, maintain, improve, and administer the Bob Hope Airport, commonly known as "Hollywood Burbank Airport" (Airport), as a public air terminal. The Authority is governed by a nine member Board of Airport Commissioners, three of which are appointed by the City Council of each of the Cities. The members of the Airport Commission annually elect a President, Vice-President, and Secretary of the Commission. The Authority has contracted with TBI Airport Management, Inc. (TBI) to perform certain airport administrative, maintenance, operational services, and aircraft rescue and firefighting (ARFF) services.

The management of the Authority presents the following narrative overview of the Authority's financial activities for the fiscal years ended June 30, 2023 and 2022. The following discussion and analysis should be read in conjunction with the accompanying basic financial statements.

The Authority's report consists of this management's discussion and analysis (MD&A) and the financial statements. The MD&A is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements include the *Statements of Net Position*, the *Statements of Revenues, Expenses and Changes in Net Position*, the *Statements of Cash Flows*, and the *Notes to Basic Financial Statements*.

The *Statements of Net Position* present information on all of the Authority's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will result in cash flows in future fiscal periods.

The *Statements of Cash Flows* present information on the Authority's inflows and outflows of cash and cash equivalents during the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

The *Notes to Basic Financial Statements* present information that is not displayed on the face of the basic financial statements. Such information is essential to a full understanding of the Authority's financial activities.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Overview of the Authority's Operations

Highlights of Airport Activities

The Authority's fiscal year (FY) 2023 performance reflected a strong recovery from the unprecedented impacts of the COVID-19 pandemic with total passenger levels concluding at 5,973,893, representing a 8.7% increase over pre-pandemic FY 2019 levels. During FY 2023, the Airport was served by ten air carriers as follows: Alaska Airlines, American Airlines, Avelo Airlines, Delta Air Lines, Flair Airlines, Frontier Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines, and United Airlines. The increase in passenger activity levels, comprised primarily of the leisure travel sector, contributed to the overall favorable financial results.

The major portion of demand for air travel at the Airport is strongly influenced by local socioeconomic characteristics of the Southern California region, and the Airport's proximity to Los Angeles, the San Fernando Valley, and Ventura County make it a convenient gateway to many leisure travel destination and important economic sub-regions.

In addition, during FY 2023 the Authority progressed significantly with the development of the Replacement Passenger Terminal (RPT) project. Milestones achieved include selection of the Design-Build team and the terminal design concept. Completion of this important multi-year safety project remains a focus of the Authority with a target date to open and become operational in the latter part of calendar year 2026.

While FY 2023 exhibited a positive trend in activity and financial performance, the Airport is cognizant that there are potential external influences that may negatively impact its future operations. These include the impacts of inflation leading to the potential of an economic recession, geopolitical instability leading to increased fuel costs, and other external factors outside the control of the Airport that may dampen the demand for air travel. The Authority's financial approach will continue to be conservative, maintain and strengthen its liquidity position, be prudent with expenses as well as a practical approach to discretionary capital programs, and maintaining a reasonable cost structure in the Los Angeles-Long Beach-Anaheim, California area.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Passenger and Other Activity

The following table presents a comparative summary of passenger and other activity in FY 2023, FY 2022, and FY 2021:

Description	2023	2022	2021	% increase (decrease)	
				FY 2022/23	FY 2021/22
Commercial carrier flight operations (takeoffs and landings)	63,904	60,849	27,759	5.0%	119.2%
Landed weight (in pounds)	4,433,115,288	4,200,608,262	1,994,519,421	5.5	110.6
Total passengers	5,973,893	5,434,646	1,758,771	9.9	209.0
Departing passengers (enplaned)	2,979,039	2,712,835	876,735	9.8	209.4
Arriving passengers (deplaned)	2,994,854	2,721,811	882,036	10.0	208.6
Cargo tonnage (in tons)	38,979	51,061	56,495	(23.7)	(9.6)

Passenger levels at the Airport increased by 9.9% and 209.0% compared to the prior year in FY 2023 and 2022, respectively. Of the 5,973,893 and 5,434,646 passengers during FY 2023 and 2022, respectively, Southwest Airlines is the largest air carrier serving the Airport with 65.0% and 64.8% of total passengers in FY 2023 and 2022, respectively.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

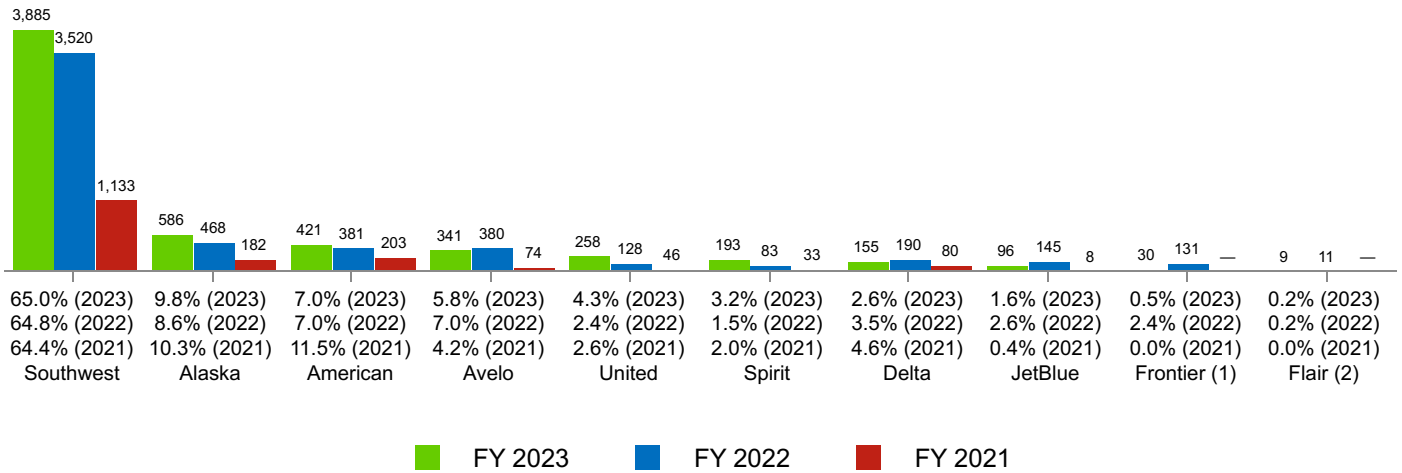
Management’s Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

The chart below presents the passenger market share by airline for FY 2023, FY 2022, and FY 2021:

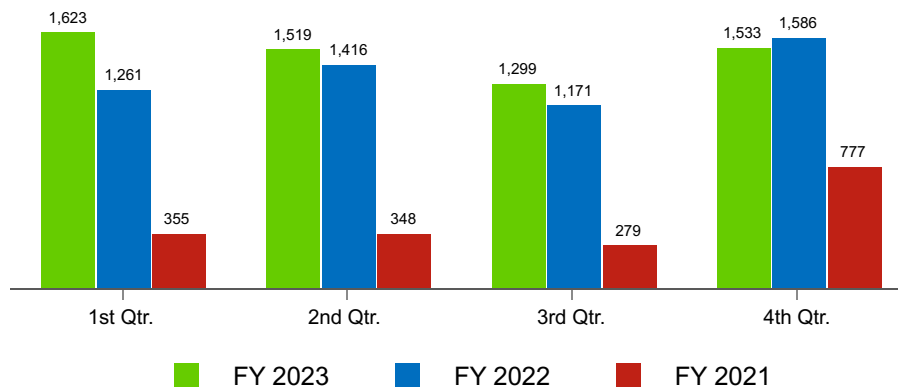
**Airlines and Percentage of Market Share
(passengers in thousands)**



- (1) Frontier Airlines became a non-signatory beginning in FY 2023 and ceased operations in March 2023.
- (2) Flair Airlines ceased operations in November 2022.

The following chart presents the passenger levels by quarter for FY 2023, FY 2022, and FY 2021:

**Total Passengers By Fiscal Quarter
(in thousands)**



BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Commercial Air Carrier Flight Activities

The total number of commercial air carrier flights was 63,904 and 60,849, resulting in an increase of 5.0% and 119.2% from the prior fiscal year for FY 2023 and 2022, respectively. Revenue landed weight increased 5.5% and 110.6% from the prior fiscal year for FY 2023 and 2022, respectively. The top three carriers in terms of landed weight were Southwest Airlines, Alaska Airlines, and American Airlines. In total, these three airlines contributed 84.1% and 82.0% of the total revenue landed weight at the Airport for FY 2023 and 2022, respectively.

Air Cargo Activities

Freight and mail cargo at the Airport for FY 2023 and 2022 was 38,979 and 51,061 tons, respectively. FY 2023 and FY 2022 resulted in a decrease of 23.7% and 9.6% in air cargo tonnage from the prior fiscal year, respectively. The decrease in air cargo activities can be attributed to supply chain issues and a slowdown in online consumer spending. Federal Express (FedEx) and United Parcel Service (UPS) are the top air freight carriers accounting for 95.5% and 94.6% of the total freight cargo for FY 2023 and 2022, respectively.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Overview of the Authority's Financial Activities

Financial Highlights, Fiscal Year 2023

- Assets exceeded liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$583,786,396.
- Operating revenues were \$72,536,457.
- Operating expenses before depreciation and amortization were \$54,856,016.
- Nonoperating revenues, net of nonoperating expenses were \$25,849,947, primarily consisting of Passenger Facility Charges, Customer Facility Charges, investment income, and other noncapital grants, reduced by interest expense.
- Capital contributions from the Federal Aviation Administration's (FAA) Airport Improvement (AIP) and federal relief grants were \$8,030,233, of which \$5,423,949 consisted of federal relief grant funds used for bond debt service.
- Net position increased by \$36,067,742 primarily due to increased operating revenues, the Authority's prudent management of expenses, and the use of federal relief grant funds.
- The Authority selected a progressive design-build firm (PDB) and began the design phase of the Replacement Passenger Terminal.
- The Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), effective July 1, 2021.

Financial Highlights, Fiscal Year 2022

- Assets exceeded liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$547,718,654, which was restated due to the implementation of GASB 96.
- Operating revenues were \$64,712,780.
- Operating expenses before depreciation and amortization were \$48,889,223, which was restated due to the implementation of GASB 96.
- Nonoperating revenues, net of nonoperating expenses were \$12,466,551, primarily consisting of Passenger Facility Charges, Customer Facility Charges, and other noncapital grants, reduced by unrealized investment losses and interest expense.
- Capital contributions from the FAA AIP and federal relief grants were \$7,233,553, of which \$5,988,499 consisted of federal relief grant funds used for bond debt service.
- Net position increased by \$19,048,740 primarily due to increased operating revenues, the Authority's prudent management of expenditures, and the use of federal relief grant funds.
- The Authority restarted the Replacement Passenger Terminal project after an 18-month suspension due to the pandemic.
- The Authority implemented GASB Statement No. 87, *Leases*, effective July 1, 2020.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Net Position Summary

A summary of the Airport's net position as of June 30, 2023, 2022, and 2021 is presented below:

Schedule of Net Position							
				FY 2022/23		FY 2021/22	
	2023	2022	2021	increase (decrease)		increase (decrease)	
		(Restated)		Amount	%	Amount	%
Assets:							
Current unrestricted assets	\$ 50,168,631	\$ 47,183,502	\$ 51,842,292	\$ 2,985,129	6.3%	\$ (4,658,790)	(9.0)%
Noncurrent unrestricted assets	6,663,553	10,244,382	5,710,548	(3,580,829)	(35.0)	4,533,834	N/A
Restricted assets	107,538,208	97,832,280	90,412,599	9,705,928	9.9	7,419,681	8.2
Debt service reserve surety	4,728	9,455	14,183	(4,727)	(50.0)	(4,728)	(33.3)
Facility Development Reserve	205,132,453	200,132,453	180,132,453	5,000,000	2.5	20,000,000	11.1
Capital assets, net	<u>324,518,102</u>	<u>305,248,073</u>	<u>312,584,227</u>	<u>19,270,029</u>	6.3	<u>(7,336,154)</u>	(2.3)
Total assets	<u>694,025,675</u>	<u>660,650,145</u>	<u>640,696,302</u>	<u>33,375,530</u>	5.1	<u>19,953,843</u>	3.1
Liabilities:							
Current liabilities	19,598,063	11,722,670	11,389,307	7,875,393	67.2	333,363	2.9
Liabilities payable							
from restricted assets	8,245,196	8,103,228	7,974,152	141,968	1.8	129,076	1.6
Noncurrent liabilities	<u>72,049,628</u>	<u>78,591,343</u>	<u>84,723,912</u>	<u>(6,541,715)</u>	(8.3)	<u>(6,132,569)</u>	(7.2)
Total liabilities	<u>99,892,887</u>	<u>98,417,241</u>	<u>104,087,371</u>	<u>1,475,646</u>	1.5	<u>(5,670,130)</u>	(5.4)
Deferred inflows of resources:							
Deferred inflows - leases	10,244,382	14,310,232	7,632,990	(4,065,850)	(28.4)	6,677,242	N/A
Deferred amount on refunding	<u>102,010</u>	<u>204,018</u>	<u>306,027</u>	<u>(102,008)</u>	(50.0)	<u>(102,009)</u>	(33.3)
Total deferred inflows of resources	<u>10,346,392</u>	<u>14,514,250</u>	<u>7,939,017</u>	<u>(4,167,858)</u>	(28.7)	<u>6,575,233</u>	82.8
Net position:							
Net investment in capital assets	252,577,172	226,762,973	228,168,126	25,814,199	11.4	(1,405,153)	(0.6)
Restricted, debt service	23,980,877	21,857,596	21,582,760	2,123,281	9.7	274,836	1.3
Restricted, capital projects	71,516,622	64,085,949	56,900,982	7,430,673	11.6	7,184,967	12.6
Restricted, federal asset seizure	25,049	24,615	24,298	434	1.8	317	1.3
Restricted, other purposes	3,484,425	3,400,497	3,316,569	83,928	2.5	83,928	2.5
Unrestricted	<u>232,202,251</u>	<u>231,587,024</u>	<u>218,677,179</u>	<u>615,227</u>	0.3	<u>12,909,845</u>	5.9
Total net position	<u>\$ 583,786,396</u>	<u>\$ 547,718,654</u>	<u>\$ 528,669,914</u>	<u>\$ 36,067,742</u>	6.6%	<u>\$ 19,048,740</u>	3.6%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

Net Position

Net position may serve over time as a useful indicator of the Authority's financial position at fiscal year-end. The Authority's assets exceeded its liabilities, deferred inflows of resources, and beginning net positions by \$36,067,742 and \$19,048,740 resulting in ending net positions of \$583,786,396 and \$547,718,654 as of June 30, 2023 and 2022, respectively, which continued the Authority's steady increase in net position from its June 30, 2021 ending net position of \$528,669,914.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

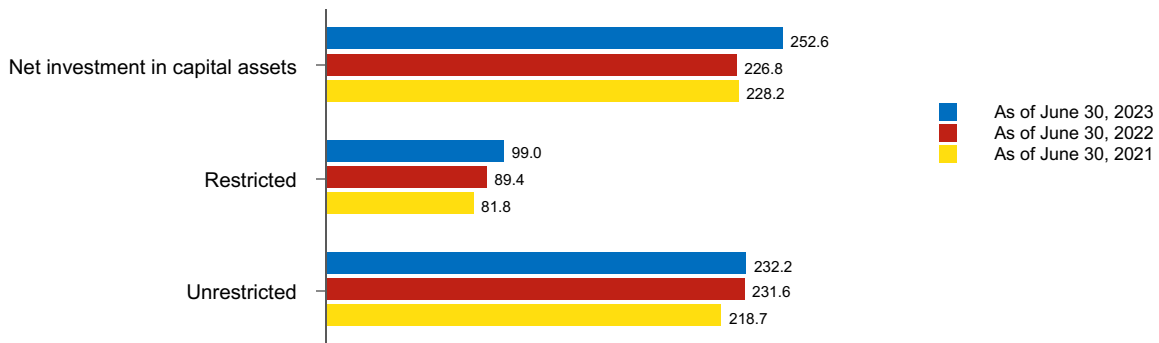
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The first component of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, runways, etc.), net of accumulated depreciation and amortization, less any related debt and liabilities used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to Airport users and to maintain its operations. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt and liabilities, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The second component of the Authority's net position represents resources that are subject to external restrictions on how they may be used. Of this restricted net position, 24.2%, 24.5%, and 26.4% are for repayment of long-term debt and 72.2%, 71.7%, and 69.5% are for construction of capital assets at June 30, 2023, 2022, and 2021, respectively. A very small percentage of restricted net position, comprising less than 0.1% at June 30, 2023, 2022 and 2021, are for uses pursuant to the Federal Asset Seizure Program. Lastly, 3.5%, 3.8%, and 4.1% are for other restricted purposes.

The final component is unrestricted net position and may be used to meet the Authority's ongoing obligations to Airport users and creditors.

**Net Position as of June 30, 2023, 2022 (Restated), and 2021
(in millions of dollars)**



The Authority's positive unrestricted net position balance has continued to increase over the three fiscal years ended June 30, 2023, 2022, and 2021.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Current Unrestricted Assets

Current unrestricted assets consist primarily of cash and investments in the operating investment portfolio. Current unrestricted cash inflows are from operating activities, investment activities, non-capital grants, and federal grant reimbursements for eligible capital projects. Unrestricted cash outflows are for operating activities, capital acquisitions, transfers to fiscal agents for debt service, and transfers to the unrestricted Facility Development Reserve.

The Authority's current unrestricted assets increased by \$2,985,129, or 6.3%, and decreased by \$4,658,790, or 9.0%, in FY 2023 and 2022, respectively. The net increase in FY 2023 is primarily from an increase in operating cash from positive financial performance reduced by the transfer of \$5,000,000 to the unrestricted Facility Development Reserve. The net decrease in FY 2022 is primarily from an unrealized loss in the Authority's operating investment portfolio due to the fiscal year-end market valuation and the transfer of \$20,000,000 to the Facility Development Reserve. The Authority transferred these funds to the Facility Development Reserve due to an increase in operating cash from positive financial performance related to passenger activity recovery in FY 2022.

Additionally, effective July 1, 2020, the Authority implemented GASB Statement No. 87, *Leases*, which requires the Authority to recognize a lease receivable and a deferred inflow of resources for leases that previously were classified as operating leases at the commencement of the lease term, with certain exceptions for leases held as investments, certain regulated leases, short-term leases, variable payment leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The related deferred inflow of resources are measured as 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 fiscal years ended June 30, 2023 and 2022, the Authority recorded current lease receivables of \$3,580,829 and \$4,065,850, respectively. Additional information regarding the Authority's lease receivables can be found in note 7 in the accompanying notes to the basic financial statements.

Noncurrent Unrestricted Assets

The Authority's noncurrent unrestricted assets include the noncurrent portion of lease receivables of \$6,663,553 and \$10,244,382 as of June 30, 2023 and 2022, respectively, that was recorded to conform to the requirements of GASB Statement No. 87, *Leases*, which was effective July 1, 2020.

Facility Development Reserve

The Facility Development Reserve is an unrestricted fund that was established by the Authority during FY 2000 to provide for the development of a replacement terminal and other Airport facilities. The actual appropriation of these funds to selected facility development projects is determined based on the approval of the Authority. For FY 2023 and 2022, the Authority transferred \$5,000,000 and \$20,000,000, respectively, of excess revenues from the current operating fund to the Facility Development Reserve.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Restricted Assets

The Authority's restricted assets increased by \$9,705,928, or 9.9%, and \$7,419,681, or 8.2%, in FY 2023 and 2022, respectively, resulting primarily from an increase in passenger facility charges (PFC) for eligible capital expenditures and a transfer of funds to the Operating Reserve Fund in FY 2023 to meet the 25% reserve requirement for the FY 2023 operations and maintenance expense (O&M) budget. Restricted assets consist primarily of cash and investments in the operating portfolio that are restricted based on constraints placed on assets through external parties such as creditors, grantors, leases, trust agreements, contributors, laws or regulations of other governments, or enabling legislation. Restricted funds are nondiscretionary in terms of use and provide for payment of debt service on Authority bonds, reserves for outstanding bonds, reserves for operations and maintenance, and construction of long-term assets.

Capital Assets

Below is a summary of the Authority's capital assets for FY 2023, 2022, and 2021:

				FY 2022/23		FY 2021/22	
	2022			increase (decrease)		increase (decrease)	
	2023	(Restated)	2021	Amount	%	Amount	%
Capital assets:							
Land	\$ 160,065,894	\$ 160,065,894	\$ 160,065,894	\$ —	—%	\$ —	—%
Other non-depreciable capital assets	1,128,515	1,128,515	1,128,515	—	—	—	—
Construction in progress	32,649,419	10,006,984	2,698,604	22,642,435	226.3	7,308,380	270.8
Buildings and improvements	255,974,998	255,846,105	255,846,105	128,893	0.1	—	—
Runways and improvements	159,622,308	149,020,913	149,020,913	10,601,395	7.1	—	—
Machinery and equipment	38,711,805	38,199,756	36,893,349	512,049	1.3	1,306,407	3.5
Intangible right to use asset	660,984	523,980	—	137,004	26.1	523,980	N/A
Less accumulated depreciation and amortization	(324,295,821)	(309,544,074)	(293,069,153)	(14,751,747)	4.8	(16,474,921)	5.6
Total capital assets, net	<u>\$ 324,518,102</u>	<u>\$ 305,248,073</u>	<u>\$ 312,584,227</u>	<u>\$ 19,270,029</u>	6.3%	<u>\$ (7,336,154)</u>	(2.3)%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

The Authority's net capital assets increased by \$19,270,029, or 6.3%, in FY 2023 and decreased by \$7,336,154, or 2.3%, in FY 2022. The increase in FY 2023 was primarily due to an increase in construction in progress related to the Replacement Passenger Terminal project. The decrease in FY 2022 was primarily due to depreciation and amortization expense for the Authority's depreciable capital assets, which include buildings and improvements, runways and improvements, machinery and equipment, intangible right to use asset, and disposals of depreciable capital assets exceeding acquisitions. Total depreciable capital asset additions in FY 2023 and 2022 were \$12,120,473 and \$1,830,387, respectively, and total non-depreciable capital asset additions, consisting of construction in progress, in FY 2023 and 2022 were \$34,625,904 and \$8,614,787, respectively. Total deletions, including canceled projects and transfers from construction in progress to depreciable and non-depreciable capital assets, were \$11,983,469 and \$1,306,407, respectively.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Significant capital asset additions in FY 2023 include:

- Airfield lighting vault replacement
- Taxiway C & shoulder rehabilitation
- Taxilane A rehabilitation
- HVAC replacement units
- Aircraft Rescue and Firefighting vehicle replacement
- Vehicle replacements
- IT server infrastructure

Significant capital asset additions in FY 2022 include:

- Aircraft Rescue and Firefighting truck replacement
- Airfield sweeper and scrubber replacement
- Handheld radio equipment replacement
- Vehicle replacements

The Authority had significant contract commitments outstanding as of June 30, 2023 for various capital projects totaling \$44,553,336 for the Taxiway C and shoulder rehabilitation, Lot F parking improvements, landside paving, Runway 8 precision approach pathway indicators navigation and equipment relocation, and the RPT project.

Additional information regarding the Authority's capital assets can be found in note 4 in the accompanying notes to the basic financial statements.

Additionally, effective July 1, 2021, the Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which requires the Authority to record a subscription asset, reported as an intangible right to use asset under the capital assets section in the Statements of Net Position, and a corresponding subscription liability measured at the present value of payments expected to be made during the subscription term, less any vendor incentives, for all in-scope GASB Statement No. 96 SBITAs maintained by the Authority. The subscription asset is measured at the amount of the initial measurement of the subscription liability, plus any payments made to the SBITA vendor at the commencement of the subscription term, and certain initial implementation costs. For the fiscal years ended June 30, 2023 and 2022, the Authority recorded intangible right to use assets of \$660,984 and \$523,980, respectively. Additional information regarding the Authority's SBITA contracts can be found in note 8 in the accompanying notes to the basic financial statements.

Current Liabilities

Current liabilities increased by \$7,875,393, or 67.2%, and \$333,363, or 2.9%, in FY 2023 and 2022, respectively. The FY 2023 increase is primarily due to increases in vendor accruals, mostly related to the Replacement Passenger Terminal project, and unearned revenue related to prepayments by tenants. The FY 2022 increase is primarily due to increases in vendor accruals and customer deposits reduced by decreases in payroll accruals for vacation and sick leave and unearned revenue.

Additionally, as mentioned previously in the Capital Assets section, effective July 1, 2021, the Authority implemented GASB Statement No. 96, *SBITA*, which requires the recording of a subscription liability, both current and noncurrent, measured at the present value of payments expected to be made during

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

the subscription term, less any vendor incentives, for all in-scope SBITAs maintained by the Authority. For the fiscal years ended June 30, 2023 and 2022, the Authority recorded current subscription liabilities of \$75,329 and \$50,135, respectively.

Additional information regarding the Authority's current subscription liabilities can be found in note 8 in the accompanying notes to the basic financial statements.

Liabilities Payable from Restricted Assets

Liabilities payable from restricted assets increased by \$141,968, or 1.8%, in FY 2023 and \$129,076, or 1.6%, in FY 2022. The increase in FY 2023 and FY 2022 reflects an increase of \$280,000 and \$260,000, respectively, in the current portion of principal payable for the 2012 and 2015 Bonds reduced by a decrease of \$138,032 and \$130,924, respectively, in interest payable for both bonds.

Additional information regarding the Authority's liabilities payable from restricted assets can be found in note 5 in the accompanying notes to the basic financial statements.

Noncurrent Liabilities

Below is a summary of the Authority's noncurrent liabilities for FY 2023, 2022, and 2021:

	2022			FY 2022/23		FY 2021/22	
	2023	(Restated)	2021	increase (decrease) Amount	%	increase (decrease) Amount	%
Noncurrent liabilities:							
Revenue bonds payable, less							
current portion	\$ 71,280,000	\$ 77,370,000	\$ 83,180,000	\$ (6,090,000)	(7.9)%	\$ (5,810,000)	(7.0)%
Original issue premium, net	589,438	1,066,675	1,543,912	(477,237)	(44.7)	(477,237)	(30.9)
Subscription liabilities, noncurrent	180,190	154,668	—	25,522	16.5	154,668	N/A
Total long-term liabilities	<u>\$ 72,049,628</u>	<u>\$ 78,591,343</u>	<u>\$ 84,723,912</u>	<u>\$ (6,541,715)</u>	(8.3)%	<u>\$ (6,132,569)</u>	(7.2)%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

As of June 30, 2023 and 2022, the Authority's outstanding long-term debt consisted of its outstanding 2012 (Series A and B) and 2015 (Series B) bonds of \$71,280,000 and \$77,370,000, respectively, and unamortized premium of \$589,438 and \$1,066,675, respectively.

Additionally, as of June 30, 2023 and 2022, the Authority's noncurrent subscription liabilities, resulting from the implementation of GASB Statement No. 96, *SBITA*, effective July 1, 2021, was \$180,190 and \$154,668, respectively.

The Authority's long-term liabilities decreased by \$6,541,715, or 8.3%, and \$6,132,569, or 7.2%, in FY 2023 and 2022, respectively. The decrease in FY 2023 includes the reclassification of the current portions of the 2012 Bonds of \$1,950,000 and 2015 Bonds of \$4,140,000, and amortization of the original issue premium on both bonds of \$477,237 offset by an increase in noncurrent subscription liabilities of \$25,522. The decrease in FY 2022 includes the reclassification of the current portion of 2012 Bonds of \$1,870,000 and current portion of the 2015 Bonds of \$3,940,000, and amortization of the original issue premium on both bonds of \$477,237 offset by an increase in noncurrent subscription liabilities of \$154,668.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Additional information regarding the Authority's long-term debt and noncurrent subscription liabilities can be found in notes 5 and 8, respectively, in the accompanying notes to the basic financial statements.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to future periods that will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflows of resources consist of 1) the deferred inflow of resources related to leases measured as 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 of \$10,244,382 and \$14,310,232 at June 30, 2023 and 2022, respectively, and 2) the net deferred amount on refunding of the 2005 Bonds of \$102,010 and \$204,018 at June 30, 2023 and 2022, respectively. The refunding and defeasance of the 2005 Bonds resulted in a difference between the re-acquisition price of the 2015 Bonds and the net carrying amount of the 2005 Bonds of \$935,367. This difference, reported in the accompanying basic financial statements as a deferred inflow of resources, is being credited to interest expense through July 1, 2024, the final maturity of the 2015 Bonds, using the straight-line method. Amortization in FY 2023 and FY 2022 totaled \$102,008 and \$102,009, respectively.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Changes in Net Position Summary

A condensed summary of the Authority's changes in net position for fiscal years ended June 30, 2023, 2022, and 2021 is presented below:

	Schedule of Revenues, Expenses, and Changes in Net Position							
				FY 2022/23		FY 2021/22		
	2023	2022 (Restated)	2021	increase (decrease)		increase (decrease)		
			Amount	%	Amount	%		
Operating revenues	\$ 72,536,457	\$ 64,712,780	\$ 34,415,327	\$ 7,823,677	12.1%	\$ 30,297,453	88.0%	
Operating expenses	70,348,895	65,364,144	58,029,680	4,984,751	7.6	7,334,464	12.6	
Operating income (loss)	2,187,562	(651,364)	(23,614,353)	2,838,926	(435.8)	22,962,989	(97.2)	
Nonoperating revenues, net	25,849,947	12,466,551	12,503,857	13,383,396	107.4	(37,306)	(0.3)	
Income before capital contributions	28,037,509	11,815,187	(11,110,496)	16,222,322	(137.3)	22,925,683	(206.3)	
Capital contributions	8,030,233	7,233,553	12,730,126	796,680	11.0	(5,496,573)	(43.2)	
Changes in net position	36,067,742	19,048,740	1,619,630	17,019,002	89.3	17,429,110	1,076.1	
Total net position - beginning	547,718,654	528,669,914	527,050,284	19,048,740	3.6	1,619,630	0.3	
Total net position - ending	<u>\$ 583,786,396</u>	<u>\$ 547,718,654</u>	<u>\$ 528,669,914</u>	<u>\$ 36,067,742</u>	6.6%	<u>\$ 19,048,740</u>	3.6%	

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

Operating Revenues

The Airport derives its operating revenues from parking operations, aircraft landing fees, concessions, tenant rent, and other assessments such as ground transportation access fees and fuel flowage fees.

The following table presents a comparative summary of operating revenues in FY 2023, FY 2022, and FY 2021:

	Comparative Summary of Operating Revenues							
				FY 2022/23		FY 2021/22		
	2023	2022	2021	increase (decrease)		increase (decrease)		
			Amount	%	Amount	%		
Parking	\$ 29,082,523	\$ 25,174,110	\$ 8,526,479	\$ 3,908,413	15.5%	\$ 16,647,631	195.2%	
Landing fees	4,586,568	4,055,176	2,139,159	531,392	13.1	1,916,017	89.6	
Concessions	13,681,344	12,506,117	4,871,064	1,175,227	9.4	7,635,053	156.7	
Tenant rent	19,514,228	18,122,079	16,963,475	1,392,149	7.7	1,158,604	6.8	
Ground transportation	3,681,065	2,815,018	948,286	866,047	30.8	1,866,732	196.9	
Fuel flowage fees	623,058	604,992	481,963	18,066	3.0	123,029	25.5	
Other operating revenues	1,367,671	1,435,288	484,901	(67,617)	(4.7)	950,387	196.0	
Total operating revenues	<u>\$ 72,536,457</u>	<u>\$ 64,712,780</u>	<u>\$ 34,415,327</u>	<u>\$ 7,823,677</u>	12.1%	<u>\$ 30,297,453</u>	88.0%	

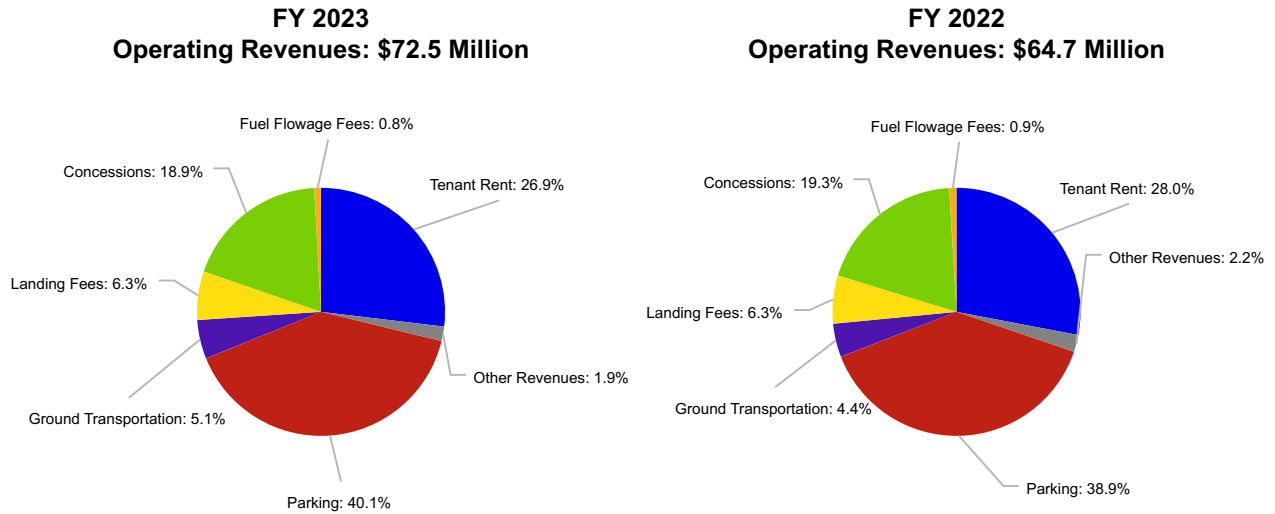
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management’s Discussion and Analysis

June 30, 2023 and 2022

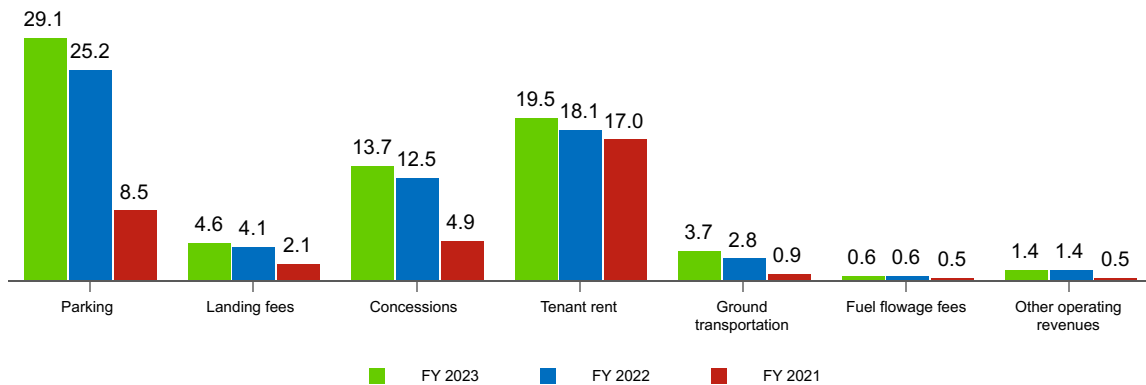
(Unaudited)

The charts below present the distribution of major sources of operating revenues in FY 2023 and FY 2022:



The chart below presents the comparative summary of operating revenues for FY 2023, FY 2022, and FY 2021:

Operating Revenues
Years ended June 30, 2023, 2022, and 2021
(in millions)



BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

In FY 2023, total operating revenues increased by \$7,823,677, or 12.1%, primarily due to continued passenger activity recovery from the COVID-19 pandemic.

(1) increased parking revenues of \$3,908,413, primarily due to an increase of utilization of self-park options and a full year of parking rate increases implemented in mid-FY 2022;

(2) increased landing fees of \$531,392, primarily due to additional air carrier flight operations from the resumption of previously suspended routes, the addition of new routes, and the upgauging of aircraft;

(3) increased concession fees of \$1,175,227, primarily due to increased passenger activity;

(4) increased tenant rent of \$1,392,149, primarily due to the addition of new hangar leases and CPI increases to existing leases; and

(5) increased ground transportation revenues of \$866,047, primarily due to returning ride share demand.

In FY 2022, total operating revenues increased by \$30,297,453, primarily due to passenger activity recovery from the COVID-19 pandemic. Also, starting in FY 2022, operating revenues include fees from a new non-exclusive license agreement for ground handling services.

(1) increased parking revenues of \$16,647,631, which was commensurate with the 209.0% increase in passenger activity in FY 2022. Parking revenues are relatively correlated with passenger activity, and FY 2022 reflected this increase in parking demand along with the continued shift in consumer preference towards private modes of transportation over public transportation and ride share services. In response to the increased parking demand in FY 2022, the Authority re-opened previously closed remote parking lots. Also, rate increases were implemented to select lots beginning January 1, 2022;

(2) increased landing fees of \$1,916,017, primarily due to additional air carrier flight operations from the resumption of previously suspended routes, the addition of new routes, and the introduction of new carriers;

(3) increased concession fees of \$7,635,053, primarily due to increased passenger activity;

(4) increased tenant rent of \$1,158,604, primarily due to the addition of new hangar leases and CPI increases to existing leases;

(5) increased ground transportation revenues of \$1,866,732, primarily due to returning ride share demand;

(6) increased fuel flowage fees of \$123,029, primarily due to an increase in general aviation activity in FY 2022; and

(7) increased other operating revenues of \$950,387, primarily due to the introduction of a new ground handling agreement and an increase to overnight aircraft ramp parking utilization in FY 2022.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

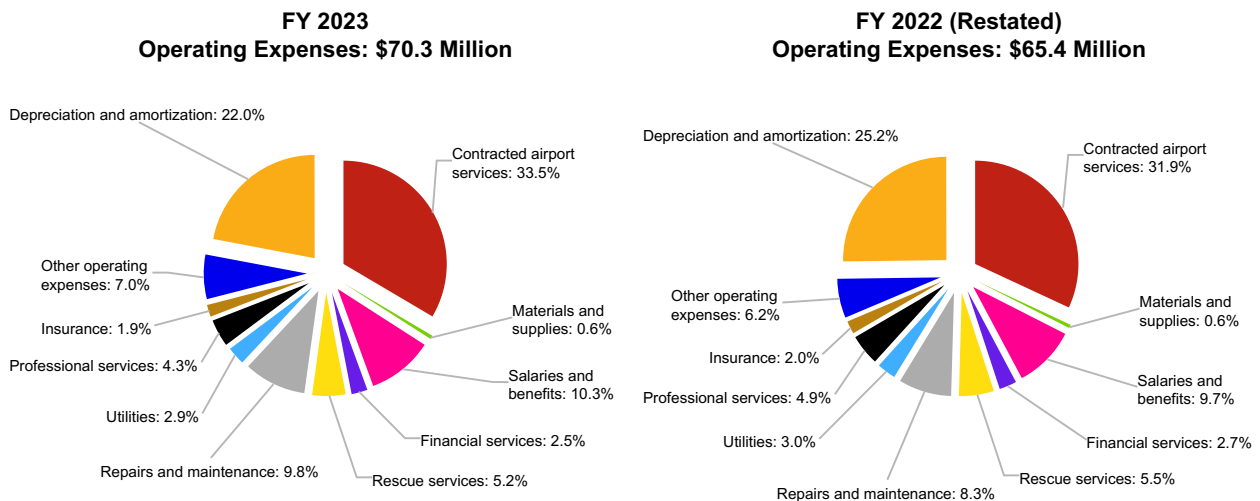
Operating Expenses

The following table presents a comparative summary of operating expenses in FY 2023, FY 2022, and FY 2021:

	Operating Expenses Summary							
	2022			FY 2022/23		FY 2021/22		
	2023	(Restated)	2021	increase (decrease)		increase (decrease)		
				Amount	%	Amount	%	
Contracted airport services	\$ 23,561,851	\$ 20,871,769	\$ 18,269,154	\$ 2,690,082	12.9%	\$ 2,602,615	14.2%	
Salaries and benefits	7,277,119	6,362,897	6,301,997	914,222	14.4	60,900	1.0	
Financial services	1,784,813	1,788,161	776,346	(3,348)	(0.2)	1,011,815	130.3	
Rescue services	3,686,682	3,591,874	3,345,417	94,808	2.6	246,457	7.4	
Materials and supplies	413,816	365,869	348,613	47,947	13.1	17,256	4.9	
Repairs and maintenance	6,859,440	5,427,626	4,693,372	1,431,814	26.4	734,254	15.6	
Utilities	2,008,420	1,942,277	1,715,301	66,143	3.4	226,976	13.2	
Professional services	3,028,342	3,180,213	2,490,812	(151,871)	(4.8)	689,401	27.7	
Insurance	1,341,036	1,337,733	1,353,231	3,303	0.2	(15,498)	(1.1)	
Other operating expenses	4,894,497	4,020,804	1,609,079	873,693	21.7	2,411,725	149.9	
Operating expenses before depreciation and amortization	54,856,016	48,889,223	40,903,322	5,966,793	12.2	7,985,901	19.5	
Depreciation and amortization	15,492,879	16,474,921	17,126,358	(982,042)	(6.0)	(651,437)	(3.8)	
Total operating expenses	\$ 70,348,895	\$ 65,364,144	\$ 58,029,680	\$ 4,984,751	7.6%	\$ 7,334,464	12.6%	

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

The charts below present the distribution of operating expenses in FY 2023 and FY 2022:



BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

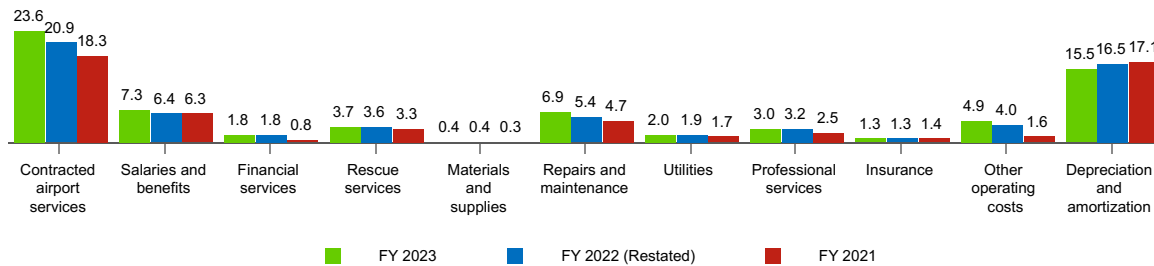
Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

The chart below presents the comparative summary of operating expenses for FY 2023, FY 2022, and FY 2021:

Operating Expenses
Years ended June 30, 2023, 2022, and 2021
(in millions)



Total operating expenses increased by \$4,984,751, or 7.6%, in FY 2023 primarily due to the reinstatement/addition of certain services due to increased passenger activity. These changes include:

- (1) increased contracted airport services of \$2,690,083, primarily due to reinstatement of shuttle and parking operator services from reduced levels in the prior year, and increased labor costs;
- (2) increased salaries and benefits for Airport police officers of \$914,222, primarily due to the terms of a new Memorandum of Understanding with the Burbank Airport Police Officers Association effective February 1, 2023;
- (3) increased cost for aircraft rescue and firefighting services of \$94,808, due to the terms of the collective bargaining agreement with the Burbank Airport Professional Firefighters IAFF Local 1-61 Union effective July 1, 2020;
- (4) increased repairs and maintenance costs of \$1,431,814, primarily due to additional fuel costs for reinstated courtesy parking shuttle services, increased janitorial costs resulting from increased passenger activity, and the implementation of GASB Statement No. 96, *SBITA*, effective July 1, 2021;
- (5) increased other operating expenses of \$873,693, primarily due to the resumption of air service retention initiatives, and an increase in parking tax paid to the City of Burbank; and
- (6) decreased depreciation and amortization expense of \$982,042, primarily due to capital assets depreciated in FY 2022 exceeding the impact of new capital asset additions in FY 2023.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Total operating expenses increased by \$7,334,464, or 12.6%, in FY 2022 primarily due to reinstatement of certain services due to passenger demand recovery that had previously been suspended or curtailed. These changes include:

- (1) increased contracted airport services of \$2,602,615, primarily due to reinstatement of parking operator staffing levels and courtesy parking shuttle services;
- (2) increased financial services expenses of \$1,011,815, primarily due to increased activity based credit card transactions and parking pre-booking management fees paid;
- (3) increased cost for aircraft rescue and firefighting services of \$246,457, primarily due to the terms of the collective bargaining agreement with the Burbank Airport Professional Firefighters IAFF Local 1-61 Union effective July 1, 2020;
- (4) increased repairs and maintenance costs of \$734,254, primarily due to additional fuel costs for reinstated courtesy parking shuttle services, increased telephone expenses due to equipment replacement cycles, and increased janitorial and refuse collection services;
- (5) increased utilities costs of \$226,976, primarily due to an increase in water usage and utility rate increases;
- (6) increased professional services expenses of \$689,401, primarily due to additional traffic safety staffing levels and legal services costs associated with the Authority's ongoing litigation matters;
- (7) increased other operating expenses of \$2,411,725, primarily due to the resumption of air service retention initiatives, and an increase in parking tax paid to the City of Burbank; and
- (8) decreased depreciation and amortization expense of \$651,437, primarily due to capital assets fully depreciated in FY 2021 exceeding the impact of new capital asset additions in FY 2022.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Nonoperating Revenues and Expenses

The following summary presents a comparison of nonoperating revenues and expenses in FY 2023, FY 2022, and FY 2021:

	Comparative Summary of Nonoperating Revenues and Expenses						
	2022			FY 2022/23		FY 2021/22	
	2023	(Restated)	2021	increase (decrease)		increase (decrease)	
			Amount	%	Amount	%	
Nonoperating revenues:							
PFC revenues	\$ 12,882,716	\$ 9,687,636	\$ 4,195,443	\$ 3,195,080	33.0%	\$ 5,492,193	130.9%
CFC revenues	5,035,162	4,682,637	2,347,750	352,525	7.5	2,334,887	99.5
Investment income (loss)	3,781,146	(7,282,192)	438,124	11,063,338	(151.9)	(7,720,316)	(1,762.1)
Interest income	393,501	519,784	282,169	(126,283)	(24.3)	237,615	84.2
Gain on retirement of capital assets	13,123	—	—	13,123	N/A	—	N/A
Other noncapital grants	8,147,212	8,878,981	10,587,540	(731,769)	(8.2)	(1,708,559)	(16.1)
	<u>30,252,860</u>	<u>16,486,846</u>	<u>17,851,026</u>	<u>13,766,014</u>	83.5	<u>(1,364,180)</u>	(7.6)
Nonoperating expenses:							
Interest expense, debt service	3,735,875	4,011,938	4,273,787	(276,063)	(6.9)	(261,849)	(6.1)
Other interest expense	11,273	6,007	—	5,266	87.7	6,007	N/A
Sound insulation program	180	2,350	2,063	(2,170)	(92.3)	287	13.9
Replacement terminal development	655,585	—	1,071,319	655,585	N/A	(1,071,319)	(100.0)
	<u>4,402,913</u>	<u>4,020,295</u>	<u>5,347,169</u>	<u>382,618</u>	9.5	<u>(1,326,874)</u>	(24.8)
Total nonoperating revenues (expenses), net	<u>\$ 25,849,947</u>	<u>\$ 12,466,551</u>	<u>\$ 12,503,857</u>	<u>\$ 13,383,396</u>	107.4%	<u>\$ (37,306)</u>	(0.3)%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

Nonoperating revenues of \$30,252,860 and \$16,486,846 in FY 2023 and FY 2022, respectively, consist of PFC revenues, CFC revenues, net investment income, gain on retirement of capital assets, and other noncapital grants (capital grant revenues are included in capital contributions).

In FY 2023, nonoperating revenues net of nonoperating expenses increased by \$13,383,396, or 107.4%, primarily due to a combination of the following:

- (1) increased PFC revenues of \$3,195,080, primarily due to increases in passenger levels and the fair value of investments in the PFC investment portfolio;
- (2) increased CFC revenues of \$352,525, due to an increase in rental car activity;
- (3) decreased interest income of \$126,283, due to the amortization and decrease in lease receivables related to GASB Statement No. 87, *Leases*, in FY 2023;

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

(4) increased investment income of \$11,063,338, due to the increase in fair value of the operating investment portfolio;

(5) decreased other noncapital grants of \$731,769, primarily due to a decrease in federal relief grant funds used for eligible personnel costs;

(6) decreased interest expense of \$276,063, due to decreased bond principal outstanding as a result of annual debt service payments made on the 2012 and 2015 Bonds; and

(7) increased Replacement Passenger Terminal development expenses of \$655,585, due to certain Replacement Passenger Terminal project costs related to financial services not being capitalized.

In FY 2022, nonoperating revenues net of nonoperating expenses decreased by \$37,306, or 0.3%, primarily due to a combination of the following:

(1) increased PFC revenues of \$5,492,193, primarily due to an increase in passenger levels reduced by a decrease in the fair value of investments in the PFC investment portfolio;

(2) increased CFC revenues of \$2,334,887, due to an increase in rental car activity;

(3) increased interest income of \$237,615, due to an increase in lease receivables in FY 2022 as a result of the implementation of GASB Statement No. 87, *Leases*;

(4) decreased investment income of \$7,720,316, primarily due to a decrease in fair value of the operating investment portfolio;

(5) decreased other noncapital grants of \$1,708,559, primarily due to a decrease in federal relief grant funds used for eligible personnel costs;

(6) decreased interest expense, debt service, of \$261,849, due to decreased bond principal outstanding as a result of annual debt service payments made on the 2012 and 2015 Bonds; and

(7) decreased replacement terminal development expenses of \$1,071,319, due to the resumption of the Replacement Passenger Terminal project as costs are now capitalized as work-in-progress.

Capital Contributions

Capital contributions amounting to \$8,030,233 and \$7,233,553 were recorded in FY 2023 and FY 2022, respectively. In FY 2023, these amounts represent FAA Airport Improvement (AIP) grants for the the Taxiway C and shoulder rehabilitation and the ARPA federal relief grant used for bond debt service. In FY 2022, these amounts represent FAA Airport Improvement (AIP) grants for the Delta ramp rehabilitation, the acquisition of a new Airport Rescue and Firefighting truck, the completion of the Replacement Passenger Terminal project's Environmental Impact Statement, and CRRSAA and ARPA federal relief grants used for bond debt service.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Replacement Passenger Terminal Project

The Replacement Passenger Terminal (RPT) project, as defined in the Development Agreement between the City of Burbank and the Authority, includes a 14-gate replacement passenger terminal of 355,000 square feet, associated aircraft ramp, parking facilities, ground service equipment and cargo support facilities, a new terminal loop roadway, and demolition of the existing 14-gate passenger terminal.

The Authority reinstated this important safety project in September 2021 after an 18-month suspension and in May 2022, Jacobs Project Management Inc. assumed program management responsibilities of the project. On December 19, 2022, the Authority awarded a progressive design-build agreement to Holder, Pankow, TEC Joint Venture (HPTJV) and authorized HPTJV to proceed with Phase 1, design and pre-construction services, of the RPT project.

The RPT project is estimated to cost approximately \$1.25 billion with a target completion date of October 2026. In May 2023, the Authority received FAA approval for PFC Application No. 21 in the amount of \$48.4 million for impose and use authority of the RPT design. Subsequently, in June 2023, the Authority selected Barclays Bank and Sumitomo Mitsui Bank Corporation as letter of credit providers for a \$200 million commercial paper program to provide interim financing to support the development of the RPT project. As of June 30, 2023, the Authority has not issued any commercial paper and may issue its first commercial paper in the third quarter of FY 2024. The plan of finance to support the project is under development, and the Authority has identified potential sources of funds such as federal grants, Passenger Facility Charges, Authority cash contribution, and the issuance of public debt. HPTJV is scheduled to reach 60% design and provide a Guaranteed Maximum Price (GMP) for the RPT project in April 2024 upon which the Authority plans to issue public debt in the second half of FY 2024.

Additional information regarding the Authority's RPT project can be found in note 13 in the accompanying notes to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Burbank-Glendale-Pasadena Airport Authority, 2627 N. Hollywood Way, Burbank, California, 91505.

BASIC FINANCIAL STATEMENTS

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Net Position

June 30, 2023 and 2022

Assets	2023	2022 (Restated)
Current unrestricted assets:		
Cash and investments – operating fund (note 3)	\$ 39,429,029	\$ 35,350,451
Grants receivable	1,747,335	2,687,088
Leases receivable (note 7)	3,580,829	4,065,850
Accounts receivable, net of allowance	3,314,710	3,481,679
Accrued interest receivable	1,672,516	1,180,988
Prepaid expenses	424,212	417,446
Total current unrestricted assets	50,168,631	47,183,502
Current restricted assets:		
Cash and investments (note 3):		
Cash and investments held by bond trustee	15,995,174	15,477,881
Other restricted cash and investments:		
Operating Reserve Fund	13,853,975	12,231,156
Bond Surplus Fund	2,601,563	2,601,563
Authority Areas Reserve	3,484,425	3,400,497
Asset Forfeiture Fund	25,049	24,615
Proceeds from sale of Airport property	2,104,502	2,104,502
Passenger Facility Charge Fund	65,207,188	58,246,886
Customer Facility Charge Fund	1,814,161	1,831,820
Total other restricted cash and investments	89,090,863	80,441,039
Total restricted cash and investments	105,086,037	95,918,920
Passenger Facility Charge receivables	1,500,457	1,179,744
Customer Facility Charge receivables	436,695	437,240
Accrued interest receivable	515,019	296,376
Total current restricted assets	107,538,208	97,832,280
Noncurrent unrestricted assets:		
Leases receivable (note 7)	6,663,553	10,244,382
2015 Bonds debt service reserve surety (note 5)	4,728	9,455
Cash and investments – Facility Development Reserve (note 3)	205,132,453	200,132,453
Capital assets (note 4):		
Land	160,065,894	160,065,894
Other nondepreciable capital assets	1,128,515	1,128,515
Construction in progress	32,649,419	10,006,984
Buildings and improvements	255,974,998	255,846,105
Runways and improvements	159,622,308	149,020,913
Machinery and equipment	38,711,805	38,199,756
Intangible right to use asset (note 8)	660,984	523,980
Less accumulated depreciation and amortization	(324,295,821)	(309,544,074)
Total capital assets, net	324,518,102	305,248,073
Total assets	694,025,675	660,650,145

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Net Position

June 30, 2023 and 2022

(Continued)

Liabilities	2023	2022 (Restated)
Current liabilities:		
Accounts payable and accrued expenses	\$ 14,276,429	\$ 7,452,774
Salaries and benefits payable	1,466,222	1,230,400
Unearned revenue	2,126,997	1,445,881
Customer deposits	1,653,086	1,543,480
Subscription liabilities, current (note 8)	75,329	50,135
Total current liabilities	19,598,063	11,722,670
Liabilities payable from restricted assets:		
Current portion of long-term debt (note 5)	6,090,000	5,810,000
Accrued interest payable	2,155,196	2,293,228
Total liabilities payable from restricted assets	8,245,196	8,103,228
Noncurrent liabilities:		
Revenue bonds payable, less current portion (note 5)	71,280,000	77,370,000
Original issue premium, net (note 5)	589,438	1,066,675
Subscription liabilities, noncurrent (note 8)	180,190	154,668
Total noncurrent liabilities	72,049,628	78,591,343
Total liabilities	99,892,887	98,417,241
Deferred Inflows of Resources		
Deferred inflows - leases (note 7)	10,244,382	14,310,232
Deferred amount on refunding of 2005 Bonds (note 5)	102,010	204,018
Total deferred inflows of resources	10,346,392	14,514,250
Net Position		
Net investment in capital assets	252,577,172	226,762,973
Restricted:		
Debt service	23,980,877	21,857,596
Capital projects	71,516,622	64,085,949
Federal asset seizure	25,049	24,615
Other purposes	3,484,425	3,400,497
Unrestricted	232,202,251	231,587,024
Total net position	\$ 583,786,396	\$ 547,718,654

See accompanying notes to basic financial statements.

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2023 and 2022

	2023	2022 (Restated)
Operating revenues:		
Charges for services:		
Parking	\$ 29,082,523	\$ 25,174,110
Landing fees	4,586,568	4,055,176
Concessions	13,681,344	12,506,117
Tenant rent	19,514,228	18,122,079
Ground transportation	3,681,065	2,815,018
Fuel flowage fees	623,058	604,992
Other operating revenues	1,367,671	1,435,288
Total operating revenues	72,536,457	64,712,780
Operating expenses:		
Contracted airport services	23,561,851	20,871,769
Salaries and benefits	7,277,119	6,362,897
Financial services	1,784,813	1,788,161
Rescue services	3,686,682	3,591,874
Materials and supplies	413,816	365,869
Repairs and maintenance	6,859,440	5,427,626
Utilities	2,008,420	1,942,277
Professional services	3,028,342	3,180,213
Insurance	1,341,036	1,337,733
Other operating expenses	4,894,497	4,020,804
Total operating expenses before depreciation and amortization	54,856,016	48,889,223
Operating income before depreciation and amortization	17,680,441	15,823,557
Depreciation and amortization (note 4)	15,492,879	16,474,921
Operating income (loss)	2,187,562	(651,364)
Nonoperating revenues (expenses):		
Passenger Facility Charge revenue, including interest (note 9)	12,882,716	9,687,636
Customer Facility Charge revenue (note 10)	5,035,162	4,682,637
Investment income, net	3,781,146	(7,282,192)
Interest income (note 7)	393,501	519,784
Interest expense, debt service	(3,735,875)	(4,011,938)
Other interest expense	(11,273)	(6,007)
Gain on retirement of capital assets	13,123	—
Sound insulation program	(180)	(2,350)
Other noncapital grants (note 12d)	8,147,212	8,878,981
Replacement terminal development	(655,585)	—
Total nonoperating revenues, net	25,849,947	12,466,551
Income before capital contributions	28,037,509	11,815,187
Capital contributions (note 12d)	8,030,233	7,233,553
Changes in net position	36,067,742	19,048,740
Total net position – beginning of year	547,718,654	528,669,914
Total net position – end of year	\$ 583,786,396	\$ 547,718,654

See accompanying notes to basic financial statements.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022 (Restated)
Cash flows from operating activities:		
Cash received from airline carriers, tenants, and others	\$ 73,490,103	\$ 63,798,726
Cash paid to suppliers of goods and services	(43,553,884)	(40,870,889)
Cash paid for employees' services	(7,041,297)	(6,486,803)
Cash paid for parking taxes to the City of Burbank	(3,093,997)	(2,283,251)
Cash received for replacement terminal development	4,986,083	316,211
Cash paid for tenant leasehold improvements	—	(13,765)
Net cash provided by operating activities	24,787,008	14,460,229
Cash flows from noncapital financing activities:		
Sound insulation program	(180)	(2,350)
Other noncapital grants	8,548,813	10,988,293
Net cash provided by noncapital financing activities	8,548,633	10,985,943
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(34,463,942)	(7,893,534)
Proceeds from sale of capital assets	13,123	—
Principal paid on revenue bonds	(5,810,000)	(5,550,000)
Interest paid on revenue bonds	(4,448,424)	(4,717,380)
Interest paid on subscriptions	(11,273)	(6,007)
Interest received on leases	393,501	519,784
Passenger Facility Charge program receipts	11,811,939	11,456,385
Customer Facility Charge program receipts	5,035,707	4,581,378
Capital contributions received	8,568,385	8,710,556
Net cash provided by (used in) capital and related financing activities	(18,910,984)	7,101,182
Cash flows from investing activities:		
Interest received on investments	5,676,773	6,217,558
Purchases of investments not considered cash equivalents	(17,178,361)	(29,063,393)
Proceeds from the sale or maturity of investments not considered cash equivalents	—	8,540
Net cash used in investing activities	(11,501,588)	(22,837,295)
Net increase in cash and cash equivalents	2,923,069	9,710,059
Cash and cash equivalents, beginning of year	34,244,144	24,534,085
Cash and cash equivalents, end of year	\$ 37,167,213	\$ 34,244,144

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Cash Flows

Years ended June 30, 2023 and 2022

(Continued)

	2023	2022 (Restated)
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 2,187,562	\$ (651,364)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	15,492,879	16,474,921
Other nonoperating expenses	(655,585)	—
Changes in assets and liabilities:		
Accounts receivable	166,969	(418,174)
Prepaid expenses	(6,765)	(187,951)
Accounts payable and accrued expenses	6,575,404	(134,885)
Salaries and benefits payable	235,822	(123,906)
Unearned revenue	681,116	(592,598)
Customer deposits	109,606	94,186
Net cash provided by operating activities	\$ 24,787,008	\$ 14,460,229
Reconciliation of cash and cash equivalents to the statements of net position:		
Operating fund	\$ 39,429,029	\$ 35,350,451
Restricted cash and investments	105,086,037	95,918,920
Facility Development Reserve	205,132,453	200,132,453
Cash, cash equivalents, and investments	349,647,519	331,401,824
Investments not considered cash equivalents	(312,480,306)	(297,157,680)
Cash and cash equivalents, end of year (note 3)	\$ 37,167,213	\$ 34,244,144
Summary of significant noncash investing and financing activities:		
Amortization of original issue premiums	(477,237)	(477,237)
Amortization of 2005 Bonds deferred amount on refunding	(102,008)	(102,009)
Change in fair value of investments	1,855,734	(15,124,266)
Capital assets acquired by accounts payable	(1,306,314)	(1,058,067)
Net change in lease receivable on lessor lease transactions	4,065,850	(6,677,242)
Net change in grants receivable related to federal awards	969,151	2,865,893

See accompanying notes to basic financial statements.

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(1) Nature of Authority

The Burbank-Glendale-Pasadena Airport Authority (Authority) is a separate governmental entity created by a Joint Exercise of Power Agreement (Agreement) executed in June 1977 among the Cities of Burbank, Glendale, and Pasadena, California (Cities). The purpose of the Agreement was to enable the Cities to acquire, operate, repair, maintain, improve, and administer the Bob Hope Airport, commonly known as the "Hollywood Burbank Airport" (Airport), as a public air terminal. The Authority is governed by a nine-member Board of Airport Commissioners, three of which are appointed by the City Council of each of the Cities. The members of the Airport Commission annually elect a President, Vice-President, and Secretary of the Commission. The Authority has contracted with TBI Airport Management, Inc. (TBI) to perform certain airport administrative, maintenance, operational services and aircraft rescue and firefighting (ARFF) services. These contracted services are included in the Authority's statements of revenues, expenses, and changes in net position as "contracted airport services" except for ARFF services which is included as "rescue services." As required under the State of California Constitution, the Authority directly employs its law enforcement officers.

The debts, liabilities, and obligations of the Authority do not constitute debts, liabilities, or obligations of the Cities. The accompanying basic financial statements are not included in the reporting entity of any of the Cities.

(2) Summary of Significant Accounting Policies

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below:

(a) Basis of Accounting

The Authority reports its financial operations as an enterprise activity, and as such, its financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. The measurement focus is on determination of changes in net position, financial position, and cash flows. Operating revenues include charges for services and tenant rent. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

(b) Description of Basic Financial Statements

Statements of Net Position – The statements of net position are designed to display the financial position of the Authority including its assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

The Authority's equity is reported as net position, which is classified into three categories defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Those assets are restricted due to external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments through constitutional provisions or enabling legislation. At June 30, 2023 and 2022, net positions of \$70,937,737 and \$63,654,996, respectively, are restricted by enabling legislation.
- *Unrestricted* – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Statements of Revenues, Expenses and Changes in Net Position – The statements of revenues, expenses and changes in net position are the operating statements for the Authority. Revenues are reported by major source. This statement distinguishes between operating and nonoperating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses before depreciation, and operating income (loss).

Statements of Cash Flows – The statements of cash flows present information on the Authority's cash receipts and payments during the fiscal year. These cash flows are grouped into five categories: operating activities, noncapital financing activities, capital and related financing activities, investing activities and noncash investing and financing activities.

Notes to Basic 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 basic financial statements.

(c) Operating and Nonoperating Revenues and Expenses

The Authority distinguishes between operating revenues and expenses and nonoperating items. Operating revenues and expenses generally result from providing goods and services to Airport users. The principal operating revenues of the Airport are parking fees, landing fees, concession charges, tenant rent, ground transportation, and fuel flowage fees. Operating expenses include contracted airport services, salaries and employee benefits, maintenance and operation of systems and facilities, administrative expenses including compliance with federal, state and local regulatory requirements, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(d) Restricted Assets

Certain assets are restricted based on constraints placed on the assets use through external constraints imposed by creditors (such as through debt covenants), grantors, leases, trust agreements, contributors, laws or regulations of other governments, or enabling legislation. Restricted funds are nondiscretionary in terms of use and provide for payment of debt service on Authority bonds, reserves for outstanding bonds, construction of long-term assets and operations, and maintenance. The Authority, after necessary fund transfers have been made to comply with bond covenants, has discretion as to the magnitude and use of the remaining unrestricted funds.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources, as they are needed.

(e) Grants and Capital Contributions

The Authority receives grants under the Airport Improvement Program (AIP) from the U.S. Department of Transportation – Federal Aviation Administration (FAA) to finance certain capital improvements.

Additionally, the Authority utilized awarded federal relief grant funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), the American Rescue Plan (ARPA), and the Federal Emergency Management Agency (FEMA), which allocated additional economic relief to eligible U.S. airports affected by the COVID-19 pandemic.

Such grants related to capital acquisitions are recorded on the statements of revenues, expenses and changes in net position as capital contributions, and for non-capital purposes as nonoperating revenue other noncapital grants. Grant revenues are recognized when qualifying expenses under the grant are incurred.

(f) Passenger Facility Charge Revenues

The Authority imposes a Passenger Facility Charge (PFC) of \$4.50 per enplaned passenger, as approved by the FAA, to finance certain capital improvements. Cash and receivables from such revenues are maintained in separate accounts and are restricted for approved airport improvement projects. Revenues are recognized during the period earned.

(g) Customer Facility Charge Revenues

The Authority imposes a Customer Facility Charge (CFC) on all rental car contracts transacted at the Airport in accordance with *California Civil Code 1936 et. seq.*, as amended. The current applicable charge is \$6.00 per day up to a maximum of five days per transaction. Under the Master Indenture of Trust as supplemented, revenues generated on/ after July 1, 2014 are used solely for the purposes of repayment of the debt obligations incurred to develop the Consolidated Rental Car Facility (CRCF) located in the Regional Intermodal Transportation Center (RITC) of the Airport. Cash and receivables from such revenues are maintained in separate accounts and are recognized during the period in which they are earned.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(h) **Revenues and Cash Accounts**

All revenues, except PFCs and CFCs (CFCs collected are transferred to the 2012 Bonds Debt Service Fund), are deposited in the Revenue Fund and are transferred to the following cash accounts in priority order as mandated by resolution of the Authority and its bond indenture:

- **Operating Fund** – The balance in this fund is to be used for payment of operations and maintenance costs as they become due and payable.
- **Rebate Fund** – Amounts on deposit in the Rebate Fund shall be applied to satisfy federal tax law requirements. As of June 30, 2023 and 2022, there was no balance in the Rebate Fund.
- **Debt Service Funds** – Bond interest currently payable on the 2012 and 2015 Bonds is deposited to each bond issue's debt service fund monthly prior to each semiannual payment. Currently payable bond principal on the 2012 and 2015 Bonds is transferred to each bond issue's debt service fund monthly prior to each annual payment. These cash funds are held by a trustee who pays the bond interest and principal when due. The balance in the Debt Service Funds at June 30, 2023 and 2022 is \$4,969,021 and \$4,835,771, respectively, for the 2012 Bonds, and \$4,491,711 and \$4,317,777, respectively, for the 2015 Bonds.

CFCs, as received, and RITC Facility Rents, as needed, are deposited to the 2012 Bonds Debt Service Fund each month prior to each semiannual interest and each annual bond principal payment currently payable.

- **Debt Service Reserve Funds** – An amount equal to the lesser of (i) ten percent of the initial offering price of the Revenue Bonds, (ii) greatest annual debt service from the current period to the maturity of the Revenue Bonds, or (iii) 125% of average annual debt service from the current period to the maturity of the Revenue Bonds (a separate account each for the 2005 Bonds and the 2012 Bonds), is to be held by the trustee in these funds to be used in the event that monies in the respective Debt Service Funds are insufficient to meet payments when due. A debt service reserve surety in an amount of \$3,664,397 equal to 10% of the original offering price was obtained for the 2015 Bonds in lieu of a debt service reserve fund. During the years ended June 30, 2023 and 2022, the required balance in the Debt Service Reserve Fund, calculated using the greatest annual debt service from the current period to the maturity of the Revenue Bonds, is \$5,838,000 for the 2012 Bonds. The balance in the Debt Service Reserve Fund for the 2005 Bonds at June 30, 2023 and 2022 is \$158,404 and \$153,938, respectively. The balance in the Debt Service Reserve Fund for the 2012 Bonds at June 30, 2023 and 2022 is \$6,375,971 and \$6,170,330, respectively.
- **Operating Reserve Fund** – The balance in this fund is to be used to pay operation and maintenance costs in the event that monies in the Operating Fund are insufficient. The Authority maintains a reserve equivalent to one-fourth of the annual operations and maintenance budget. The balance in the Operating Reserve Fund at June 30, 2023 and 2022 is \$13,853,975 and \$12,231,156, respectively.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

- **Subordinated Indebtedness Fund** – In the event that additional debt is incurred, which is expressly made subordinate or junior in right of payment to the 2015 Bonds or 2012 Bonds, this fund will be established and used to pay principal, interest, and other allowable costs associated with the subordinated indebtedness. As of June 30, 2023 and 2022, there was no balance in the Subordinated Indebtedness Fund.
- **Reserve and Contingency Fund** – The balance in this fund is to be used to pay the costs of extraordinary repairs and replacements of Airport facilities to the extent that such costs are not provided from the proceeds of insurance or from other funds. Any remaining balances in the Reserve and Contingency Fund, not required to meet any deficiencies in the Debt Service Fund or Debt Service Reserve Funds or not needed for any of the purposes for which such Fund was established, shall be transferred to the Operating Fund, and any remaining excess may be deposited in the Surplus Fund. As of June 30, 2023 and 2022, there was no balance in the Reserve and Contingency Fund.
- **Surplus Fund** – All monies remaining in the Revenue Fund at year-end are to be deposited in this fund and may be transferred to offset other fund deficiencies in the following priority order: first in the Debt Service Fund, second in the applicable Debt Service Reserve Fund, third to the Subordinated Indebtedness Fund, and fourth to the Reserve and Contingency Fund. Amounts in the Surplus Fund not required to meet a deficiency as set forth above shall be applied or set aside as allowed for in the bond indenture. As of June 30, 2023 and 2022, there was \$2,601,563 and \$2,601,563, respectively, in the Surplus Fund to be transferred to any of the funds mentioned above. Amounts transferred to the Surplus Fund may be used for purposes of computation of the debt service coverage ratio.
- **Cost of Issuance Funds** – The balance in this fund provides for the payment of costs to issue the 2012 Bonds and 2015 Bonds not paid directly from escrow at the closing of the sale of the respective bonds. This fund is held by a trustee and is subject to the terms and conditions as set forth in the bond indenture. There was no balance for the cost of issuance fund for any bond issued at June 30, 2023 and 2022.
- **Construction Funds** – The balance in this fund provides for the payment of applicable Capital Improvements identified to be financed from the 2015 Series A Bonds and the 2015 Series B Bonds, and the 2012 Series A Bonds and 2012 Taxable Series B Bonds. These funds are held by a trustee and are subject to the terms and conditions as set forth in the bond indenture. As of June 30, 2023 and 2022, there is \$64 and \$62 for the 2012 Series A Bonds and \$3 and \$3 for the 2012 Taxable Series B Bonds, respectively.

(i) Other Cash Accounts

The Authority maintains the following additional restricted cash:

- **Authority Areas Reserve Fund** – Operating revenues received from certain areas specified in the airline signatory leases are set aside to be utilized at the discretion of the Authority for any lawful purpose.
- **Asset Forfeiture Fund** – The Authority receives funds from the U.S. Department of Justice, U.S. Department of Treasury and the State of California Department of

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

Justice under the equitable sharing programs of each agency related to certain law enforcement activities. These assets are used to purchase certain equipment to supplement law enforcement activities at the Airport.

- **Proceeds from Sale of Airport Property Fund** – proceeds from the sale of Airport property is set aside to be used for similar income producing means in accordance with the Master Indenture of Trust, as supplemented.
- **Passenger Facility Charge Fund** – Cash from the PFC program are maintained in a separate account and are restricted for approved airport improvement projects.
- **Customer Facility Charge Fund** – Cash from CFC collections received prior to July 1, 2014 are maintained in a separate account with the use of such funds limited to eligible capital projects associated with additional development and/or replacement of major components of the Consolidated Rental Car Facility.

The Authority maintains the following board-designated cash:

- **Facility Development Reserve** – Reserve established during fiscal year (FY) 2000 to provide for the future development of terminal and other Airport facilities. The actual appropriation of these funds to selected facility development projects will be determined based on the approval of the Authority. In FY 2023 and 2022, \$5,000,000 and \$20,000,000 of excess revenues were transferred to the Facility Development Reserve, respectively.

(j) Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, less accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation is recognized in amounts calculated to amortize the cost of the depreciable assets over their estimated useful lives.

Depreciation is computed on a straight-line basis over the following periods:

Buildings and improvements	3 to 40 years
Runways and improvements	3 to 25 years
Machinery and equipment	3 to 20 years

(k) Vacation and Personal Leave

Employees may receive 80 to 160 hours of vacation each year (40 to 80 hours for job share employees), depending on length of service with the Authority. Vacation is not earned until the year is completed. An employee may accrue up to 320 hours of vacation; any hours earned in excess of 320 hours are forfeited, unless approved by management.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

Employees are entitled to 100 hours of personal leave during each year (50 hours for job share employees). Employees may accrue personal leave or may receive payment for any unused portion of personal leave days at the end of each year.

Employees are also entitled to bank up to 120 hours of overtime for personal leave.

Vacation and personal leave are accrued as earned by employees. Accrued vacation and personal leave is reported in the accompanying statements of net position and is included in salaries and benefits payable. Accrued vacation and personal leave for the years ended June 30, 2023 and 2022, was \$1,040,790 and \$871,509, respectively.

(l) Fair Value Measurements

For assets or liabilities that are required to be reported at fair value, the Authority uses valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy of inputs used to measure fair value consists of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

(m) Investments and Invested Cash

In accordance with California Government Code (Code) Section 53600 et seq., the Authority adopts an investment policy annually for the Operating, PFC and CFC portfolios that, among other things, authorizes types of allowable investments, maximum maturities, maximum concentration of investments by type of investment and issuer, minimum ratings for certain types of investments, and how the investments may be held. These criteria on investments and invested cash related to the Authority's bonded debt are governed by the related Master Indenture of Trust. The Authority further limits all investments to be more restrictive than the Code. Authorized investments and invested cash include U.S. Treasury securities, corporate notes, federal agency securities, money market mutual funds, bankers' acceptances, commercial paper, negotiable and non-negotiable certificates of deposit, repurchase agreements, guaranteed investment contracts and funds deposited in the State Treasurer's Local Agency Investment Fund (LAIF). Additional restrictions in the Authority's investment policy over the requirements of the Code include: (1) smaller maximum portions of the portfolios for certain investment types (e.g., U.S. Agency securities, negotiable and time certificates of deposit, bankers' acceptances, commercial paper, money market mutual funds, LAIF), (2) smaller maximum portions of the portfolios invested in a single institution/ issuer (e.g., negotiable and time certificates of deposit, corporate notes, bankers' acceptances, commercial paper) (3) limiting the underlying investments of money market mutual funds to U.S. Treasury securities, and (4) excluding investments in reverse repurchase agreements and securities lending agreements, collateralized mortgage obligations and similar investments, debt securities issued by other local agencies and shares of beneficial interest issued by joint powers authorities formed in accordance with Section 6509.7 of the Code. The restrictions in the Code and the additional limitations in the Authority's investment policy mitigate the Authority's interest rate risk, credit risk, concentration of credit risk, and custodial credit risk related to its various investments.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

The Authority's investments are carried at fair value. Fair value is determined based upon market closing prices or bid/asked prices for regularly traded securities, where that information is available, or other observable inputs, where price is not available. The fair value of money market mutual funds and other similar investments is stated at its share value. The fair value of the Authority's investment in the LAIF is based on the Authority's pro rata share provided by LAIF of the fair value of the entire LAIF portfolio. Certain money market mutual fund investments with initial maturities at the time of the purchase of less than one year are recorded at cost. The calculation of realized gains and losses on investments that had been held more than one fiscal year and sold during the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year.

(n) *Statements of Cash Flows*

For purposes of the statements of cash flows, the Authority considers its investment in money market mutual funds in the Operating and Passenger Facility Charge cash and investment portfolios, and in the LAIF, to be cash equivalents that function as a demand deposit account, whereby funds may be withdrawn or deposited at any time without prior notice or penalty. Unrestricted investments in other securities with remaining maturities of 90 days or less at the time of purchase are also considered cash equivalents. Investments in money market mutual funds held by the bond trustee are not considered cash equivalents for purposes of the statement of cash flows.

(o) *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The cost of prepaid expenses is recognized as an expense when consumed, rather than when purchased.

(p) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) *Income Taxes*

The Authority is a political subdivision of the State of California. Accordingly, the Authority is not subject to federal or state income taxes.

(r) *Accounting Pronouncements Adopted During the Fiscal Year*

The following accounting pronouncements were issued by the Governmental Accounting Standards Board (GASB), and were implemented by the Authority during the fiscal year ended June 30, 2023:

- GASB Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving note disclosures. GASB Statement No. 91 is effective for the Authority's fiscal year ended June 30, 2023. Application of GASB Statement No. 91 did not have any financial impact for the Authority.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating n underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. GASB Statement No. 94 is effective for the Authority's fiscal year ended June 30, 2023. Application of GASB Statement No. 94 did not have any financial impact for the Authority.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This statement provides guidance on the accounting and financial reporting for 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 GASB Statement No. 87, *Leases*, as amended. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option). Under this statement, a government generally should recognize a right-to use subscription intangible asset and a corresponding subscription liability. GASB Statement No. 96 is effective for the Authority's fiscal year ended June 30, 2023. Application of GASB Statement No. 96 did not have a material financial impact on the Authority. Please refer to Note 8.

- GASB Statement No. 99, *Omnibus 2022*. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of the LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to GASB Statement 53 and Statement 63 were effective upon issuance and implemented by the Authority in FY 2022. Other requirements related to leases, Public-Public Partnerships (PPPs) and Availability Payment Arrangements, and Subscription-Based Information Technology Arrangements (SBITAs) is effective for the Authority's fiscal year ended June 30, 2023. Application of these requirements did not have any impact for the Authority. Requirements for financial guarantees, and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the next fiscal year and were not implemented as of June 30, 2023.

(s) Accounting Pronouncements Issued, Not Yet Effective

The following GASB Statements have been issued but are not yet effective for the year ended June 30, 2023. The Authority is assessing what financial statement impact, if any, these Statements will have:

- GASB Statement No. 99, *Omnibus 2022*. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Authority's fiscal year ending June 30, 2024.
- GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, effective for the fiscal year ending June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ending June 30, 2025.

(t) Reclassification of Prior Year Presentation

Certain reclassifications have been made to the FY 2022 Basic Financial Statements to conform with the current year's presentation that reflects the implementation of an accounting pronouncement. Such reclassifications increased net position and change in net position.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(u) Restatement of Net Position

The Authority implemented GASB Statement No. 96, *SBITA* as of July 1, 2021, and accordingly the FY 2022 balances have been restated as summarized below:

	FY 2022 As Previously Reported	Restatement related to adoption of GASB 96	FY 2022 As Restated
Statements of Net Position:			
Intangible right to use asset	\$ —	\$ 523,980	\$ 523,980
Accumulated depreciation and amortization	(309,460,696)	(83,378)	(309,544,074)
Subscription liabilities, current	—	50,135	50,135
Subscription liabilities, noncurrent	—	154,668	154,668
Net investment in capital assets	226,527,174	235,799	226,762,973
Total net position	547,482,855	235,799	547,718,654
Statements of Revenues, Expenses and Changes in Net Position:			
Repairs and maintenance	5,752,810	(325,184)	5,427,626
Depreciation and amortization	16,391,543	83,378	16,474,921
Other interest expense	—	(6,007)	(6,007)
Changes in net position	18,812,941	235,799	19,048,740
Total net position - end of year	547,482,855	235,799	547,718,654

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(3) Cash and Investments

(a) Cash and Investments

(i) Cash and investments at June 30, 2023 and 2022 are classified in the accompanying statements of net position as follows:

	2023	2022
Cash and investments – current assets:		
Operating fund	\$ 39,429,029	\$ 35,350,451
Cash and investments – restricted assets:		
Cash and investments held by bond trustee:		
Debt service reserve fund – 2005 Bonds	158,404	153,938
Debt service fund – 2012 Bonds	4,969,021	4,835,771
Debt service reserve fund – 2012 Bonds	6,375,971	6,170,330
Construction funds – 2012 Bonds	67	65
Debt service fund – 2015 Bonds	4,491,711	4,317,777
Total cash and investments held by bond trustee	15,995,174	15,477,881
Other restricted cash and investments:		
Operating Reserve fund	13,853,975	12,231,156
Bond Surplus fund	2,601,563	2,601,563
Authority Areas Reserve fund	3,484,425	3,400,497
Asset Forfeiture fund	25,049	24,615
Proceeds from sale of Airport property	2,104,502	2,104,502
Passenger Facility Charge fund	65,207,188	58,246,886
Customer Facility Charge fund	1,814,161	1,831,820
Total other restricted cash and investments	89,090,863	80,441,039
Total cash and investments – restricted assets	105,086,037	95,918,920
Cash and investments – Facility Development Reserve	205,132,453	200,132,453
Total cash and investments	\$ 349,647,519	\$ 331,401,824

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(ii) Cash and investments as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Operating portfolio cash and investments:		
Cash and cash equivalents:		
Cash on hand	\$ 500	\$ 500
Deposits with financial institutions	5,355,538	8,884,554
Money market mutual funds	1,048,565	1,173,315
LAIF	19,186,978	18,871,837
Total cash and cash equivalents	25,591,581	28,930,206
Investments:		
U.S. Treasury securities	85,743,865	80,821,375
U.S. Agency securities	85,652,704	80,183,129
Medium-term corporate notes	69,642,846	65,910,527
Total investments	241,039,415	226,915,031
Total cash and cash equivalents and investments in operating portfolio	266,630,996	255,845,237
Passenger Facility Charge Fund:		
Cash and cash equivalents:		
Deposits with financial institutions	9,455,747	3,068,157
Money market mutual funds	305,724	413,961
Total cash and cash equivalents	9,761,471	3,482,118
Investments:		
U.S. Treasury securities	19,679,137	19,461,281
U.S. Agency securities	19,734,104	19,406,440
Medium-term corporate notes	16,032,476	15,897,047
Total investments	55,445,717	54,764,768
Total cash and cash equivalents and investments in passenger facility charge fund	65,207,188	58,246,886
Customer Facility Charge Fund:		
Deposits with financial institutions	1,814,161	1,831,820
Investments held by bond trustee:		
Money market mutual funds	15,995,174	15,477,881
Total cash and cash equivalents and investments	\$ 349,647,519	\$ 331,401,824

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

	2023	2022
Summary of cash and investments:		
Cash and cash equivalents:		
Cash on hand	\$ 500	\$ 500
Deposits with financial institutions	16,625,446	13,784,531
Money market mutual funds	1,354,289	1,587,276
LAIF	19,186,978	18,871,837
Total cash and cash equivalents	37,167,213	34,244,144
Investments:		
U.S. Treasury securities	105,423,002	100,282,656
U.S. Agency securities	105,386,808	99,589,569
Medium-term corporate notes	85,675,322	81,807,574
Money market mutual funds held by bond trustee	15,995,174	15,477,881
Total investments	312,480,306	297,157,680
Total cash and cash equivalents and investments	\$ 349,647,519	\$ 331,401,824

Cash balances, except for those held by the Trustee, held in the Authority's payroll account or held as petty cash are pooled for deposit and investment purposes. Cash and investments funds are classified under the general headings of "restricted" or "unrestricted." The Authority has designated separate restricted funds to carry on specific activities in accordance with special regulations, bond covenants, or enabling legislation. Restricted funds are nondiscretionary in terms of use and provide for payment of debt service on Authority bonds, reserves for outstanding bonds, construction of long-term assets, and operations and maintenance. The Authority, after necessary fund transfers have been made to comply with bond covenants, has discretion as to the magnitude and use of the remaining unrestricted funds.

(b) Investments Authorized by the Code and the Authority's Investment Policy

The table on the following page identifies the investment types that are authorized for the Authority by the Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the Code (or the Authority's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the Master Indenture of Trust, as amended, rather than the Code or the Authority's investment policy.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

Authorized investment type	Maximum maturity	Maximum percentage of portfolio ^a	Maximum investment in one issuer
U.S. Treasury securities	5 years	None	None
U.S. Agency securities	5 years	70%	None
Time deposits	5 years	15%	5%
LAIF	N/A	\$20 million	None
Bankers' acceptances	180 days	15%	5%
Commercial paper	270 days	15%	5%
Repurchase agreements	1 year	10%	None
Money market mutual funds, invested in			
U.S. Treasury securities	N/A	15%	None
Medium-term corporate notes	5 years	30%	5%
Negotiable certificates of deposit	5 years	15%	5%

a. Percentages apply separately to the Operating portfolio, the Passenger Facility Charge Fund portfolio and the Customer Facility Charge Fund portfolio. Excludes amounts held by bond trustee.

(c) Investments Authorized Under the Master Indenture of Trust

Investment of debt proceeds held by the bond trustee are governed by provisions of the Master Indenture of Trust, rather than the general provisions of the Code or the Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of the Master Indenture of Trust that address interest rate risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury securities	5 years	None	None
U.S. Agency securities	5 years	None	None
Money market mutual funds	N/A	None	None
Negotiable certificates of deposit	5 years	None	None
Time and savings deposits	5 years	None	None
Guaranteed investment contracts	30 years	None	None
Commercial paper	270 days	None	None
State or local government securities	5 years	None	None
Bankers' acceptances	360 days	None	None
Repurchase agreements	30 days	None	None
Any State of California-administered investment pool	N/A	None	None
Advance refunded municipal securities	5 years	None	None
Investments approved in writing by the bond insurer	30 years	None	None

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(d) *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time, as necessary to provide the cash flow and liquidity needed for operations. The Authority monitors the interest rate risk in its portfolios by measuring the weighted average maturity of the portfolios and limiting them to an average level recommended by its professional investment manager, currently approximately 1.7 years. The Authority also employs a “buy and hold” investment strategy whereby investments are held to maturity and redeemed at par. This strategy limits the Authority’s exposure to declines in fair value to unforeseen emergencies when the need for cash beyond that which is planned and anticipated may arise.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

The weighted average maturity of each authorized investment type by pool at June 30, 2023 and 2022 are as follows:

<u>Authorized investment type</u>	June 30, 2023		June 30, 2022	
	Amount	Weighted average maturity (in years)	Amount	Weighted average maturity (in years)
Operating portfolio cash equivalents and investments:				
Operating portfolio investments:				
U.S. Treasury securities	\$ 85,743,865	2.11	\$ 80,821,375	1.29
U.S. Agency securities	85,652,704	1.85	80,183,129	2.13
Medium-term corporate notes	69,642,846	1.63	65,910,527	1.87
Total operating portfolio investments	241,039,415	1.88	226,915,031	1.76
Operating portfolio cash equivalents:				
Money market mutual funds	1,048,565	0.08	1,173,315	0.09
LAIF	19,186,978	0.72	18,871,837	0.86
Total operating portfolio cash equivalents	20,235,543	0.69	20,045,152	0.81
Total operating portfolio cash equivalents and investments	261,274,958	1.79	246,960,183	1.68
Passenger Facility Charge (PFC) Fund cash equivalents and investments:				
PFC Fund investments:				
U.S. Treasury securities	19,679,137	1.84	19,461,281	1.31
U.S. Agency securities	19,734,104	1.95	19,406,440	2.07
Medium-term corporate notes	16,032,476	1.63	15,897,047	1.92
Total PFC Fund investments	55,445,717	1.82	54,764,768	1.76
PFC Fund cash equivalents – money market mutual funds	305,724	0.08	413,961	0.09
Total PFC Fund cash equivalents and investments	55,751,441	1.81	55,178,729	1.75
Investments held by bond trustee:				
Money market mutual funds	15,995,174	0.08	15,477,881	0.09
Total investments held by bond trustee	15,995,174	0.08	15,477,881	0.09
Total cash equivalents and investments	\$ 333,021,573	1.71	\$ 317,616,793	1.61

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(e) *Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations*

None of the Authority's investments (including investments held by the bond trustee) are highly sensitive to interest rate fluctuations.

(f) *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented on the next page is the minimum rating required by (where applicable) the Code, the Authority's investment policy or the Master Indenture of Trust, as amended, and the actual rating as of June 30, 2023 and 2022 for each investment type.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

Authorized investment type	Amount	Minimum legal rating	Not required to be rated or not rated	Rating as of year-end		
				AAA	AA	A
As of June 30, 2023:						
Operating portfolio cash equivalents and investments:						
Operating portfolio investments:						
U.S. Treasury securities	\$ 85,743,865	N/A	\$ 85,743,865	\$ —	\$ —	\$ —
U.S. Agency securities:						
Fed. Farm Credit Bank	16,501,596	N/A	—	—	16,501,596	—
Fed. Home Loan Bank	29,253,620	N/A	—	—	29,253,620	—
Fed. Home Loan Mort. Corp.	6,612,830	N/A	—	—	6,612,830	—
Fed. National Mort. Assn.	33,284,658	N/A	—	—	33,284,658	—
Total U.S. Agency securities	85,652,704		—	—	85,652,704	—
Medium-term corporate notes	69,642,846	A	—	—	7,902,770	61,740,076
Total operating portfolio investments	241,039,415		85,743,865	—	93,555,474	61,740,076
Operating portfolio cash equivalents:						
Money market mutual funds	1,048,565	AAA	—	1,048,565	—	—
LAIF	19,186,978	N/A	19,186,978	—	—	—
Total operating portfolio cash equivalents	20,235,543		19,186,978	1,048,565	—	—
Total operating portfolio cash equivalents and investments	261,274,958		104,930,843	1,048,565	93,555,474	61,740,076
Passenger Facility Charge (PFC) Fund cash equivalents and investments:						
PFC Fund investments:						
U.S. Treasury securities	19,679,137	N/A	19,679,137	—	—	—
U.S. Agency securities:						
Fed. Farm Credit Bank	4,591,584	N/A	—	—	4,591,584	—
Fed. Home Loan Bank	5,245,925	N/A	—	—	5,245,925	—
Fed. Home Loan Mort. Corp.	1,653,208	N/A	—	—	1,653,208	—
Fed. National Mort. Assn.	8,243,387	N/A	—	—	8,243,387	—
Total U.S. Agency securities	19,734,104		—	—	19,734,104	—
Medium-term corporate notes	16,032,476	A	—	—	1,977,321	14,055,155
Total PFC Fund investments	55,445,717		19,679,137	—	21,711,425	14,055,155
PFC Fund cash equivalents:						
Money market mutual funds	305,724	AAA	—	305,724	—	—
Total PFC Fund cash equivalents and investments	55,751,441		19,679,137	305,724	21,711,425	14,055,155
Investments held by bond trustee:						
Money market mutual funds	15,995,174	AAA	—	15,995,174	—	—
Total investments bond trustee	15,995,174		—	15,995,174	—	—
Total cash equivalents and investments	<u>\$ 333,021,573</u>		<u>\$ 124,609,980</u>	<u>\$ 17,349,463</u>	<u>\$ 115,266,899</u>	<u>\$ 75,795,231</u>

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

Authorized investment type	Amount	Minimum legal rating	Not required to be rated or not rated	Rating as of year-end		
				AAA	AA	A
As of June 30, 2022:						
Operating portfolio cash equivalents and investments:						
Operating portfolio investments:						
U.S. Treasury securities	\$ 80,821,375	N/A	\$ 80,821,375	\$ —	\$ —	\$ —
U.S. Agency securities:						
Fed. Farm Credit Bank	3,158,525	N/A	—	—	3,158,525	—
Fed. Home Loan Bank	22,356,485	N/A	—	—	22,356,485	—
Fed. Home Loan Mort. Corp.	12,961,280	N/A	—	—	12,961,280	—
Fed. National Mort. Assn.	41,706,839	N/A	—	—	41,706,839	—
Total U.S. Agency securities	80,183,129		—	—	80,183,129	—
Medium-term corporate notes	65,910,527	A	—	—	10,679,929	55,230,598
Total operating portfolio investments	226,915,031		80,821,375	—	90,863,058	55,230,598
Operating portfolio cash equivalents:						
Money market mutual funds	1,173,315	AAA	—	1,173,315	—	—
LAIF	18,871,837	N/A	18,871,837	—	—	—
Total operating portfolio cash equivalents	20,045,152		18,871,837	1,173,315	—	—
Total operating portfolio cash equivalents and investments	246,960,183		99,693,212	1,173,315	90,863,058	55,230,598
Passenger Facility Charge (PFC) Fund cash equivalents and investments:						
PFC Fund investments:						
U.S. Treasury securities	19,461,281	N/A	19,461,281	—	—	—
U.S. Agency securities:						
Fed. Home Loan Bank	3,470,493	N/A	—	—	3,470,493	—
Fed. Home Loan Mort. Corp.	3,551,933	N/A	—	—	3,551,933	—
Fed. National Mort. Assn.	10,738,639	N/A	—	—	10,738,639	—
Total U.S. Agency securities	19,406,440		—	—	19,406,440	—
Medium-term corporate notes	15,897,047	A	—	—	2,696,877	13,200,170
Total PFC Fund investments	54,764,768		19,461,281	—	22,103,317	13,200,170
PFC Fund cash equivalents:						
Money market mutual funds	413,961	AAA	—	413,961	—	—
Total PFC Fund cash equivalents and investments	55,178,729		19,461,281	413,961	22,103,317	13,200,170
Investments held by bond trustee:						
Money market mutual funds	15,477,881	AAA	—	15,477,881	—	—
Total investments bond trustee	15,477,881		—	15,477,881	—	—
Total cash equivalents and investments	<u>\$ 317,616,793</u>		<u>\$ 119,154,493</u>	<u>\$ 17,065,157</u>	<u>\$ 112,966,375</u>	<u>\$ 68,430,768</u>

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(g) Fair Value Measurements

The Authority categorizes its fair value measurements of its investments within the fair value hierarchy established by U.S. GAAP. The hierarchy of inputs used to measure fair value consists of three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs (the Authority has no investments measured using Level 3 inputs).
- Investments in an external government investment pool, such as LAIF, are not subject to reporting within the level hierarchy.

The Authority has the following recurring fair value measurements as of June 30, 2023 and 2022:

Authorized investment type	June 30, 2023				June 30, 2022			
	Total	Level 1	Level 2	Not Levelled	Total	Level 1	Level 2	Not Levelled
Operating portfolio cash equivalents and investments:								
Operating portfolio investments:								
U.S. Treasury securities	\$ 85,743,865	\$ 85,743,865	\$ —	\$ —	\$ 80,821,375	\$ 80,821,375	\$ —	\$ —
U.S. Agency securities:								
Fed. Farm Credit Bank	16,501,596	—	16,501,596	—	3,158,525	—	3,158,525	—
Fed. Home Loan Bank	29,253,620	—	29,253,620	—	22,356,485	—	22,356,485	—
Fed. Home Loan Mort. Corp.	6,612,830	—	6,612,830	—	12,961,280	—	12,961,280	—
Fed. National Mort. Assn.	33,284,658	—	33,284,658	—	41,706,839	—	41,706,839	—
Total U.S. Agency securities	85,652,704	—	85,652,704	—	80,183,129	—	80,183,129	—
Medium-term corporate notes	69,642,846	—	69,642,846	—	65,910,527	—	65,910,527	—
Total Operating portfolio investments	241,039,415	85,743,865	155,295,550	—	226,915,031	80,821,375	146,093,656	—
Operating portfolio cash equivalents:								
Money market mutual funds	1,048,565	—	1,048,565	—	1,173,315	—	1,173,315	—
LAIF	19,186,978	—	—	19,186,978	18,871,837	—	—	18,871,837
Total Operating portfolio cash equivalents	20,235,543	—	1,048,565	19,186,978	20,045,152	—	1,173,315	18,871,837
Total Operating portfolio cash equivalents and investments	261,274,958	85,743,865	156,344,115	19,186,978	246,960,183	80,821,375	147,266,971	18,871,837

(continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

Authorized investment type	June 30, 2023				June 30, 2022			
	Total	Level 1	Level 2	Not Leveled	Total	Level 1	Level 2	Not Leveled
Passenger Facility Charge (PFC) Fund								
cash equivalents and investments:								
PFC Fund investments:								
U.S. Treasury securities	19,679,137	19,679,137	—	—	19,461,281	19,461,281	—	—
U.S. Agency securities:								
Fed. Farm Credit Bank	4,591,584	—	4,591,584	—	1,645,375	—	1,645,375	—
Fed. Home Loan Bank	5,245,925	—	5,245,925	—	3,470,493	—	3,470,493	—
Fed. Home Loan Mort. Corp.	1,653,208	—	1,653,208	—	3,551,933	—	3,551,933	—
Fed. National Mort. Assn.	8,243,387	—	8,243,387	—	10,738,639	—	10,738,639	—
Total U.S. Agency securities	19,734,104	—	19,734,104	—	19,406,440	—	19,406,440	—
Medium-term corporate notes	16,032,476	—	16,032,476	—	15,897,047	—	15,897,047	—
Total PFC Fund investments	55,445,717	19,679,137	35,766,580	—	54,764,768	19,461,281	35,303,487	—
PFC Fund cash equivalents – money market mutual funds	305,724	—	305,724	—	413,961	—	413,961	—
Total PFC Fund cash equivalents and investments	55,751,441	19,679,137	36,072,304	—	55,178,729	19,461,281	35,717,448	—
Investments held by bond trustee:								
Money market mutual funds	15,995,174	—	15,995,174	—	15,477,881	—	15,477,881	—
Total investments bond trustee	15,995,174	—	15,995,174	—	15,477,881	—	15,477,881	—
Total cash equivalents and investments	<u>\$ 333,021,573</u>	<u>\$ 105,423,002</u>	<u>\$ 208,411,593</u>	<u>\$ 19,186,978</u>	<u>\$ 317,616,793</u>	<u>\$ 100,282,656</u>	<u>\$ 198,462,300</u>	<u>\$ 18,871,837</u>

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(h) Concentration of Credit Risk

The Authority's investment policy limits the amount that can be invested in any one issuer in corporate notes, bankers' acceptances, commercial paper, negotiable certificates of deposit and time certificates of deposit to 5% of the applicable portfolio. The investment policy contains no other limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code. Investments in any one issuer (other than U.S. Treasury securities, money market mutual funds, and external investment pools) that represent 5% or more of total Authority investments, by pool, are as follows:

Issuer	Authorized investment type	Reported amount at June 30,			
		2023		2022	
		Amount	Fund %	Amount	Fund %
Operating portfolio investments:					
Federal National Mortgage Association	U.S. Agency securities	\$ 33,284,658	13.75%	\$ 41,706,839	18.29%
Federal Home Loan Bank	U.S. Agency securities	29,253,620	12.08	22,356,485	9.80
Federal Farm Credit Bank	U.S. Agency securities	16,501,596	6.82	3,158,525	1.38
Federal Home Loan Mortgage Corp.	U.S. Agency securities	6,612,830	2.73	12,961,280	5.68
Passenger Facility Charge Fund investments:					
Federal National Mortgage Association	U.S. Agency securities	8,243,387	14.79	10,738,639	19.46
Federal Home Loan Bank	U.S. Agency securities	5,245,925	9.41	3,470,493	6.29
Federal Farm Credit Bank	U.S. Agency securities	4,591,584	8.24	1,645,375	2.98
Federal Home Loan Mortgage Corp.	U.S. Agency securities	1,653,208	2.97	3,551,933	6.44

(i) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: the Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

At June 30, 2023 and 2022, a portion of the Authority's deposits with financial institutions were uninsured and the collateral was held in accordance with the Code by the pledging financial institution in the Authority's name, as follows:

	<u>2023</u>	<u>2022</u>
Cash deposits:		
Insured	\$ 250,000	\$ 250,000
Uninsured, collateral held in the Authority's name	<u>17,430,674</u>	<u>14,760,317</u>
Total cash deposits	17,680,674	15,010,317
Plus deposits in transit	137,678	87,268
Less outstanding checks	<u>(1,192,906)</u>	<u>(1,313,054)</u>
Carrying amount of cash deposits	<u>\$ 16,625,446</u>	<u>\$ 13,784,531</u>

Investments and money market mutual funds in the Operating portfolio and Passenger Facility Charge Fund portfolio were held in the Authority's name by the trust department of the bank broker-dealer (counter-party) that was used by the Authority to buy the securities and mutual funds.

(j) *Investment in the State Treasurer's Local Agency Investment Fund*

The Authority is a voluntary participant in the LAIF that is regulated by the Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying basic financial statements at amounts based upon the Authority's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the Authority's position in the LAIF pool. As of June 30, 2023 and 2022, the total amount invested by all California local governments and special districts in LAIF was \$25.7 billion and \$35.8 billion, respectively. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2023 and 2022 had a balance of \$176.4 billion and \$231.6 billion, respectively. The PMIA is not SEC-registered, but is required to invest according to the Code.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(4) Capital Assets

Changes in capital assets for the year ended June 30, 2023 were as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 160,065,894	\$ —	\$ —	\$ 160,065,894
Other non-depreciable assets	1,128,515	—	—	1,128,515
Construction in progress	10,006,984	34,625,904	(11,983,469)	32,649,419
Total capital assets not being depreciated	<u>171,201,393</u>	<u>34,625,904</u>	<u>(11,983,469)</u>	<u>193,843,828</u>
Capital assets being depreciated/ amortized:				
Building and improvements	255,846,105	128,893	—	255,974,998
Runways and improvements	149,020,913	10,601,395	—	159,622,308
Machinery and equipment	38,199,756	1,253,181	(741,132)	38,711,805
Intangible right to use asset	523,980	137,004	—	660,984
Total capital assets being depreciated/ amortized	<u>443,590,754</u>	<u>12,120,473</u>	<u>(741,132)</u>	<u>454,970,095</u>
Less accumulated depreciation/ amortization for:				
Building and improvements	(160,740,201)	(7,369,571)	—	(168,109,772)
Runways and improvements	(107,228,744)	(987,993)	—	(108,216,737)
Machinery and equipment	(41,491,751)	(6,993,939)	741,132	(47,744,558)
Intangible right to use asset	(83,378)	(141,376)	—	(224,754)
Total accumulated depreciation/ amortization	<u>(309,544,074)</u>	<u>(15,492,879)</u>	<u>741,132</u>	<u>(324,295,821)</u>
Total capital assets being depreciated/ amortized, net	<u>134,046,680</u>	<u>(3,372,406)</u>	<u>—</u>	<u>130,674,274</u>
Total capital assets, net	<u>\$ 305,248,073</u>	<u>\$ 31,253,498</u>	<u>\$ (11,983,469)</u>	<u>\$ 324,518,102</u>

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

Changes in capital assets for the year ended June 30, 2022 were as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022 (Restated)</u>
Capital assets not being depreciated:				
Land	\$ 160,065,894	\$ —	\$ —	\$ 160,065,894
Other non-depreciable assets	1,128,515	—	—	1,128,515
Construction in progress	<u>2,698,604</u>	<u>8,614,787</u>	<u>(1,306,407)</u>	<u>10,006,984</u>
Total capital assets not being depreciated	<u>163,893,013</u>	<u>8,614,787</u>	<u>(1,306,407)</u>	<u>171,201,393</u>
Capital assets being depreciated/ amortized:				
Building and improvements	255,846,105	—	—	255,846,105
Runways and improvements	149,020,913	—	—	149,020,913
Machinery and equipment	36,893,349	1,306,407	—	38,199,756
Intangible right to use asset	<u>—</u>	<u>523,980</u>	<u>—</u>	<u>523,980</u>
Total capital assets being depreciated/ amortized	<u>441,760,367</u>	<u>1,830,387</u>	<u>—</u>	<u>443,590,754</u>
Less accumulated depreciation/ amortization for:				
Building and improvements	(152,566,682)	(8,173,519)	—	(160,740,201)
Runways and improvements	(106,206,799)	(1,021,945)	—	(107,228,744)
Machinery and equipment	(34,295,672)	(7,196,079)	—	(41,491,751)
Intangible right to use asset	<u>—</u>	<u>(83,378)</u>	<u>—</u>	<u>(83,378)</u>
Total accumulated depreciation/ amortization	<u>(293,069,153)</u>	<u>(16,474,921)</u>	<u>—</u>	<u>(309,544,074)</u>
Total capital assets being depreciated/ amortized, net	<u>148,691,214</u>	<u>(14,644,534)</u>	<u>—</u>	<u>134,046,680</u>
Total capital assets, net	<u>\$ 312,584,227</u>	<u>\$ (6,029,747)</u>	<u>\$ (1,306,407)</u>	<u>\$ 305,248,073</u>

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(5) Long-Term Debt

The following is a summary of changes in long-term debt for the years ended June 30, 2023 and 2022:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Year ended June 30, 2023:					
Revenue bonds payable:					
2012 Revenue Bonds:					
2012 Series A	\$ 6,715,000	\$ —	\$ —	\$ 6,715,000	\$ —
2012 Taxable Series B	64,035,000	—	(1,870,000)	62,165,000	1,950,000
Plus deferred amounts for original issue premium	124,668	—	(6,233)	118,435	—
2015 Revenue Bonds:					
2015 Series B	12,430,000	—	(3,940,000)	8,490,000	4,140,000
Plus deferred amounts for original issue premium	942,007	—	(471,004)	471,003	—
Total long-term debt payable	<u>\$ 84,246,675</u>	<u>\$ —</u>	<u>\$ (6,287,237)</u>	<u>\$ 77,959,438</u>	<u>\$ 6,090,000</u>
Year ended June 30, 2022:					
Revenue bonds payable:					
2012 Revenue Bonds:					
2012 Series A	\$ 6,715,000	\$ —	\$ —	\$ 6,715,000	\$ —
2012 Taxable Series B	65,830,000	—	(1,795,000)	64,035,000	1,870,000
Plus deferred amounts for original issue premium	130,901	—	(6,233)	124,668	—
2015 Revenue Bonds:					
2015 Series B	16,185,000	—	(3,755,000)	12,430,000	3,940,000
Plus deferred amounts for original issue premium	1,413,011	—	(471,004)	942,007	—
Total long-term debt payable	<u>\$ 90,273,912</u>	<u>\$ —</u>	<u>\$ (6,027,237)</u>	<u>\$ 84,246,675</u>	<u>\$ 5,810,000</u>

(a) 2012 Revenue Bonds

On May 10, 2012, the Authority issued \$82,165,000 of 2012 Airport Revenue Bonds (2012 Bonds) with an effective interest rate of 5.624% and at an original issue premium totaling \$187,886. The 2012 Bonds were issued in two series. The 2012 Bonds are special obligations of the Authority payable solely from, and secured solely by a pledge of, the net revenues and amounts in certain funds established under the Master Indenture of Trust, as amended, and the Debt Service Reserve Fund.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

The \$6,715,000 Airport Revenue Bonds 2012 Series A (AMT) (2012 Series A Bonds), at an effective interest rate of 4.949%, and the \$75,450,000 Airport Revenue Bonds 2012 Taxable Series B (2012 Taxable Series B Bonds), at an effective interest rate of 5.722%, were issued (i) to finance those costs of the RITC project consisting of the CRCF and the portion of the costs of the Replacement Parking Structure attributable to the parking spaces displaced by the CRCF (2012 Bond Project); (ii) to fund the 2012 Debt Service Reserve Fund; (iii) to provide capitalized interest with respect to the 2012 Bonds through July 1, 2014; and to pay the costs of issuance of the 2012 Bonds.

The 2012 Series A Bonds are due in annual installments ranging from \$1,155,000 to \$5,560,000 from July 1, 2041 to July 1, 2042 at an interest rate of 5.000% payable semiannually on July 1 and January 1 - beginning July 1, 2012, the 2012 Series A Bonds are subject to optional redemption by the Authority, without premium, in whole or in part on any date on and after July 1, 2022 at a redemption price equal to the principal and accrued interest to the redemption date on the portion to be redeemed.

The 2012 Taxable Series B Bonds are due in annual installments ranging from \$1,500,000 to \$4,970,000 from July 1, 2015 to July 1, 2041 with interest rates ranging from 2.036% to 5.812% payable semiannually on July 1 and January 1 - beginning July 1, 2012, the 2012 Taxable Series B Bonds are subject to optional redemption by the Authority, in whole or in part, on any date, at a Redemption Price equal to the Make-Whole Redemption Price, as defined in the bond official statement, plus unpaid accrued interest.

In accordance with the bond resolution, certain cash accounts (funds) are required to be segregated and minimum balances maintained as summarized in Note 2. There are also a number of other limitations and restrictions contained in the Master Indenture of Trust, as amended. Authority management believes that the Authority has complied with such requirements.

(b) 2015 Revenue Bonds

On April 30, 2015, the Authority issued \$32,260,000 of 2015 Airport Revenue Bonds (2015 Bonds) with an effective interest rate of 2.553% and at an original issue premium of \$4,383,971. The 2015 Bonds, issued as parity bonds with the 2012 Bonds, were issued in two series to defease the 2005 Airport Revenue Bonds (2005 Bonds). The 2015 Bonds are special obligations of the Authority payable solely from, and secured solely by a pledge of, the net revenues and amounts in certain funds established under the Master Indenture of Trust, as amended, and the Debt Service Reserve Fund (provided through a surety). The 2015 Bonds are not subject to redemption prior to maturity.

The \$1,335,000 Airport Revenue Bonds 2015 Series A (non-AMT) (2015 Series A Bonds) were paid in two annual installments on July 1, 2016 and July 1, 2017 at an interest rate of 3.000% and 4.000%, respectively. The \$30,925,000 Airport Revenue Bonds 2015 (AMT) Series B (2015 Taxable Series B Bonds) are due in annual installments ranging from \$2,070,000 to \$4,350,000 from July 1, 2016 to July 1, 2024 with interest rates ranging from 3.000% to 5.000% payable semiannually on July 1 and January 1 beginning January 1, 2016.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

The net proceeds of the 2015 Bonds of \$36,156,809 plus \$3,912,125 of 2005 Bonds Debt Service Funds, \$5,942,618 of 2005 Bonds Debt Service Reserve Funds and an Authority contribution of \$16,636, totaling \$46,028,188, was deposited in an irrevocable trust with an escrow agent to provide for the interest and all outstanding principal of the 2005 Bonds due at July 1, 2015. The 2005 Bonds were called, without premium, on July 1, 2015 and paid in full.

The refunding and defeasance resulted in a difference between the re-acquisition price of the 2015 Bonds and the net carrying amount of the 2005 Bonds of \$935,367. This difference, reported in the accompanying basic financial statements as a deferred inflow of resources, is being credited to interest expense through July 1, 2024, the final maturity of the 2015 Bonds, using the straight-line method. The Authority completed the refunding and defeasance to reduce its total debt service payments over the next nine years by \$5,215,007 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,799,078. The unamortized deferred amount on refunding at June 30, 2023 and 2022 is \$102,010 and \$204,018, respectively.

A debt service reserve surety was obtained for the \$3,664,397 debt service reserve requirement on the 2015 Bonds. The premium on the debt service reserve surety has been capitalized and is being amortized over the life of the 2015 Bonds. The unamortized surety premium at June 30, 2023 and 2022 is \$4,728 and \$9,455, respectively.

(c) *Annual Debt Service Requirements to Maturity*

Revenue bond debt service requirements to maturity are as follows:

	2012 Bonds		2015 Bonds		Total		Total debt service
	Principal	Interest	Principal	Interest	Principal	Interest	
Payable in year ending							
June 30:							
2024	\$ 1,950,000	\$ 3,831,663	\$ 4,140,000	\$ 321,000	\$ 6,090,000	\$ 4,152,663	\$ 10,242,663
2025	2,055,000	3,720,284	4,350,000	108,750	6,405,000	3,829,034	10,234,034
2026	2,170,000	3,602,787	—	—	2,170,000	3,602,787	5,772,787
2027	2,290,000	3,478,754	—	—	2,290,000	3,478,754	5,768,754
2028	2,420,000	3,347,769	—	—	2,420,000	3,347,769	5,767,769
2029 – 2033	14,270,000	14,503,754	—	—	14,270,000	14,503,754	28,773,754
2034 – 2038	18,795,000	9,826,448	—	—	18,795,000	9,826,448	28,621,448
2039 – 2043	24,930,000	3,549,077	—	—	24,930,000	3,549,077	28,479,077
Total principal and interest to maturity	68,880,000	<u>\$ 45,860,536</u>	8,490,000	<u>\$ 429,750</u>	77,370,000	<u>\$ 46,290,286</u>	123,660,286
Unamortized portion of:							
Original issue premium	118,435		471,003		589,438		589,438
Less current portion of principal	<u>(1,950,000)</u>		<u>(4,140,000)</u>		<u>(6,090,000)</u>		<u>(6,090,000)</u>
Total long-term portion of revenue bonds payable	<u>\$ 67,048,435</u>		<u>\$ 4,821,003</u>		<u>\$ 71,869,438</u>		<u>\$ 118,159,724</u>

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(d) Pledged Revenues

The 2012 Bonds and 2015 Bonds are special obligations of the Authority payable solely from, and secured solely by a pledge of, the Net Revenues (operating revenue plus investment income on operating funds less operating expenses before depreciation) and amounts in certain funds established under the Master Indenture of Trust and the Debt Service Reserve Fund. Net Revenues are adjusted to reflect any reclassifications of certain operating revenues and expenses, as defined in the Master Indenture of Trust, due to the implementation of new accounting pronouncements. The Authority covenants that the ratio of Net Pledged Revenues plus transfers to the Surplus Fund to net accrued debt service on parity obligations will be 1.25 or greater (coverage rate covenant) and that Net Revenues plus transfers to the Surplus Fund will equal or exceed the sum of net accrued debt service on parity obligations and required deposit to Debt Service Reserve, Operating Reserve and other accounts (general rate covenant).

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

The computation of the coverage rate covenant and general rate covenant as of June 30, 2023 and 2022 are as follows:

	2023	2022
Pledged Revenues	\$ 36,480,982	\$ 23,603,444
Transfers to Surplus Fund	2,600,098	2,599,114
Net Pledged Revenues	\$ 39,081,080	\$ 26,202,558
Accrued debt service on 2012 Bonds	\$ 5,835,892	\$ 5,834,956
Less: Customer Facility Charges collected and deposited to the debt service fund	(5,035,704)	(4,581,381)
Accrued debt service on 2015 Bonds	4,564,500	4,561,500
Net accrued debt service on parity obligations	\$ 5,364,688	\$ 5,815,075
Ratio of Net Pledged Revenues to net accrued debt service on parity obligations	7.28	4.51
Pledged Revenues plus transfers to Surplus Fund	\$ 39,081,080	\$ 26,202,558
Less: transfers to Operating Reserve	(1,622,819)	—
Less: net accrued debt service on parity obligations	(5,364,688)	(5,815,075)
Excess of pledged revenues over net accrued debt service on parity obligations and transfers to Operating Reserve	\$ 32,093,573	\$ 20,387,483

The estimated aggregate total amount of pledged net revenues and amounts in the funds established under the Master Indenture of Trust related to the 2012 Bonds and 2015 Bonds is equal to the remaining debt service on the 2012 Bonds and 2015 Bonds at June 30, 2023 of \$123,660,286. The pledged revenues are in force during the term of the 2012 Bonds and 2015 Bonds with final maturity on July 1, 2042.

(e) Events of Default

Events of default under the Master Indenture of Trust related to the 2012 Bonds and 2015 Bonds include: (a) non-payment of the principal and/or interest due; (b) non-payment of the parity purchase price of any outstanding Bond(s) or other parity obligation(s) which are tender obligations; (c) a breach of a covenant if the default continues for a period of 120 days after written notice specifying such default and requiring the default to be remedied was given to the Authority by the Trustee or to the Authority and to the Trustee by the bond owners who held not less than 25% in aggregate principal amount of the outstanding Bond(s); (d) non-payment of any parity obligation that is declared due and payable as a result of an event of default; and (e) an event of bankruptcy. There is an acceleration remedy in the event of default that allows the Trustee, with the consent of each credit provider and at the direction of the Bond owners that hold a majority in principal amount of the outstanding Bond(s), to declare the principal of the outstanding Bond(s) and interest accrued to the date of payment to be immediately due and payable.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(6) Retirement Plan

Effective February 1, 2023 through June 30, 2026, the Authority entered into a replacement employment contract with the Burbank Airport Police Officers Association (BAPOA) which, among other things, called for the continued implementation of a 401(a) employer-sponsored defined contribution plan (401(a) Plan) and a 457(b) government deferred compensation plan (457(b) Plan) sponsored by the BAPOA. The Authority contributes 6.5%, increased to 7% as of February 1, 2023, of eligible base salaries and overtime as a retirement contribution to the 401(a) Plan, payable as part of bi-weekly payroll. Effective February 1, 2023, officers may make voluntary contributions to the 457(b) Plan with the Authority matching and contributing up to a maximum of 6% of eligible base salaries. Officers may take loans against contributions. All employees are eligible to participate upon hire and contributions and earnings vest immediately. The 401(a) Plan and the 457(b) Plan are administered by Transamerica Retirement Solutions.

Total salaries and benefits for the Airport Police Officers were \$7,277,119 and \$6,362,897 for the years ended June 30, 2023 and 2022, respectively. The Authority's contributions have been calculated using the base salary plus overtime amount of \$4,833,792 and \$4,809,813 for the years ended June 30, 2023 and 2022, respectively. The Authority made the required accruals and contributions, amounting to \$323,188 and \$299,676 in the years ended June 30, 2023 and 2022, respectively.

(7) Leases

As a lessor, the Authority 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 underlying asset to lessee. The Authority does not have any leases of assets held as investment or leases that transfer ownership of the underlying asset to lessee. As a 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 is 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 Statement No. 87 implementation, the Authority's leases have been categorized as follows:

1. Regulated Leases
2. Short-term and Variable Payment Leases
3. Other Leases

(a) *Regulated Leases*

The Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration regulated aviation leases between airports, air carriers and other aeronautical users. Regulated leases include the Airport Use Agreement and related airline leases, as well as contracts with Fixed Based Operators (FBOs), and aeronautical hangar leases.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

In FY 2022 the Authority executed amendments to its Airport Use Agreements (AUA) with nine commercial airlines (Signatory Airlines), which are set to expire on June 30, 2025. The AUAs define the relationship between the Authority and the Signatory Airlines. In exchange for authorization to operate at the Airport, including within the passenger terminal, each Signatory Airline is responsible for costs of the Airport not covered by other Authority revenues such as concession fees, hangar rents, and parking revenues. The AUAs also stipulate joint use fees for common shared areas and equipment, office and storage spaces, cargo areas, and other air carrier operations support spaces to be used and paid for by each Signatory Airline. By definition, the Authority's AUAs are considered regulated leases and do not recognize a lease receivable and corresponding deferred inflow of resources.

The Authority also maintains other numerous aeronautical agreements that are considered regulated leases. These agreements include two FBOs that provide general aviation services and hangar leases for aircraft storage and cargo operations. Revenues from regulated leases of \$15,489,630 and \$14,334,197 were recorded in the years ended June 30, 2023 and 2022, respectively. These revenue are included in Tenant rent revenues on the Statement of Revenues, Expenses and Changes in Net Position.

(b) Short-term and Variable Payment Leases

The Airport does not recognize a lease receivable and a deferred inflow of resources for short-term and variable payment leases. Short-term leases are certain leases that, at the commencement of the lease term, has a maximum possible term under the lease agreement of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Month-to-month leases are considered short-term. Variable payment leases are certain leases that are not based on fixed amount payments, but rather have a variable component such as payments based on a percentage of sales, provisions for reallocation of square footage, etc.

The Authority has various short-term leases for Airport property and land. These short-term leases are based on a month-to-month term. Revenues from short-term leases of \$1,434,499 and \$1,435,424 were recorded in the years ended June 30, 2023 and 2022, respectively. These revenues are included in Parking, Concessions, and Tenant rent revenues on the Statement of Revenues, Expenses and Changes in Net Position.

The Authority has various variable payment leases with in-terminal concessions and rental car companies. These leases have variable payments based on 1) activities, such as a percentage of sales or an amount per transaction, 2) annually adjusted rates, not based on an index such as the Consumer Price Index, and square footage re-allocations due to activity based metrics, and/or 3) a percentage of the prior year's total remitted amount. Revenues from variable payment leases of \$9,667,971 and \$9,215,188 were recorded in the years ended June 30, 2023 and 2022, respectively. These revenues are included in Concessions and Tenant rent revenues on the Statement of Revenues, Expenses and Changes in Net Position.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(c) Other Leases

The Authority recognizes a lease receivable and a deferred inflow of resources for leases the Authority, as the lessor, categorizes as in-scope of GASB Statement No. 87. The Authority has two main types of in-scope GASB Statement No. 87 leases: fixed payment concession leases and non-aeronautical property leases. Fixed payment concession leases include food and beverage, sundries, and advertising tenants at the Airport. Non-aeronautical property leases contain various leases for property and space that are used for non-aeronautical purposes such as vehicle and equipment storage.

The general terms of the fixed payment concession leases require the greater of a minimum annual guarantee (MAG), which is a fixed monthly amount increased annually by 3% or by defined terms based on an inflation index such as the Consumer Price Index (CPI), or a percentage of gross sales to be remitted by the lessee in exchange for the non-exclusive right, privilege and concession to conduct on-airport business. If the percentage of gross sales exceeds the MAG, the excess is remitted as over-MAG revenues.

The general terms of the Authority's non-aeronautical property leases are based on an amount per square footage or a defined annual base rent paid in monthly installments. These amounts are usually adjusted annually based on CPI.

At June 30, 2023 and 2022, the Authority's current lease receivables are \$3,580,829 and \$4,065,850, respectively, and noncurrent lease receivables are \$6,663,553 and \$10,244,382, respectively. For each of the fiscal years ended June 30, 2023 and 2022, the Authority reported lease revenue, included in Concessions and Tenant rent on the Statement of Revenues, Expenses and Changes in Net Position, of \$7,685,537 and \$6,949,853, respectively, of which \$2,131,727 and \$2,402,573, respectively, were related to over-MAG revenues. Additionally, for each fiscal years ended June 30, 2023 and 2022, the Authority reported interest income of \$393,501 and \$519,784, respectively, related to lease payments received.

The future expected lease receivable and revenue balances for in-scope GASB Statement No. 87 leases are summarized as follows:

Fiscal year ending June 30:	Beginning Lease Receivable	Annual Lease Revenue	Ending Lease Receivable	Interest Revenue
2024	\$ 10,244,382	\$ 3,580,829	\$ 6,663,553	\$ 267,097
2025	6,663,553	3,196,841	3,466,712	164,163
2026	3,466,712	2,904,498	562,214	64,247
2027	562,214	562,214	—	4,113

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(8) Subscription-Based Information Technology Arrangements

The Authority recognizes a subscription liability and a subscription asset at the commencement of a subscription-based information technology arrangement (SBITA) term unless the subscription is a short-term SBITA. The subscription liability is measured at the present value of payments expected to be made during the subscription term, less any vendor incentives. The subscription asset is measured at the amount of the initial measurement of the subscription liability, plus any payments made to the SBITA vendor at the commencement of the subscription term, and certain initial implementation costs. The subscription asset is reported as an intangible right to use asset under the capital assets section in the Statements of Net Position. The Authority has established a reporting materiality threshold of \$100,000 per asset for the application of GASB Statement No. 96 and determination of in-scope SBITA contracts.

In accordance with GASB Statement No. 96, the Authority recognizes a subscription liability and a subscription asset for SBITAs the Authority categorizes as in-scope of GASB Statement No. 96. The Authority maintains three in-scope SBITAs for certain airport management operations that include a FAA Part 139 compliance and safety management system, a procurement management system, and an airport gate management system. These SBITAs are multi-year agreements with fixed monthly or annual subscription pricing that do not include any variable payment terms or other additional payment terms, such as termination penalties.

The subscription assets as of June 30, 2023 and 2022 totaled \$660,984 and \$523,980, respectively, and the related accumulated amortization as of June 30, 2023 and 2022 totaled \$224,754 and \$83,378, respectively. The remaining subscription liabilities, including both current and noncurrent portions, as of June 30, 2023 and 2022 totaled \$255,519 and \$204,802, respectively. The amount of expenses recognized for fiscal years ended June 30, 2023 and 2022 for variable and other payments not previously included in the measurement of the subscription liabilities was \$0 for both fiscal years.

Principal and interest requirements to maturity for the in-scope GASB Statement No. 96 subscription liabilities, both current and noncurrent portions, are summarized as follows:

Fiscal year ending June 30:	Beginning Subscription Liabilities	Principal	Ending Subscription Liabilities	Interest Expense
2024	\$ 255,519	\$ 75,329	\$ 180,190	\$ 8,730
2025	180,190	77,963	102,227	6,096
2026	102,227	75,389	26,838	3,375
2027	26,838	26,838	—	1,162

(9) Passenger Facility Charges

In June 1994, the FAA approved the Authority's application to collect a \$3.00 PFC per enplaned passenger to provide funds for specifically approved airport improvement projects to begin September 1, 1994. Effective April 1, 2003, the FAA approved an increase of the charge from \$3.00 to \$4.50. PFC funds collected are restricted and may only be used on specific FAA approved projects. All PFC funds collected are maintained in a separate interest-bearing account administered by the Authority prior to disbursement.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

Total PFC revenue for the years ended June 30, 2023 and 2022 totaled \$12,882,716 and \$9,687,636, respectively, including an investment income, due to the change in fair market valuation, on the PFC investment portfolio of \$750,064 and investment loss of \$1,715,173, respectively.

During the year ended June 30, 2023, funds totaling \$5,433,839 for eligible costs expended on PFC projects during FY 2023 were reimbursed to the Operating Fund from the PFC Fund. During the year ended June 30, 2022, funds totaling \$2,642,161 for eligible costs expended on PFC projects during FY 2022 were reimbursed to the Operating Fund from the PFC Fund.

(10) Customer Facility Charges

Effective December 1, 2009, the Authority adopted a \$10 CFC per rental car transaction to provide for the planning, design, construction and financing of a CRCF in accordance with *California Civil Code Section 1936 et. seq.*, as amended. Effective July 1, 2011, the Authority implemented an alternative CFC rate of \$6 per rental car transaction day up to a maximum of five days. All CFC funds collected are maintained in a separate account administered by the Authority prior to disbursement. CFC revenue for the years ended June 30, 2023 and 2022 totaled \$5,035,162 and \$4,682,637, respectively. In accordance with the Bond Indenture, all CFC revenues collected subsequent to July 1, 2014 are transferred to the 2012 Bonds Debt Service Fund, which amounted to \$5,035,704 and \$4,581,381 for the years ended June 30, 2023 and 2022, respectively. CFC revenues plus residual Facility Rent, as necessary, are used to pay debt service on the 2012 Bonds. The balance in the CFC Fund of \$1,814,161 is available for uses in accordance with the agreements between the Authority and the RACs for operation in the CRCF.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(11) Related-Party Transactions

The Authority is charged for services and items from City of Burbank departments that are categorized in the various expense line items in the statements of revenues, expenses, and changes in net position and are included in various capital assets for permits and related fees. The most significant related-party transactions with the City are payments for utilities and City parking tax. Amounts due to related parties at June 30, 2023 and 2022 are included in accounts payable and accrued expenses on the accompanying basic financial statements.

The Airport is subject to a 12% tax on parking revenue payable to the City of Burbank on a quarterly basis. The Authority incurred parking tax expense totaling \$3,091,506 and \$2,678,382 during the years ended June 30, 2023 and 2022, respectively. Amounts due to the City of Burbank for parking taxes were \$786,322 and \$788,813 at June 30, 2023 and 2022, respectively.

The Authority incurred electricity, water, and wastewater utilities expenses related to various operating activities, non-operating activities, and capital projects from Burbank Water and Power during the years ended June 30, 2023 and 2022 totaling \$2,649,476 and \$2,536,388 (including amounts charged back to tenants of \$743,066 and \$514,315), respectively. Amounts due to Burbank Water and Power were \$228,646 and \$228,719 at June 30, 2023 and 2022, respectively.

In June 2023, the Authority approved payment of an aid-in-construction deposit with the City of Burbank for Burbank Water and Power to purchase long-lead electrical items required to bring temporary power for the construction of the Replacement Passenger Terminal project. The aid-in-construction deposit of \$494,000 was paid during the year ended June 30, 2023.

(12) Commitments and Contingencies

(a) *Litigation and Claims*

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; war risk and natural disasters for which the Authority carries commercial insurance, subject to deductibles ranging from \$1,000 to \$100,000. No settlements exceeded insurance coverage in the past three fiscal years.

One lawsuit and claim as described below, arising in the normal course of the Authority's operations, was pending at June 30, 2023. The Authority does not anticipate material adverse effects on the financial position of the Authority from the disposition of this lawsuit and claim:

City of Los Angeles v. Federal Aviation Administration, Burbank-Glendale-Pasadena Airport Authority

The lawsuit, filed on July 12, 2021, challenges the FAA's May 2021 adoption of a Final Environmental Impact Statement (EIS) and Record of Decision (ROD) for the Authority's Replacement Passenger Terminal (RPT) project. The First Amended Petition for Review of Agency Action, filed on August 26, 2021 alleges that the EIS did not adequately describe the project, analyze its impacts, or analyze reasonable alternatives. The lawsuit seeks to have the court set aside the Final EIS and ROD, order the FAA to conduct a revised

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

environmental analysis, enjoin the project until further environmental review occurs, and award the City costs, expenses, and attorneys' fees. The lawsuit does not seek any damages. The administrative record for the case was prepared and certified by the FAA. Following a full briefing on the merits, the court heard oral arguments on October 18, 2022. On March 19, 2023, the court issued its Opinion which denied the First Amended Petition on all grounds other than the challenge relating to analysis of construction-related noise impacts. On May 22, 2023, the court issued its mandate stating that the judgment resulting from the decision on March 29, 2023 took effect. Subsequent to June 30, 2023, the FAA has released its Draft Written Re-evaluation for public review.

(b) Contracted Services

The Authority has contracted with TBI to perform certain airport administrative, maintenance, ARFF services, and operational services. Compensation under the agreement is based on a base management fee and reimbursement of operating costs, primarily salaries and benefits. A budget for TBI costs is prepared each year and is subject to review and approval as part of the Authority's annual budget process. The management fee is adjusted annually based on increases or decreases to certain operating costs. Costs incurred under the contract for the years ended June 30, 2023 and 2022, respectively, are as follows:

	<u>2023</u>	<u>2022</u>
Contracted airport services	\$ 15,579,178	\$ 14,376,608
Aircraft rescue and firefighting services	3,686,682	3,591,874
Capitalized to constructed capital assets	226,455	89,041
Other expenses	86,345	145,523
Total airport management contract costs	<u>\$ 19,578,660</u>	<u>\$ 18,203,046</u>

The Authority has contracted with SP+ for self-park management and valet parking services in addition to implementing an e-Commerce platform for online pre-booking services for parking. Compensation under the contract is based on a fixed management fee and reimbursement of operating costs. These costs are subject to review and approval as part of the Authority's annual budget process. Costs under the contract for the years ended June 30, 2023 and 2022 are \$5,136,926 and \$4,599,565, respectively.

The Authority has also contracted with MV Transportation to provide turn-key employee and customer shuttle services to and from the Airport's remote parking lots. The costs of the shuttle services for the years ended June 30, 2023 and 2022 are \$2,845,747 and \$1,895,596, respectively.

(c) Contract Commitments

The Authority had significant contract commitments outstanding as of June 30, 2023 for various capital projects totaling \$44,553,336 for the Taxiway C and shoulder rehabilitation, Lot F parking improvements, landside paving, Runway 8 precision approach pathway indicators navigation and equipment relocation, and the RPT project.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(d) Federal and Other Grants

As of June 30, 2023, the Authority had nonexpended, noncancelable grant commitments of \$2,703,162 of which \$2,560,424 is related to ARPA Concession Rent Relief and \$142,738 for Taxiway C and shoulder rehabilitation.

The Authority has been awarded various federal and other grants. Grants awarded and expenditures against those grants for the years ended June 30, 2023 and 2022, respectively, are as follows:

Award Date	Award Amount	Project description	Expenditures charged to grant	
			2023	2022
Aug. 2017	\$ 2,417,000	Conduct environmental study	\$ —	\$ 225,728
Sep. 2020	51,198	FEMA Grant	11,064	—
Aug. 2020	758,166	Acquire ARFF Truck	—	752,166
Sep. 2020	2,167,160	Rehab. Delta Ramp	—	267,160
Apr. 2021	7,038,348	CRRSAA Grant	—	7,038,348
Apr. 2021	640,106	CRRSAA Concessions Relief Addendum	640,106	—
Aug. 2021	20,749,123	ARPA Grant	12,919,992	7,829,131
Dec. 2021	2,560,424	ARPA Concessions Rent Relief	—	—
Aug. 2022	2,902,762	Rehab. Taxiway C and Shoulder	2,606,283	—
Total expenditures charged to federal grants			<u>16,177,445</u>	<u>16,112,533</u>
Jun. 2015	180,000	CoLA – Measure R, I-5 support services	—	—
May 2022	60,000	Cal OES High Frequency Communications Equipment Program	—	—
Total expenditures charged to local grants			<u>—</u>	<u>—</u>
Total expenditures charged to grants			<u>\$ 16,177,445</u>	<u>\$ 16,112,533</u>

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of noncompliance were disclosed by the audit of the financial statements or single audit of the federal grant programs which resulted in disallowed costs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, the Authority has complied with provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Subsequent to June 30, 2023, the Authority received two FAA Infrastructure Investment and Jobs Act - Bipartisan Infrastructure Law (IIJA-BIL) grants in the amounts of \$30 million (competitive portion) and \$15.9 million (formulaic portion) for the RPT project formulation, which will be utilized in FY 2024.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(13) Replacement Passenger Terminal Project

On August 1, 2016, the City of Burbank approved a Development Agreement associated with entitlement of the RPT project and on November 8, 2016, voters in the City of Burbank passed Measure B (70% approval) allowing for the development of a RPT at the Airport. The RPT project, as defined in the Development Agreement between the City of Burbank and the Authority, includes a 14-gate replacement passenger terminal of 355,000 square feet, associated aircraft ramp, public and staff parking facilities, ground service equipment and cargo support facilities, a new terminal loop roadway, and demolition of the existing 14-gate passenger terminal.

Since the passage of Measure B, the Authority has addressed multiple tasks for the RPT project including the completion and receipt of conditional approval by the FAA for its Airport Layout Plan (ALP); completion of the Environmental Impact Statement under the National Environmental Policy Act (NEPA); completion of a concept validation and updated cost estimate; selection of a project delivery method and program manager; completion of six public charettes; selection of a progressive design-build firm; establishment of a commercial paper program to be used as interim financing; application and receipt of federal funding sources, such as PFCs and federal grants, for program formulation and design phase of the project; and continued financial analysis for a permanent plan of finance for the RPT.

In September 2021, the RPT project was reinstated after an 18-month suspension due to the COVID-19 pandemic. In May 2022, Jacobs Project Management Inc. assumed program management responsibilities of the project. On December 19, 2022, the Authority awarded a progressive design-build agreement to Holder, Pankow, TEC Joint Venture (HPTJV) and authorized HPTJV to proceed with Phase 1, design and pre-construction services, of the project. The RPT's current design-to-budget is \$1.25 billion, with 60% design to be completed by April 2024 at which time a GMP will be provided to the Authority. The target completion date of the RPT is October 2026.

The RPT project is anticipated to be funded through a combination of General Airport Revenue Bonds (GARBS), FAA AIP grants, IJJA-BIL grants, PFC revenue, and contributions from the Authority's Facility Development Reserve Fund.

The Authority is continuing its financial analysis of available funding sources based on the timing of cash flow requirements of the project. The Authority has been able to secure certain sources of funds through the issuance date of this report. In May 2023, the Authority received FAA approval for PFC Application No. 21 in the amount of \$48.4 million for impose and use authority of the RPT design. Subsequently, in June 2023, the Authority selected Barclays Bank and Sumitomo Mitsui Bank Corporation as letter of credit providers for a \$200 million commercial paper program to provide interim financing to support the development of the RPT project. As of June 30, 2023, the Authority has not issued any commercial paper and may issue its first commercial paper in the third quarter of FY 2024. Finally, in September 2023, the Authority also received two IJJA-BIL grants from the FAA in the amounts of \$30 million (competitive portion) and \$15.9 million (formulaic portion) for project formulation. The Authority plans to utilize these funds in FY 2024 as the project progresses into the construction phase.

More information and ongoing updates to the RPT project can be found at www.elevatebur.com.

APPENDIX C-1
FORM OF AMENDED AND RESTATED MASTER INDENTURE

AMENDED AND RESTATED MASTER INDENTURE OF TRUST

between

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Trustee

Dated as of May 1, 2005
and Amended and Restated as of May 1, 2024
and Effective on the Effective Date, as described herein

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Effectiveness of this Master Indenture..... 3
Section 1.02. Definitions..... 3
Section 1.03. Rules of Construction..... 28
Section 1.04. Authority for this Master Indenture..... 28
Section 1.05. Application of Generally Accepted Accounting Principles..... 28

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS AND OBLIGATIONS

Section 2.01. Authorization of Bonds and Obligations..... 28
Section 2.02. Limited Obligations 29
Section 2.03. Indenture to Constitute Contract 29
Section 2.04. General Provisions for Issuance of Bonds..... 29
Section 2.05. Additional Bonds 31
Section 2.06. Refunding Bonds..... 31
Section 2.07. General Provisions for Issuance of Obligations Other than Bonds 32
Section 2.08. Conditions to Issuance of Senior Obligations 33
Section 2.09. Conditions to Issuance of Subordinate Obligations 35
Section 2.10. Conditions to Issuance of Junior Subordinate Obligations 36
Section 2.11. Special Facilities and Special Facility Obligations 36
Section 2.12. Credit Provider Bonds..... 37
Section 2.13. Obligations Secured by Other Revenues..... 37
Section 2.14. Released Revenues..... 37

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. Medium of Payment; Form and Date; Letters and Numbers..... 38
Section 3.02. Legends 39
Section 3.03. Execution and Authentication 39
Section 3.04. Book-Entry Bonds..... 40
Section 3.05. Transfers Outside Book-Entry Program..... 41
Section 3.06. Bond Register..... 41
Section 3.07. Interchangeability of Bonds 42
Section 3.08. Negotiability, Transfer and Registry 42
Section 3.09. Regulations With Respect to Exchanges and Transfers 42

TABLE OF CONTENTS
(continued)

	Page
Section 3.10. Bonds Mutilated, Destroyed, Stolen or Lost	42
Section 3.11. Temporary Bonds.....	42
Section 3.12. Cancellation and Destruction of Bonds.....	43

ARTICLE IV
REDEMPTION OF BONDS

Section 4.01. Privilege of Redemption and Redemption Price	43
Section 4.02. Redemption at the Direction of Authority.....	43
Section 4.03. Redemption Other Than at Authority's Direction.....	43
Section 4.04. Redemption of Less than Entire Maturity	44
Section 4.05. Notice of Redemption	44
Section 4.06. Partial Redemption of Bonds	45
Section 4.07. Effect of Notice and Availability of Redemption Money	45

ARTICLE V
ESTABLISHMENT AND APPLICATION OF FUNDS

Section 5.01. Establishment of Funds and Accounts	46
Section 5.02. Construction Fund; Net Proceeds Fund.....	46
Section 5.03. Revenues and Revenue Fund	47
Section 5.04. Application of Revenues	47
Section 5.05. Operating Fund.....	50
Section 5.06. Senior Debt Service Fund	50
Section 5.07. Senior Debt Service Reserve Fund.....	52
Section 5.08. Subordinate Debt Service Fund.....	53
Section 5.09. Subordinate Debt Service Reserve Fund.....	55
Section 5.10. Junior Subordinate Fund	57
Section 5.11. [Reserved]	57
Section 5.12. Surplus Fund.	57
Section 5.13. Rebate Fund	57
Section 5.14. Available Revenues.....	58
Section 5.15. Depositories	58
Section 5.16. Deposits.....	58
Section 5.17. Investment of Certain Funds	59
Section 5.18. Valuation and Sale of Investments.....	60

TABLE OF CONTENTS
(continued)

Page

ARTICLE VI

COVENANTS AND OBLIGATIONS OF THE AUTHORITY

Section 6.01.	Compliance with Indenture	61
Section 6.02.	Maintenance of Powers	61
Section 6.03.	Creation of Prior Liens	61
Section 6.04.	Against Encumbrances	61
Section 6.05.	Rates and Charges	62
Section 6.06.	Sale or Other Disposition of Property	63
Section 6.07.	Insurance; Application of Insurance Proceeds	64
Section 6.08.	Eminent Domain	64
Section 6.09.	Operation and Maintenance of the Airport; Budgets.....	65
Section 6.10.	Payment of Taxes and Compliance with Governmental Regulations	65
Section 6.11.	Tax Covenants.....	65
Section 6.12.	Accounts; Financial Statements and Other Reports	66

ARTICLE VII

AMENDMENTS TO INDENTURE

Section 7.01.	Amendments Permitted	66
Section 7.02.	Effect of Supplemental Indenture.....	68
Section 7.03.	Obligations Owned by Authority	69
Section 7.04.	Notation on Obligations	69

ARTICLE VIII

CONCERNING THE FIDUCIARIES

Section 8.01.	Trustee; Acceptance of Duties	69
Section 8.02.	Paying Agents; Appointment and Acceptance of Duties	69
Section 8.03.	Responsibilities of Fiduciaries	69
Section 8.04.	Evidence on Which Fiduciaries May Act.....	72
Section 8.05.	Compensation.....	72
Section 8.06.	Certain Permitted Acts	72
Section 8.07.	Resignation of Trustee	73
Section 8.08.	Removal of Trustee	73
Section 8.09.	Appointment of Successor Trustee; Financial Qualifications of Successor Trustee	73
Section 8.10.	Transfer of Rights and Property to Successor Trustee	74
Section 8.11.	Merger or Consolidation	74
Section 8.12.	Adoption of Authentication.....	74

TABLE OF CONTENTS
(continued)

	Page
Section 8.13. Resignation or Removal of Paying Agent and Appointment of Successor	75

ARTICLE IX
DEFEASANCE

Section 9.01. Payment of Bonds	75
Section 9.02. Bonds Deemed Paid	76
Section 9.03. Defeasance of Portion of Bond	77
Section 9.04. Defeasance of Obligations Other than Bonds	77

ARTICLE X
EVENTS OF DEFAULT; REMEDIES

Section 10.01. Events of Default.....	77
Section 10.02. Right to Accelerate Upon Default.....	78
Section 10.03. Appointment of Receiver	79
Section 10.04. Enforcement Proceedings.....	79
Section 10.05. Remedies for Subordinate Obligations and Junior Subordinate Obligations	80
Section 10.06. Remedies Not Exclusive	81
Section 10.07. Application of Net Revenues and Other Moneys After Default.....	81
Section 10.08. Restriction on Owner's Action.....	83
Section 10.09. Accounting and Examination of Records After Default	84
Section 10.10. Effect of Waiver and Other Circumstances.....	84
Section 10.11. Notice of Default.....	84

ARTICLE XI
MISCELLANEOUS

Section 11.01. Execution of Documents and Proof of Ownership.....	85
Section 11.02. Covenants of Authority Binding on Successors.....	85
Section 11.03. Severability	85
Section 11.04. General Authorization.....	86
Section 11.05. Moneys Held for Particular Obligations	86
Section 11.06. Credit Providers	86
Section 11.07. Reserve Guaranty Providers.....	86
Section 11.08. Parties Interested	87
Section 11.09. Unclaimed Moneys	87
Section 11.10. Holidays	87
Section 11.11. Waiver of Personal Liability	87
Section 11.12. Governing Law.....	87

TABLE OF CONTENTS
(continued)

	Page
Section 11.13. Headings Not Binding.....	88
Section 11.14. Preservation and Inspection of Documents.....	88
Section 11.15. Electronic Signatures.....	88
Section 11.16. Counterparts.....	88
EXHIBIT A CALCULATION OF MAJORITY BONDHOLDER CONSENT.....	A-1
EXHIBIT B LIST OF OUTSTANDING OBLIGATIONS UNDER THE ORIGINAL MASTER INDENTURE.....	B-1

AMENDED AND RESTATED MASTER INDENTURE OF TRUST

This AMENDED AND RESTATED MASTER INDENTURE OF TRUST, dated as of May 1, 2005, and amended and restated as of May 1, 2024 and effective on the Effective Date (as defined herein) (this “Master Indenture”), is entered into between the BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY, a public entity of the State of California (the “Authority”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly established and existing under and pursuant to the laws of the United States of America (the “Trustee”).

RECITALS

WHEREAS, the Authority (capitalized terms used in this Master Indenture shall have the meanings given such terms in Section 1.02) has been duly established and is duly existing as a joint exercise of powers agency under the Joint Powers Act and the Joint Powers Agreement; and

WHEREAS, the Authority owns and operates the Airport; and

WHEREAS, the Authority is authorized under the Joint Powers Agreement, the Joint Powers Act and other applicable provisions of State law to issue bonds, notes and other obligations payable from revenues of the Airport to finance the Costs of Capital Improvements to the Airport and for other lawful purposes and to refund such bonds, notes and other obligations; and

WHEREAS, the Authority has determined to provide for the issuance from time to time of Bonds in separate Series on the terms and conditions set forth in this Master Indenture as supplemented by a Supplemental Indenture relating to such Series of Bonds; and

WHEREAS, the Authority has determined to provide for the issuance or incurrence from time to time of Obligations other than Bonds on the terms and conditions set forth in this Master Indenture and the Issuing Instrument relating to such Obligations; and

WHEREAS, the Authority has determined that the Bonds and Obligations of each Series shall be secured as provided herein and in the Supplemental Indenture or the Issuing Instrument relating to such Series of Bonds or Obligations, as applicable; and

WHEREAS, the Authority and the Trustee previously entered into a Master Indenture of Trust, dated as of May 1, 2005, as supplemented and amended to the date hereof (as so supplemented and amended, the “Original Master Indenture”); and

WHEREAS, the Authority has determined that that the Original Master Indenture should be amended and restated by this Master Indenture to provide greater flexibility in structuring its Bonds and Obligations; and

WHEREAS, pursuant to Section 7.01(a) of the Original Master Indenture, the Original Master Indenture and the rights and obligations of the Authority and of the Owners of the Outstanding Bonds and of the Fiduciaries may be modified, amended or supplemented from time to time and at any time, with the written consent of each Credit Provider, when the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding is filed with the Trustee; and

WHEREAS, the Outstanding Bonds prior to the Effective Date are the Authority’s Airport Revenue Bonds, 2012 Series A (AMT) and 2012 Taxable Series B (collectively, the “2012 Series Bonds”); and

WHEREAS, the Authority has issued pursuant to, and there are currently outstanding, commercial paper notes (the “Commercial Paper Notes”) under, the Issuing and Paying Agent Agreement, dated as of June 1, 2023, between the Authority and Zions Bancorporation, National Association, as issuing and paying agent thereunder; and

WHEREAS, the Credit Providers as of the Effective Date are Barclays Bank PLC and Sumitomo Mitsui Banking Corporation, acting through its New York Branch, each of which provide an irrevocable transferrable direct-pay letter of credit supporting the Commercial Paper Notes; and

WHEREAS, the consent of the Credit Providers required by Section 7.01(a) of the Original Master Indenture has been obtained and filed with the Trustee; and

WHEREAS, the Authority's Airport Senior Revenue Bonds, 2024 Series A (Non-AMT), 2024 Series B (AMT) and 2024 Series C (Taxable) (the "Series 2024 Bonds") are being issued on the Effective Date pursuant to a Fifth Supplemental Indenture, dated as of May 1, 2024, between the Authority and the Trustee, in compliance with the provisions of the Original Master Indenture in an amount that constitutes a majority in aggregate principal amount of the Bonds then Outstanding as calculated on Exhibit A attached hereto and incorporated by this reference herein, and the Owners of the Series 2024 Bonds by their purchase of the Series 2024 Bonds have been deemed to have consented to the amendment and restatement of the Original Master Indenture by this Master Indenture and such consent is effective on the Effective Date and is binding on any subsequent purchaser of any Series 2024 Bonds, and may not be revoked after the issuance of the Series 2024 Bonds; and

WHEREAS, the 2012 Series Bonds, the Commercial Paper Notes, the Commercial Paper Reimbursement Obligations (as defined herein) and the Series 2024 Bonds constitute and are secured as "Parity Obligations" under the Original Master Indenture and constitute and are secured as "Senior Obligations" under this Master Indenture; and

WHEREAS, the Authority has authorized and executed this Master Indenture, which will become effective on the Effective Date; and

WHEREAS, the Trustee is authorized to accept and execute trusts of the character provided by the Indenture; and

WHEREAS, the Trustee has accepted the trusts created and established by the Indenture and in evidence thereof has joined in the execution of this Master Indenture;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS AMENDED AND RESTATED MASTER INDENTURE OF TRUST WITNESSETH:

To secure the payment of all the Bonds and other Obligations at any time issued and Outstanding hereunder and to secure the performance and observance by the Authority of all of the covenants, agreements and conditions contained in the Bonds and other Obligations and the Indenture and any Issuing Instrument, the Authority hereby pledges to the Trustee for the benefit of the Owners from time to time of all the Bonds authenticated hereunder and issued by the Authority and Outstanding and the Owners from time to time of all other Obligations issued or incurred by the Authority and Outstanding, all with the respective priorities set forth herein, and grants to the Trustee for the benefit of the Owners from time to time of all the Bonds authenticated hereunder and issued by the Authority and Outstanding and the Owners from time to time of all other Obligations issued or incurred by the Authority and Outstanding, all with the respective priorities set forth herein, a security interest in and lien on, all of its right, title and interest, whether now owned or hereafter acquired, in, to and under the Trust Estate.

Notwithstanding any other provision of the Indenture or any Issuing Instrument, (i) the Senior Debt Service Fund shall secure only the Senior Bonds, (ii) the Senior Debt Service Reserve Fund shall secure only the Participating Senior Bonds, (iii) the Subordinate Debt Service Fund shall secure only the Subordinate Bonds, (iv) the Subordinate Debt Service Reserve Fund shall secure only the Participating Subordinate Bonds, (v) each Senior Series Debt Service Reserve Fund shall secure only the Senior Bonds that are specified in the applicable Supplemental Indenture to be secured thereby, (vi) each Subordinate Series Debt Service Reserve Fund shall secure only the Subordinate Bonds that are specified in the applicable Supplemental Indenture to be secured thereby, (vii) the Junior Subordinate Fund shall secure only the Junior Subordinate Obligations, (viii) each Credit Support Instrument, including the payments thereunder, shall secure or enhance only the Bonds or Obligations that are specified in the applicable Supplemental Indenture or Issuing Instrument to be secured or enhanced thereby,

(ix) each Reserve Guaranty, including the payments thereunder, shall secure or enhance only the Bonds or Obligations that are specified in the applicable Supplemental Indenture or Issuing Instrument to be secured or enhanced thereby, and (x) each Account in the Construction Fund shall secure only the Bonds that are specified in the applicable Supplemental Indenture to be secured thereby. Any Supplemental Indenture or Issuing Instrument may provide that the bonds or obligations issued thereunder are not secured by all or part of the Trust Estate or that such bonds or obligations are secured by collateral in addition to or different from the Trust Estate. Said pledge shall constitute a lien on and security interest in such assets all with the respective priorities set forth herein and shall attach, be perfected and be effective, binding and enforceable without the need for any physical delivery, recordation, filing or further act.

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Effectiveness of this Master Indenture. This amendment and restatement of the Original Master Indenture by this Master Indenture shall become effective upon the date (the “Effective Date”) that all of the following have occurred: (a) the Authority has received the written consent of each Credit Provider; (b) the Authority has caused notice of the amendment and restatement of the Original Master Indenture to be mailed, by first class mail, postage prepaid, to the Owners of all Outstanding Bonds at their addresses appearing on the Bond Register in accordance with Section 7.01(a) of the Original Master Indenture; and (c) the Authority has filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding or evidence thereof in accordance with Section 7.01(a) of the Original Master Indenture. Upon the Effective Date, (i) this Master Indenture shall replace and supersede the Original Master Indenture for all purposes (excluding the provisions of (x) the Third Supplemental Indenture that govern the payment and redemption terms of the 2012 Series Bonds contained in Sections 2.02 and 3.02, the tax covenants contained in Section 5.01 and the pledge of 2012 Pledged Customer Facility Charges contained in Section 6.02 and (y) the Fifth Supplemental Indenture), and (ii) all Obligations Outstanding under the Original Master Indenture (a list of all Obligations Outstanding under the Original Master Indenture is included in Exhibit B attached hereto and incorporated by this reference herein) shall be deemed to be Outstanding under this Master Indenture and governed by and interpreted under the terms hereof.

Section 1.02. Definitions. Unless the context otherwise requires, the following terms, for all purposes of this Master Indenture and (unless otherwise provided therein with respect to any Series of Obligations in the Supplemental Indenture or Issuing Instrument relating to such Series) any Supplemental Indenture or Issuing Instrument, shall have the meanings set forth below:

“Account” means an account, including subaccounts, in any of the Funds established and maintained under the Indenture.

“Accountant’s Certificate” means a certificate signed by an Independent Certified Public Accountant selected by the Authority.

“Accreted Value” means, with respect to any Capital Appreciation Obligation and as of any date, the Initial Amount thereof plus the interest accrued thereon from its delivery date to such date, compounded at the interest rate with respect to such Capital Appreciation Obligation specified in or determined pursuant to the Supplemental Indenture or Issuing Instrument relating to such Capital Appreciation Obligation, on each compounding date specified in such Supplemental Indenture or Issuing Instrument. The applicable Accreted Value at any date shall be the amount set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, shall be determined by straight-line interpolation with reference to such Accreted Value Table.

“Accreted Value Table” means, with respect to Capital Appreciation Obligations, the table denominated as such in, and to which reference is made in, the Supplemental Indenture or Issuing Instrument relating to such Capital Appreciation Obligations.

“Accrued Debt Service” means, as with respect to any period of time and with respect to all applicable Outstanding Obligations, the amount of Debt Service on such Obligations accrued and to accrue during such period calculating such Debt Service as follows:

(i) interest on any Variable Rate Obligation for any portion of such period of time during which the rate has not been established shall be calculated at the maximum rate of interest payable with respect to such Variable Rate Obligation;

(ii) interest payable from Capitalized Interest shall be excluded from the calculation;

(iii) Debt Service payable from Available Revenues or moneys other than Revenues, including any investment earnings thereon, shall be excluded from the calculation;

(iv) payments of interest due on any Interest Payment Date for an Obligation shall be deemed to accrue daily in equal amounts from the date of the preceding Interest Payment Date for such Obligation or, with respect to the initial Interest Payment Date for an Obligation, from the dated date of such Obligation; and

(v) payments of maturing principal and Sinking Fund Installments shall be deemed to accrue daily in equal amounts from the date which is one year prior to the due date of such maturing principal and Sinking Fund Installments.

For purposes of complying with any of the requirements set forth in Section 6.05(b), any calculation of Accrued Debt Service with respect to specified Obligations for any period of time shall be reduced by the amount of any Subsidy that the Authority received during such period of time relating to or in connection with such Obligations.

“Additional Bonds” means Additional Senior Bonds, Additional Subordinate Bonds or Additional Junior Subordinate Bonds, as applicable.

“Additional Junior Subordinate Bonds” means Junior Subordinate Bonds issued for the purpose set forth in Section 2.05 and satisfying the conditions of Section 2.10.

“Additional Senior Bonds” means Senior Bonds, other than the 2012 Series Bonds and the Series 2024 Bonds, issued for the purpose set forth in Section 2.05 and satisfying the conditions of Section 2.08.

“Additional Senior Obligations” means Senior Obligations (other than the 2012 Series Bonds, the Commercial Paper Notes, the Commercial Paper Reimbursement Obligations and the Series 2024 Bonds), including Additional Senior Bonds, that satisfy the conditions of Sections 2.07 and 2.08.

“Additional Subordinate Bonds” means Subordinate Bonds issued for the purpose set forth in Section 2.05 and satisfying the conditions of Section 2.09.

“Additional Subordinate Obligations” means Subordinate Obligations, including Additional Subordinate Bonds, that satisfy the conditions of Sections 2.07 and 2.09.

“Advance Refunded Municipal Securities” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state: (a) which are rated the same as United States Treasury securities or higher; (b) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee, fiscal agent or other fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or other obligations for redemption on the date or dates specified in such instructions; (c) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or (b) of the definition of “Permitted Investments” in this Section 1.02 which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or

other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in clause (b) above, as appropriate; and (d) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) or (b) of the definition of “Permitted Investments” in this Section 1.02 which have been deposited in such fund, along with any cash on deposit in such fund, have been verified by an Accountant’s Certificate as being sufficient, without reinvestment, to pay principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (b) above, as applicable.

“Aggregate Adjusted Annual Debt Service” means, with respect to any 12-month period of time, the aggregate amount of Accrued Debt Service on all applicable Outstanding Obligations for such period modified, notwithstanding anything to the contrary contained in the definition of “Accrued Debt Service” in this Section 1.02, as follows:

(a) In determining the amount of principal payable in any 12-month period of time, payment shall (unless a different paragraph of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Obligations in accordance with the maturity schedule or any amortization schedule (including mandatory redemption from Sinking Fund Installments) established by the Supplemental Indenture or Issuing Instrument for such Obligations, including, as a principal payment, the Accreted Value of any Capital Appreciation Obligations maturing or scheduled for redemption in such year. In determining the amount of interest payable in any 12-month period of time, interest payable at a fixed rate shall (except to the extent paragraph (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required Interest Payment Dates.

(b) If all or any portion or portions of Outstanding Obligations constitute Balloon Obligations, then, for purposes of determining Aggregate Adjusted Annual Debt Service, each maturity which constitutes Balloon Obligations shall, at the option of the Authority, unless otherwise provided in the Supplemental Indenture or Issuing Instrument for such Balloon Obligations or unless paragraph (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a period of 30 years commencing after Obligations are no longer paid from Capitalized Interest (or until the final maturity of such Balloon Obligations, if greater than 30 years) and with substantially level annual debt service payments (or an alternate schedule of amortization that results in overall substantially level annual debt service payments when taking into account all applicable Outstanding Obligations) sufficient to pay the debt service payments over the assumed term as set forth in a certificate of an Authorized Authority Representative provided to the Trustee.

(c) Any maturity of Obligations which constitutes Balloon Obligations for which the stated maturity date occurs within six months from the date the calculation of Aggregate Adjusted Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date and paragraph (b) above shall not apply thereto unless the Authority has received a letter evidencing a binding commitment of an institutional lender or municipal underwriting firm to provide financing to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Authority is sufficient to successfully complete such refinancing; upon the receipt of such letter, such Balloon Obligations shall be assumed to be refinanced in accordance with the probable terms set out in such commitment and such terms shall be used for purposes of calculating Aggregate Adjusted Annual Debt Service.

(d) If any Outstanding Obligations constitute Variable Rate Obligations except to the extent paragraph (g) applies (including payments or receipts under a Swap determined pursuant to a variable rate formula), the interest rate on such Obligations (or the variable rate formula for such payments or receipts under such Swap) for any period as to which such interest rate cannot be determined shall be assumed to be 110% of the daily average interest rate on such Obligations (or under such Swap) during the 12 months ending with the month preceding the month in which the calculation of Aggregate Adjusted Annual Debt Service is made, or such shorter period that such Obligations shall have been Outstanding.

(e) If any Obligations proposed to be issued shall be Variable Rate Obligations which are Tax-Exempt, except to the extent subsection (h) applies (including payments or receipts under a Swap to be determined pursuant to a variable rate formula based on a tax-exempt index), the interest rate on such Obligations (or the variable rate formula for such payments or receipts under such Swap) for any period as to

which such interest rate cannot be determined shall be assumed to be, at the option of the Authority and as provided in a certificate of an Authorized Authority Representative provided to the Trustee, either (i) 110% of the average SIFMA Index during the 12 months ending with the month preceding the month in which the calculation of Aggregate Adjusted Annual Debt Service is made, (ii) the “25-Bond Revenue” index rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Authorized Authority Representative that is within 60 days prior to the date of any calculation made with respect to Aggregate Adjusted Annual Debt Service, or (iii) if both of the indices described in clause (i) and (ii) of this paragraph (and any successor indices thereto) are no longer published, such other interest rate as specified in a written statement from an investment banking or municipal advisory firm selected by the Authorized Authority Representative.

(f) If any Obligations proposed to be issued shall be Variable Rate Obligations which are not Tax-Exempt, except to the extent subsection (h) applies (including payments or receipts under a Swap to be determined pursuant to a variable rate formula based on the taxable index), the interest rate on such Obligations (or the variable rate formula for such payments or receipts under such Swap) for any period as to which such interest rate cannot be determined shall be assumed to be, at the option of the Authority and as provided in a certificate of an Authorized Authority Representative provided to the Trustee, either (i) 110% of the average SOFR Index during the 12 months ending with the month preceding the month in which the calculation of Aggregate Adjusted Annual Debt Service is made, (ii) the higher of (A) the yield to maturity of 10-year United States Treasury securities with a constant maturity, as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519), or if such Statistical Release is no longer published, any publicly available source of similar market data, or (B) the yield to maturity of 30-year United States Treasury securities with a constant maturity, as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519), or if such Statistical Release is no longer published, any publicly available source of similar market data, for the last Business Day of the month preceding the month in which the calculation is made with respect to Aggregate Adjusted Annual Debt Service, or (iii) if both of the indices described in clause (i) and (ii) of this paragraph (and any successor indices thereto) are no longer published, such other interest rate as specified in a written statement from an investment banking or municipal advisory firm selected by the Authorized Authority Representative.

(g) If a Qualified Swap has been entered into by the Authority with respect to any Outstanding Obligations, the interest rate on such Outstanding Obligations for each period during which payments are to be exchanged by the parties under such Qualified Swap shall be determined for purposes of calculating Aggregate Adjusted Annual Debt Service by adding: (1) the amount of Debt Service paid or to be paid by the Authority as interest on such Outstanding Obligations during such 12-month period or portion thereof (determined as provided in paragraph (d) if such Outstanding Obligations constitute Variable Rate Obligations) and (2) the net amount (which may be a negative amount) paid or to be paid by the Authority under the Qualified Swap (after giving effect to payments made and received, and to be made and received, by the Authority under the Qualified Swap) during such period (determined as provided in paragraph (d)), provided that if such Obligations are subject to a Qualified Swap that effectively converts the interest rate to be paid by the Authority on such Obligations to a fixed rate of interest, the Obligations shall be assumed to bear interest at the fixed rate of interest specified in such Qualified Swap during the stated term of such Qualified Swap.

(h) If a Qualified Swap has been entered into by the Authority with respect to any Obligations proposed to be issued, which Qualified Swap will be effective at the time the Obligations are issued, the interest on such proposed Obligations for each period during which payments are to be exchanged under the Qualified Swap shall be determined for purposes of calculating Aggregate Adjusted Annual Debt Service by adding: (1) the amount of Debt Service to be paid by the Authority as interest on such Obligations during such period (determined as provided in paragraph (e) or (f), as applicable, if such Obligations are to constitute Variable Rate Obligations) and (2) the net amount (which may be a negative amount) to be paid by the Authority under the Qualified Swap (after giving effect to payments to be made and received by the Authority under the Qualified Swap) during such period (determined as provided in paragraphs (e) and (f), as applicable), provided that if such Obligations are subject to a Qualified Swap that effectively converts the interest rate to be paid by the Authority on such Obligations to a fixed rate of interest, the Obligations shall be assumed to bear interest at the fixed rate of interest specified in such Qualified Swap during the stated term of such Qualified Swap.

(i) With respect to any Obligations which are part of a Commercial Paper Program, it shall be assumed that the Outstanding amount of such Commercial Paper Program will be amortized over a term certified by an Authorized Authority Representative as the expected duration of such Commercial Paper Program at the time the initial Obligations of such Commercial Paper Program are issued or, if such expectations have changed, over a term certified by an Authorized Authority Representative to be the expected duration of such Commercial Paper Program at the time the calculation of Aggregate Adjusted Annual Debt Service is made, but not to exceed 30 years from the date the initial Obligations of such Commercial Paper Program are issued and it shall be assumed that Debt Service with respect to such Commercial Paper Program shall be paid in substantially level annual debt service payments over such assumed term or an alternate schedule of amortization sufficient to pay the debt service payments over the assumed term as set forth in a certificate of an Authorized Authority Representative provided to the Trustee; the interest rate used for such computation shall be a rate equal to the weighted average rate for such Obligations during the preceding 12-month period or, if the Obligations have not been Outstanding for a 12-month period, the period since the issuance of such Obligations or, if the Obligations under the Commercial Paper Program are Obligations proposed to be issued, as provided in paragraph (e) or (f) of this definition, as applicable.

(j) Reimbursement Obligations shall be included in the calculation of Aggregate Adjusted Annual Debt Service to the extent of amounts due during such 12-month period on the related Credit Support Instrument and only to the extent not otherwise included in Aggregate Adjusted Annual Debt Service and not otherwise paid as Operating Expenses. Interest on such Reimbursement Obligations shall be calculated at the rate in effect on the date the calculation of Aggregate Adjusted Annual Debt Service is made. Reimbursement of amounts drawn shall be treated as principal and payable as provided in the related Credit Support Agreement.

(k) If moneys or Permitted Investments have been irrevocably deposited with and are held by the Trustee or another Fiduciary or Capitalized Interest has been set aside exclusively to be used to pay Debt Service on specified Obligations, then the Debt Service to be paid from such moneys, Permitted Investments, or Capitalized Interest or from the earnings thereon shall be disregarded and not included in calculating Aggregate Adjusted Annual Debt Service.

(l) The Purchase Price of Tender Obligations shall not be included in the calculation of Aggregate Adjusted Annual Debt Service unless, at the time of calculation of Aggregate Adjusted Annual Debt Service, the Obligations have been tendered or deemed tendered for purchase in accordance with the applicable Supplemental Indenture or Issuing Instrument and the Purchase Price is not payable from amounts available under a Credit Support Instrument.

For purposes of complying with any of the requirements set forth in Section 2.08 or Section 2.09, any calculation of Aggregate Adjusted Annual Debt Service with respect to specified Obligations for any period of time shall be reduced by the amount of any Subsidy that the Authority expects to receive during such period of time relating to or in connection with such Obligations.

“Airport” means the airport known as the Bob Hope Airport, located within the cities of Burbank and Los Angeles, California, as it now exists, including runways, taxiways, landing pads, aprons, beacon sites, obstruction lights, navigational and landing aids, control towers, facilities for storage of aircraft and for parking of automobiles, roadways, passenger and freight terminals, land, easements and rights in land for clear zone and approach purposes, maintenance hangars and related facilities and all equipment, buildings, grounds, facilities, utilities and structures owned, leased or operated in connection with or for the promotion or the accommodation of air commerce and air navigation and services in connection therewith, together with all additions, betterments, extensions, replacements, renewals and improvements thereto which may hereafter be undertaken; provided, however, that the term does not include a Special Facility so long as Special Facility Obligations are Outstanding with respect to such Special Facility.

“Airport Consultant” means a person or firm who or which engages in the business of advising the management of airports concerning the operation and financing of airports, including consultation and advice with respect to leases and agreements with airline companies and concessionaires of all types and character and also including advice and consultation generally concerning the use and operation of airports, and which person or firm,

by reason of his or its knowledge and experience, has acquired a reputation as a recognized airport consultant. Such Airport Consultant may include a person or firm rendering professional engineering or accounting services in addition to his or its occupation as an airport consultant and may include any person or firm regularly retained by the Authority as an airport consultant to the Authority.

“Annual Budget” means the annual budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 6.09.

“Authority” means the Burbank-Glendale-Pasadena Airport Authority, a joint exercise of powers agency created pursuant to the Joint Powers Act and the Joint Powers Agreement.

“Authorized Denominations” means, with respect to the Bonds of any Series, the denomination or denominations designated as such in the Supplemental Indenture relating to such Bonds.

“Authorized Authority Representative” means the President, Vice President, Secretary and the Assistant Secretary of the Commission, and the Executive Director, the Senior Deputy Executive Director and the Deputy Executive Director - Finance & Administration of the Authority and any other Person who is duly authorized to act as an Authorized Authority Representative for purposes of the Indenture or an Issuing Instrument by the Commission.

“Available CFC Revenues” means, for any period of time, the amount of Customer Facility Charges specified in a Supplemental Indenture pursuant to Section 5.14.

“Available Grant Revenues” means, for any period of time, the amount of Grant Funds specified in a Supplemental Indenture pursuant to Section 5.14.

“Available PFC Revenues” means, for any period of time, the amount of Passenger Facility Charges specified in a Supplemental Indenture pursuant to Section 5.14.

“Available Revenues” means for any period of time, the amount of Available CFC Revenues, Available Grant Revenues and Available PFC Revenues to be received by the Authority during such period.

“Balloon Obligations” means, with respect to any Series of Obligations not included in a Commercial Paper Program, those Obligations of such Series, designated as such by the Authorized Authority Representative and specified in a certificate of the Authorized Authority Representative delivered to the Trustee, which mature on the same date or within a 12-month period (with Sinking Fund Installments on Term Obligations deemed to be payments of matured principal) and which on the date of original issuance constitute at least 15% of the principal amount of the Obligations of such Series. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such indebtedness which is required, by the applicable Supplemental Indenture or Issuing Instrument, to be amortized by prepayment or redemption prior to its stated maturity date.

“Beneficial Owner” means, with respect any Book-Entry Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of the Securities Depository for such Book-Entry Bonds.

“Bond” means any of the Burbank-Glendale-Pasadena Airport Authority Airport Revenue Bonds authorized pursuant to Article II of this Master Indenture and a Supplemental Indenture, whether Senior Bonds, Subordinate Bonds or Junior Subordinate Bonds.

“Bond Counsel” means Orrick, Herrington & Sutcliffe LLP or another attorney or firm of attorneys of recognized national standing in the field of law relating to municipal securities and to exclusion of interest thereon from income for federal income tax purposes selected by the Authority.

“Bond Debt Service” means, for any period of time, the Debt Service on any Outstanding Bonds during such period less the amount of any Subsidy received or expected to be received with respect to or in connection with such Outstanding Bonds during such period.

“Bond Register” means the registration books for the ownership of Bonds and other Obligations maintained by (or with respect to Obligations other than Bonds, on behalf of) the Trustee pursuant to Section 3.06 or, with respect to Obligations other than Bonds, the Owners of the Obligations.

“Book-Entry Bonds” means Bonds registered in the name of DTC or any successor Securities Depository for the Bonds, or a nominee thereof, as the registered owner thereof pursuant to Section 3.04.

“Business Day” means, with respect to each Series of Obligations, unless otherwise provided with respect to a particular Series of Obligations in the Supplemental Indenture or Issuing Instrument relating to such Series, any day of the year other than (i) a Saturday, (ii) a Sunday, (iii) any day which shall be in Los Angeles, California or New York, New York a legal holiday, and (iv) any day on which the banks are authorized or required by law or other government action to close in the State of New York or the State or any city in which the Principal Office of the Trustee or any other Fiduciary or any Credit Provider for such Series of Bonds is located.

“Capital Appreciation Obligations” means any Obligations the interest on which is compounded and not scheduled to be paid until the maturity or prior redemption of such Obligations (including, as the context requires, a Convertible Obligation before the applicable Conversion Date).

“Capital Improvement” means, to the extent chargeable to a capital account of the Airport under Generally Accepted Accounting Principles: (i) any addition, betterment, replacement, renewal, extension, equipping, or improvement of or to the Airport, including, without limitation, the acquisition of land or any interests therein; and (ii) capital costs for the extension, reinforcement, enlargement or other improvement of facilities or property, or the acquisition of interests therein, not included as part of the Airport, determined by the Authority to be necessary or convenient in connection with the utilization of the Airport.

“Capitalized Interest” means the proceeds of Obligations or other moneys deposited with the Trustee, in the case of Bonds, and in the case of other Obligations with a trustee or other fiscal agent for such Obligations, the application of which is limited by the terms of the applicable Supplemental Indenture or Issuing Instrument to the payment of interest on specified Obligations for a specified period.

“Code” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code in the Indenture shall be deemed to include the applicable United States Treasury Regulations thereunder and also includes all amendments and successor provisions unless the context clearly requires otherwise.

“Commercial Paper IPAA” means the Issuing and Paying Agent Agreement, dated as of June 1, 2023, between the Authority and Zions Bancorporation, National Association, as issuing and payment agent, relating to the Commercial Paper Notes, as supplemented and amended from time to time in accordance with its terms.

“Commercial Paper Notes” means the Authority’s commercial paper notes issued from time to time pursuant to the Commercial Paper IPAA.

“Commercial Paper Program” means a program of short-term Obligations having the characteristics of commercial paper in that such Obligations have a stated maturity not later than 270 days from their date of issue and that the principal of maturing Obligations of such program are expected to be paid with the proceeds of renewal short-term Obligations except to the extent that the Obligations of such commercial paper program are to be amortized.

“Commercial Paper Reimbursement Agreement” has the meaning given to the term “Reimbursement Agreement” in the Commercial Paper IPAA.

“Commercial Paper Reimbursement Obligations” means the Payment Obligations (as defined in the Commercial Paper IPAA) other than Payment Obligations (as defined in the Commercial Paper IPAA) that consist of Operating Expenses) under the Commercial Paper Reimbursement Agreement. The Commercial Paper Reimbursement Obligations are secured as Parity Obligations under the Original Master Indenture and as Senior Obligations under this Master Indenture and constitute “Reimbursement Obligations” for purposes hereof.

“Commission” means the Commission of the Authority, as constituted from time to time, or if said Commission shall be abolished, such other entity or entities succeeding to the principal functions thereof or to whom the powers and duties granted or imposed by the Indenture shall be given.

“Construction” means, with respect to a Capital Improvement, the planning, designing, acquiring, constructing, installing, furnishing, equipping and financing of such Capital Improvement (and including any demolition in connection thereto), placing such Capital Improvement in operation, and obtaining governmental approvals, certificates, permits and licenses with respect to the acquisition, construction, installation, furnishing, equipping and financing of such Capital Improvement and to the operation of such Capital Improvement.

“Construction Fund” means the Fund so designated, established pursuant to Section 5.01.

“Conversion Date” means the date set forth in the applicable Supplemental Indenture or Issuing Instrument on and after which a Convertible Obligation is deemed a Current Interest Obligation and after which the Owners shall be entitled to current payments of interest on each interest payment date.

“Convertible Obligation” means a Capital Appreciation Obligation which is deemed to be a Current Interest Obligation on and after the applicable Conversion Date.

“Cost” means, with respect to any Capital Improvement, all costs and expenses of the Construction of such Capital Improvement heretofore or hereafter paid or incurred by the Authority. Payment of Cost shall include the reimbursement to the Authority for any of the costs included in this definition of Cost paid by the Authority and not previously reimbursed to the Authority and which are not to be reimbursed from government grants or other moneys not constituting the proceeds of Obligations. The term Cost with respect to the Construction of any Capital Improvement shall include, but shall not be limited to, the following:

(a) Costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies, and the securing of regulatory approvals, as well as costs for land and land rights, engineering and contractors’ fees, labor, materials, equipment, utility services and supplies, legal fees and financing expenses.

(b) Working capital and reserves therefor in such amounts as shall be determined by the Authority.

(c) Interest accruing in whole or in part on Obligations prior to and during Construction of the Capital Improvement or any portion thereof, and for such additional period as the Authority may determine.

(d) The deposit or deposits from the proceeds of the Obligations in any Funds or Accounts which are required by the Indenture.

(e) The payment of principal, premium, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption or otherwise) of any Obligation the proceeds of which were applied to any of the costs of the Capital Improvement included in this definition.

(f) Training and testing costs which are properly allocable to the Construction of the Capital Improvement.

(g) All costs of insurance applicable to the period of Construction of the Capital Improvement.

(h) All costs relating to injury and damage claims arising out of the Construction of the Capital Improvement less proceeds of insurance.

(i) Legally required or permitted federal, state and local taxes and payments in lieu of taxes applicable to: (i) the Construction of the Capital Improvement or any portion thereof or materials in connection therewith; and (ii) the period of Construction of the Capital Improvement.

(j) Amounts due the United States of America as rebate of investment earnings with respect to the proceeds of Obligations or as penalties in lieu thereof with respect to the period of Construction of the Capital Improvement.

(k) Amounts payable with respect to costs for the expansion, reinforcement, enlargement or other improvement of land, buildings or facilities which are not a part of the Airport determined by the Authority to be necessary or appropriate in connection with the Construction of a Capital Improvement and the costs associated with the removal from service or reductions in service of any facilities as a result of the expansion, reinforcement, enlargement or other improvement of such facilities in connection with the Construction of the Capital Improvement.

(l) Costs of Issuance of any Obligations relating to the Capital Improvement.

(m) Fees and expenses pursuant to any lending or credit facility or agreement applicable to the period of Construction of the Capital Improvement.

(n) To the extent chargeable to a capital account of the Airport under Generally Accepted Accounting Principles, all other costs incurred by the Authority, properly allocable to the Construction of the Capital Improvement.

“Costs of Issuance” means, with respect to any Obligations, all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the original authorization, execution, sale and delivery of such Obligations, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, including disclosure documents and documents relating to the sale of such Obligations, the initial costs of any Credit Support Instrument and any Reserve Guaranty, the initial fees and charges (including counsel fees) of any Fiduciary and any Credit Provider, legal fees and charges to the Authority, fees and expenses of financial advisors to the Authority, fees and expenses of other consultants and professionals providing services to the Authority, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of such Obligations and any other cost, charge or fee to the Authority or required to be paid by the Authority in connection with the authorization, issuance, sale or original delivery of such Obligations.

“Credit Provider” means any insurance company, bank or other institution which has issued any Credit Support Instrument.

“Credit Provider Bonds” means any Obligations the Purchase Price of which has been paid with funds provided under a Credit Support Instrument for so long as such Obligations are held by or for the account of, or are pledged to, the applicable Credit Provider or any assignee thereof in accordance with the applicable Credit Support Agreement.

“Credit Support Agreement” means, with respect to any Credit Support Instrument, the agreement or agreements (which may be the Credit Support Instrument itself) between the Authority and the applicable Credit Provider providing for, among other things, the reimbursement to the Credit Provider for draws under the applicable Credit Support Instrument, as originally executed or as they may from time to time be supplemented or amended in accordance with the provisions thereof and any applicable Supplemental Indenture or Issuing Instrument. “Credit Support Agreement” also means and includes covenants or agreements of the Authority contained in a Supplemental Indenture or Issuing Instrument providing for the reimbursement to the Credit Provider for draws under the applicable Credit Support Instrument.

“Credit Support Instrument” means a policy of insurance, a letter of credit, a stand-by purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit and/or

liquidity support with respect to the payment of the principal or purchase price of, or interest on, any Obligations; provided that the term shall not include any Reserve Guaranty.

“Customer Facility Charges” means charges collected by the Authority pursuant to the authority granted by the Section 1936 of the Civil Code of the State (or any successor statute including Sections 50474.21 and 50474.3 of the Government Code of the State), as amended and supplemented from time to time, in respect of any component of the Airport and interest earnings thereon, net of amounts that collecting entities are entitled to retain for collecting, handling and remitting such customer facility charge revenues.

“Current Interest Obligation” means an Obligation (including, as the context requires, a Convertible Obligation on and after the applicable Conversion Date), the interest on which is payable currently on each Interest Payment Date.

“Debt Service” means, for any period of time and with respect to any Obligations, the sum of:

(a) the interest payable during such period on the Outstanding Obligations, assuming that all Outstanding Serial Obligations are retired as scheduled and that all Outstanding Term Obligations are redeemed or paid from Sinking Fund Installments as scheduled;

(b) that portion of the principal amount of all Outstanding Serial Obligations maturing on each principal payment date during such period, including the Final Compounded Amount of any Capital Appreciation Obligations which are Serial Obligations;

(c) that portion of the principal amount of all Outstanding Term Obligations required to be redeemed or paid from Sinking Fund Installments becoming due during such period (together with the premiums, if any, thereon), including the Accreted Value of any Capital Appreciation Obligations which are Term Obligations;

(d) the amounts payable as Reimbursement Obligations during such period only to the extent not otherwise included in Debt Service and not otherwise paid as Operating Expenses;

(e) the Purchase Price of Tender Obligations payable by the Authority during such period to the extent that such Tender Obligations have been tendered or deemed tendered for purchase in accordance with the applicable Supplemental Indenture or Issuing Instrument and the Purchase Price is not payable from the proceeds of remarketing or amounts available under a Credit Support Instrument;

(f) the amounts payable by the Authority on Obligations relating to payments due under any Swap minus any payments payable to the Authority under any Swap during such period only to the extent not otherwise included in Debt Service; and

(g) the amounts payable on any other Obligations during such period only to the extent not otherwise included in Debt Service and not otherwise paid as Operating Expenses.

“Defeasance Securities” means any Advance Refunded Municipal Securities and any of the securities described in clause (a) or (b) of the definition of “Permitted Investments” in this Section 1.02.

“Depository” means any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee and its affiliates) which is willing and able to accept the office on reasonable and customary terms, authorized by law to act as a depository for funds of the Authority in accordance with the provisions of the Indenture.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or its successors and assigns. References in the Indenture to DTC shall include any Nominee of DTC in whose name any Bond or other Obligation is registered.

“Effective Date” has the meaning given such term in Section 1.02.

“Electronic Means” means the following communications methods: e-mail, 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.

“Escrow Agent” means the Trustee or a bank or trust company organized under the laws of any state of the United States, or a national banking association, in each case satisfying the financial qualifications of a successor Trustee contained in Section 8.09 and appointed by the Authority to hold in trust moneys set aside for the payment or redemption of, or interest installments on, a Bond or Bonds, or any portion thereof, deemed paid pursuant to Article IX.

“Event of Bankruptcy” means any of the following with respect to any Person: (a) the commencement by such Person of a voluntary case under the Federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or similar laws; (b) failure by such Person to timely controvert the filing of a petition with a court having jurisdiction over such Person to commence, an involuntary case against such Person under the Federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or similar laws; (c) such Person shall admit in writing its inability to pay its debts generally as they become due; (d) a receiver, trustee, custodian or liquidator of such Person or such Person’s assets shall be appointed in any proceeding brought against the Person or such Person’s assets; (e) assignment of assets by such Person for the benefit of its creditors; or (f) the entry by such Person into an agreement of composition with its creditors.

“Event of Default” means an event described as such in Section 10.01.

“Facilities Construction Credits” means the amounts further described herein resulting from an arrangement embodied in a written agreement between the Authority and another Person pursuant to which the Authority permits such Person to make a payment or payments to the Authority which is reduced by the amount owed by the Authority to such Person under such agreement, resulting in a net payment to the Authority by such Person. The “Facilities Construction Credit” shall be deemed to be the amount owed by the Authority under such agreement which is “netted” against the payment of such Person to the Authority.

“Favorable Opinion of Bond Counsel” means, with respect to any action requiring such an opinion, an Opinion of Bond Counsel to the effect that such action shall not, in and of itself, result in the inclusion of interest on the Bonds (or such portion thereof as shall be specified in the applicable provisions of the Indenture requiring such an opinion) in gross income for federal income tax purposes and that such action is authorized by or permitted under the terms of the Indenture.

“Federal Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as the same may be amended and supplemented, and any successor statute.

“Fiduciary” means the Trustee, any Paying Agents for the Obligations appointed as provided in Section 8.02 and any Escrow Agent, tender agent or other fiscal agent for the Obligations appointed pursuant to a Supplemental Indenture or Issuing Instrument.

“Fifth Supplemental Indenture” means the Fifth Supplemental Indenture of Trust, dated as of May 1, 2024, between the Authority and the Trustee, related to the Series 2024 Bonds.

“Final Compounded Amount” means the Accreted Value of any Capital Appreciation Obligation on its maturity date (or, as the context requires, the Accreted Value of any Convertible Obligation on its Conversion Date).

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the Authority.

“Fitch” means Fitch Ratings and any successor entity rating Obligations at the request of the Authority.

“Fund” means a fund established and maintained under the Indenture.

“Generally Accepted Accounting Principles” means the accounting principles generally accepted in the United States applied on a consistent basis that are applicable to the circumstances as of the date of determination as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants applicable to a government-owned airport applying all statements and interpretations issued by the Governmental Accounting Standards Board and, to the extent adopted by the Authority from time to time: (i) the statements and pronouncements of the Financial Accounting Standards Board; and (ii) the statements and pronouncements of such other entity or entities as may be approved by a significant segment of the accounting profession.

“Grant Funds” means grants to be provided to the Authority by the United States or the State pursuant to a Letter of Intent in connection with Airport facilities or projects, including noise abatement projects for facilities which are not a part of the Airport, and which grants are permitted by the terms thereof to be used for the payment of Obligations.

“Independent Certified Public Accountant” means any firm of certified public accountants selected by the Authority, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Indenture” means this Master Indenture, as supplemented and amended from time to time by Supplemental Indentures.

“Initial Amount” means the Accreted Value of a Capital Appreciation Obligation on its date of issuance.

“Interest Payment Date” means, with respect to a Series of Obligations, each date on which interest on Obligations of such Series is scheduled to be paid as set forth in, or determined in accordance with, the Supplemental Indenture or Issuing Instrument relating to such Series.

“Issuing Instrument” means, with respect to any Obligations other than Bonds (Bonds shall be issued pursuant to a Supplemental Indenture), the indenture, trust agreement, loan agreement, lease, installment purchase agreement, revolving credit agreement, Credit Support Agreement, Swap or other instrument or agreement pursuant to which such Obligations are issued or incurred.

“Joint Powers Act” means the Joint Exercise of Powers Act of the State constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended and supplemented.

“Joint Powers Agreement” means that certain Amended and Restated Joint Exercise of Powers Agreement Among the Cities of Burbank, Glendale and Pasadena Creating an Agency to be Known as the Burbank-Glendale-Pasadena Airport Authority, dated as of September 15, 1991, as amended by the First Amendment to Amended and Restated Joint Exercise of Powers Agreement, dated as of November 25, 2003, as further amended by the Second Amendment to Amended and Restated Joint Exercise of Powers Agreement, dated as of January 10, 2017, each among the City of Burbank, the City of Glendale and the City of Pasadena, as the same may be further amended and supplemented.

“Junior Subordinate Bonds” means Bonds issued for the purpose set forth in Section 2.05 and/or Section 2.06 and satisfying the conditions of Section 2.10, which are subordinated as provided in Section 2.10.

“Junior Subordinate Fund” means the fund so designated, established pursuant to Section 5.01.

“Junior Subordinate Obligations” means any Junior Subordinate Bonds and any Obligations (or portions thereof) which are subordinated as provided in Section 2.10 and that satisfy the conditions of Sections 2.07 and 2.10, including without limitation any Termination Payments under Qualified Swaps for Subordinate Bonds, Reimbursement Obligations related to Junior Subordinate Bonds and Net Payments and Termination Payments under Swaps related to Junior Subordinate Bonds.

“Junior Subordinate Payment Default” means a failure to pay when due any Junior Subordinate Obligations.

“Letter of Intent” means a written commitment to make grant payments to the Authority (which commitment may be subject to appropriations) from the United States of America or any department or agency thereof, including the Federal Aviation Administration of the United States Department of Transportation and the Transportation Security Administration of the United States Department of Homeland Security, or from the State or any department or agency of the State.

“Master Indenture” means this Amended and Restated Master Indenture of Trust, dated as of May 1, 2005, and amended and restated as of May 1, 2024, between the Authority and the Trustee, as the provisions hereof may be modified or amended from time to time in accordance with Article VII.

“Maximum Aggregate Adjusted Annual Debt Service” means, as of any date of calculation, the maximum amount of Aggregate Adjusted Annual Debt Service with respect to all applicable Outstanding Obligations in the then current or any future Fiscal Year.

“Moody’s” means Moody’s Investors Service, Inc. and any successor entity rating Obligations at the request of the Authority.

“Net Payment” means, with respect to a Swap, the amount payable by the Authority on each scheduled payment date under such Swap net of the amount payable by the counterparty under such Swap on such scheduled payment date.

“Net Proceeds” means (a) insurance proceeds received as a result of damage to or destruction of Airport facilities (other than Special Facilities so long as Special Facility Obligations are Outstanding with respect to the damaged or destroyed Special Facilities) and (b) any condemnation award or amounts received by the Authority from the sale of Airport land or facilities under the threat of condemnation (other than Special Facilities so long as Special Facility Obligations are Outstanding with respect to such condemned or sold Special Facilities) less (c) expenses (including attorneys’ fees and expenses and any fees and expenses of the Trustee) incurred in the collection of such proceeds, sale or award.

“Net Proceeds Fund” means the Fund so designated, established pursuant to Section 5.01.

“Net Revenues” mean, for any period of time, the Revenues for such period less the Operating Expenses for such period.

For purposes of complying with any of the requirements set forth in Section 2.08, Section 2.09 or Section 6.05(b), any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the Authority with respect to or in connection with the specified Obligations during such period of time.

“Nominee” means the nominee of the Securities Depository for the Book-Entry Bonds in whose name such Bonds are to be registered. The initial Nominee shall be Cede & Co., as the nominee of DTC.

“Obligations” means with respect to any Person and without duplication: (a) obligations of such Person with respect to borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), (d) all obligations of such Person as lessee under finance leases, (e) all indebtedness of others secured by a lien on any asset of such Person, whether or not such indebtedness is assumed by such Person, (f) all indebtedness of others guaranteed by such Person, and (g) all obligations of such Person under a Swap.

“Operating Expenses” means the reasonable and necessary costs and expenses of operating, maintaining and administering the Airport, determined in accordance with Generally Accepted Accounting Principles, including (among other things) charges under management agreements for the operation and maintenance of the Airport, salaries and wages and payments for associated benefits including payments in connection with medical, pension and post-retirement medical plans, fees for services, costs of materials, supplies and fuel, reasonable expenses of management, repairs and other expenses necessary to maintain and preserve the Airport in good repair and working order, reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, legal fees and expenses, the costs of Capital Improvements to the extent said Capital Improvements are budgeted to be paid from the Operating Fund, the fees and expenses of the Fiduciaries, the fees and expenses of remarketing agents, auction agents and dealers, the regularly scheduled fees to be paid pursuant to any Credit Support Agreement, expenses incurred in connection with the purchase or redemption of Obligations, and all other costs (including overhead of officers and employees of the member cities of the Authority) properly allocable to the operation, maintenance or administration of the Airport, but excluding in all cases:

- (a) amortization of intangibles or other bookkeeping entries of a similar nature;
- (b) amortization and depreciation of Airport facilities and assets;
- (c) charges for the payment of principal, Redemption Price, Purchase Price, interest or other payments on any Obligations;
- (d) any items chargeable to a capital account;
- (e) any loss from the sale, exchange or other disposition of capital assets of the Airport;
- (f) any unrealized losses on securities held for investment by or on behalf of the Authority;
- (g) any losses resulting from changes in valuation of any Swap;
- (h) any unrealized losses from the write-down, reappraisal or revaluation of assets including investments for “other than temporary” declines in book value;
- (i) any extraordinary losses;
- (j) any loss resulting from extinguishment of indebtedness;
- (k) the costs and expenses of operating, maintaining and administering any Special Facility;
- (l) any costs and expenses paid or expected to be paid, or for which the Authority (or an entity controlled by the Authority) is or is expected to be reimbursed, from or through any source (including Released Revenues) that is not included or includable in the definition of “Revenues” in this Section 1.02, as determined by the Authority and described in a certificate of an Authorized Authority Representative delivered to the Trustee; and
- (m) any costs and expenses to the extent such costs and expenses are directly related or reasonably allocable to a category of Released Revenues, as determined by the Authority and described in a certificate of an Authorized Authority Representative delivered to the Trustee.

For purposes of testing compliance with the rate covenant described in Section 6.05 and the limitations on the issuance of Obligations contained in Section 2.08, Section 2.09 or Section 2.10, Operating Expenses will be calculated based upon Generally Accepted Accounting Principles, except that such calculation will include and exclude those items specifically included or excluded above.

“Operating Fund” means the Fund so designated, established pursuant to Section 5.01.

“Operating Reserve Account” means the Account in the Operating Fund so designated, established pursuant to Section 5.01.

“Operating Reserve Requirement” means, as of any date of calculation, an amount equal to twenty-five percent (25%) of the amount included in the then current Annual Budget for Operating Expenses.

“Opinion of Bond Counsel” means a written opinion signed by Bond Counsel.

“Original Master Indenture” means the Master Indenture of Trust, dated as of May 1, 2005, between the Authority and the Trustee, as supplemented and amended to the date hereof.

“Outstanding” means as of any particular time: (a) with respect to Bonds, except as otherwise provided in Article VII, all Bonds theretofore or thereupon being issued by the Authority except (i) Bonds theretofore cancelled or surrendered to the Trustee for cancellation; (ii) subject to the provisions of Section 9.01(c), Bonds paid or deemed to be paid pursuant to the provisions of Article IX; and (iii) Bonds in lieu of or in substitution for which replacement Bonds have been issued; and (b) with respect to any other Obligations, all such Obligations other than Obligations no longer outstanding under the provisions of the Issuing Instrument relating to such Obligations.

“Owner” means, with respect to a Bond, the registered owner of such Bond as set forth in the Bond Register. “Owner”, when used with respect to an Obligation other than Bonds means the registered owner or holder of such Obligation as set forth in the Bond Register, or with respect to Reimbursement Obligations, means the related Credit Provider under the Credit Support Instrument pursuant to which such Reimbursement Obligation was created and such Credit Provider’s permitted successors and assigns.

“Participants” means, with respect to a Securities Depository for Book-Entry Bonds, those participants listed in such Securities Depository’s book-entry system as having an interest in such Bonds.

“Participating Senior Bonds” means the Senior Bonds of each Series except any Series of Senior Bonds which, pursuant to the terms of the Supplemental Indenture relating to such Series, is not secured by amounts in the Senior Debt Service Reserve Fund.

“Participating Subordinate Bonds” means the Subordinate Bonds of each Series except any Series of Subordinate Bonds which, pursuant to the terms of the Supplemental Indenture relating to such Series, is not secured by amounts in the Subordinate Debt Service Reserve Fund.

“Passenger Facility Charges” means charges collected by the Authority pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990, the Aviation Investment Reform Act of 2000 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport 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,” when used with reference to any Series of Obligations, means any commercial bank or trust company organized under the laws of any state of the United States of America, or any national banking association, designated as paying agent for the Obligations of such Series, and its successor or successors appointed in the manner provided in the Indenture.

“Permitted Investments” means any of the following:

- (a) Direct obligations of the United States (including obligations issued or held in book-entry form on the books of the Department of the Treasury (including but not limited to SLGS), and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Farmers Home Administration (“FmHA”)
Certificates of beneficial ownership
- (ii) Federal Housing Administration (“FHA”)
Debentures
- (iii) General Services Administration
Participation certificates
- (iv) Government National Mortgage Association (“GNMA”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (participation certificates)
- (v) United States Maritime Administration
Guaranteed Title XI financing
- (vi) United States Department of Housing and Urban Development
Capital Improvement Notes
Local Agency Bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Federal Home Loan Bank System
Senior debt obligations
- (ii) Federal Home Loan Mortgage Corporation (“FHLMC”)
Participation Certificates
Senior debt obligations
- (iii) Federal National Mortgage Association (“FNMA”)
Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal)
- (iv) Student Loan Marketing Association
Senior debt obligations
- (v) Resolution Funding Corporation (“REFCORP”)
Obligations (only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable)
- (vi) Farm Credit System
Consolidated system-wide bonds and notes

(d) Money market funds rated at least “AAAm-G” or “AAAm” by S&P or “Aaa” by Moody’s including funds for which the Trustee or any of its affiliates (including any holding company, subsidiaries, or other affiliates) provides investment advisory or other management services, provided such funds satisfy the criteria herein contained.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks (including affiliates of the Trustee), savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Authority or the Trustee must have a perfected first priority security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation. Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, or bankers acceptances of depository institutions, including the Trustee or any of its affiliate.

(g) Investment agreements with, or guaranteed by, a domestic or foreign bank, financial institution or corporation or other entity the long-term debt of which is rated at the time of execution in the top three rating categories (without regard to modifiers) by S&P and Moody's, and which agreements are acceptable to each Credit Provider whose acceptance is required by a Supplemental Indenture, an Issuing Instrument or a Credit Support Agreement.

(h) Commercial paper rated, at the time of purchase, at least "P-1" by Moody's and "A-1" by S&P and which matures not later than 270 calendar days after the date of purchase.

(i) Bonds, notes, or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are rated by Moody's and S&P in the highest rating category assigned by such Rating Agencies and general obligations of such states rated at least "A2" by Moody's and "A" by S&P.

(j) United States dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including those of the Trustee and its affiliates) which has an unsecured, uninsured and unguaranteed obligation rating on their short-term certificates of deposit on the date of purchase of at least "P-1" by Moody's and "A-1" by S&P and maturing not more than 180 calendar days after the date of purchase.

(k) Repurchase Agreements for 30 days or less must satisfy the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to each Credit Provider whose acceptance is required by a Supplemental Indenture, an Issuing Instrument or a Credit Support Agreement.

(i) Repurchase agreements must be between the Authority or the Trustee and a dealer bank or securities firm

(1) Primary dealers on the Federal Reserve reporting dealer list must be rated at the time of execution at least "A" by S&P and Moody's (without regard to modifiers), or

(2) Banks must be rated at the time of execution at least "A" by S&P and Moody's (without regard to modifiers).

(ii) The written repurchase agreements contract must include the following:

(1) Securities which are acceptable for transfer are:

(a) Securities described in subsection (a) or (b) of this definition, or

(b) Securities of FNMA or FHLMC described in subsection (c) of this definition.

- (2) The collateral must be delivered to the Authority, the Trustee or third party acting as agent for the Trustee before/simultaneously with payment.
- (3) Valuation of Collateral
 - (a) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
- (iii) The value of collateral in the case of securities described in subsections (a) or (b) of this definition must be equal to 104% of the amount of cash transferred by the Authority or the Trustee to the dealer bank or security firm under the repurchase agreement plus accrued interest. The value of collateral in the case of securities of FNMA or FHLMC described in subsection (c) of this definition must be equal to 105% of the amount of cash transferred by the Authority or the Trustee to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral falls below the required percentage of the value of the cash transferred, then additional cash and/or acceptable securities must be transferred.
- (iv) Legal Opinion. An opinion of counsel selected by the Authority, which may be in-house counsel to the Authority or other counsel retained by the Authority, to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds must be received by the Authority or the Trustee.
- (l) Any State administered pool investment fund in which the Authority is statutorily permitted or required to invest will be deemed a permitted investment, including, but not limited to the Local Agency Investment Fund (LAIF) in the treasury of the State.
- (m) Advance Refunded Municipal Securities.
- (n) Negotiable and non-negotiable certificates of deposit or thrift or bank notes issued by a state or national bank or a state-licensed branch of a foreign bank (excluding the Trustee) that have maturities of not more than three hundred sixty-five (365) days and that are fully insured by the Federal Deposit Insurance Corporation or the short-term obligations of which state or national bank or state-licensed branch of a foreign bank are rated no lower than "A1" by Moody's and "A+" by S&P, or medium-term notes with a maximum maturity of five (5) years and subject to the same credit qualifications contained herein.
- (o) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
 - (i) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - (ii) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive.
 - (iii) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).
- (p) Any other obligations or investments that are permissible investments of the Authority as stated in its current investment policy.

(q) Any other forms of investments relating to proceeds of a Series of Obligations if approved in writing by the Credit Provider for such Series.

Ratings of Permitted Investments referred to herein shall be determined at the time of purchase of such Permitted Investments and without regard to rating subcategories. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments or the responsibility to validate the ratings of Permitted Investments prior to the initial purchase.

“Person” means an individual, corporation, firm, association, partnership, trust or other entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Office” means, with respect to: (i) the Trustee, the principal office of such Trustee in Los Angeles, California; and (ii) a Paying Agent or a Credit Provider, the office designated as such in writing by such party to the Trustee; provided however that with respect to presentation of Obligations for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee or other Fiduciary at which, at any particular time, its corporate trust agency business shall be conducted.

“Purchase Price” means, with respect to Tender Obligations, the purchase price set forth in, or determined pursuant to, the Supplemental Indenture or Issuing Instrument relating to such Series to be paid to the Owners of such Obligations when such Obligations are tendered for purchase or deemed tendered for purchase in accordance with the provisions of such Supplemental Indenture or Issuing Instrument.

“Qualified Counterparty” means a party (other than the Authority) to a Swap (1) (a) who is rated, at the time of execution of such Swap, in the two highest rating categories (without regard to any gradations within a rating category) by at least two nationally recognized rating agencies, (b) whose senior debt obligations are rated, at the time of execution of such Swap, in the two highest rating categories (without regard to any gradations within a rating category) by at least two nationally recognized rating agencies or guaranteed by an entity so rated, (c) whose obligations under such Swap are guaranteed for the entire term of the Swap by a bond insurer or other institution which has been assigned a credit rating, at the time of execution of such Swap, in the two highest rating categories (without regard to any gradations within a rating category) by at least two nationally recognized rating agencies, or (d) whose obligations under such Swap are collateralized in such a manner as to obtain a rating, at the time of execution of such Swap, by in the two highest rating categories (without regard to any gradations within a rating category) by at least two nationally recognized rating agencies; and (2) who is otherwise qualified to act as the other party to such Swap under all applicable laws of the State.

“Qualified Self-Insurance” has the meaning given such term pursuant to Section 6.07.

“Qualified Swap” means a Swap satisfying the conditions of Section 2.08(a) or Section 2.09(a).

“Rating Agency” means, as of any time and to the extent it is then providing or maintaining a rating on Obligations at the request of the Authority, each of Moody’s, S&P and Fitch, or in the event that neither Moody’s, S&P or Fitch then maintains a rating on Obligations at the request of the Authority, any other nationally recognized rating agency then providing or maintaining a rating on Obligations at the request of the Authority.

“Rating Category” means (a) with respect to any long-term rating category of a Rating Agency, 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 of a Rating Agency, 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.

“Rating Confirmation” means written evidence from each Rating Agency then rating Outstanding Obligations at the request of the Authority to the effect that, following the event which requires the Rating Confirmation, the then current rating for each Outstanding Obligation shall not be lowered or withdrawn solely as a result of the occurrence of such event. If no rating is in effect with respect to any Series of Obligations, references to “Rating Confirmation” herein shall be considered deleted and none shall be required with respect to such Series.

“Rebate Fund” means the Fund so designated, established pursuant to Section 5.01.

“Rebate Instructions” means the instructions by an Authorized Authority Representative as to the deposit of moneys in the Rebate Fund, the investment of moneys in Rebate Fund and the payment of moneys from the Rebate Fund given, with respect to each Series of Obligations, in accordance with the Tax Certificate, if any, relating to such Series of Obligations.

“Record Date” means, with respect to an Interest Payment Date for a Series of Bonds, the date or dates specified as such in the Supplemental Indenture relating to such Series of Bonds.

“Redemption Date” means, with respect to any Bonds to be redeemed in accordance with this Master Indenture and the Supplemental Indenture relating to such Bonds, the redemption date set forth in notice of redemption of such Bonds given in accordance with the terms of the Indenture.

“Redemption Price” means, with respect to any redemption of an Obligation prior to its maturity, the amount to be paid upon such redemption as set forth in, or determined in accordance with, the Supplemental Indenture or Issuing Instrument relating to such Obligation.

“Refunding Bonds” means Bonds issued in accordance with the terms and conditions of this Master Indenture for a purpose set forth in Section 2.06 and satisfying the conditions of Section 2.08, with respect to Senior Bonds, or Section 2.09, with respect to Subordinate Bonds, or Section 2.10, with respect to Junior Subordinate Bonds.

“Refunding Senior Obligations” means Senior Obligations, including Refunding Bonds, issued for a purpose set forth in Section 2.06, that satisfy the conditions set forth in Section 2.08.

“Refunding Subordinate Obligations” means Subordinate Obligations, including Refunding Bonds issued for a purpose set forth in Section 2.06, that satisfy the applicable conditions set forth in Section 2.09 and which are subordinated as provided in Section 2.09.

“Reimbursement Obligations” means the obligations of the Authority to pay from the Net Revenues amounts due under a Credit Support Agreement.

“Released Revenues” means a category of income, receipts and other revenues of the Authority which are excluded from the definition of “Revenues” in this Section 1.02 pursuant to Section 2.14.

“Released Revenues Related Expenses” means costs and expenses described in subparagraph (m) of the definition of “Operating Expenses” in this Section 1.02.

“Representation Letter” means the letter or letters of representation from the Authority to, or other instrument or agreement with, a Securities Depository for Book-Entry Bonds, in which the Authority, among other things, makes certain representations to the Securities Depository with respect to the Book-Entry Bonds, the payment thereof and delivery of notices with respect thereto.

“Reserve Guaranty” means a policy of insurance or surety bond or a letter of credit or other financial arrangement issued by a Reserve Guaranty Provider, satisfying the requirements to be set forth in the Supplemental Indenture or other Issuing Instrument pursuant to which such Obligations are issued.

“Reserve Guaranty Agreement” means an agreement between the Authority and a Reserve Guaranty Provider under which, among other things, the Authority agrees to reimburse the Reserve Guaranty Provider for amounts drawn under the applicable Reserve Guaranty and to pay interest on such amounts and expense related thereto. “Reserve Guaranty Agreement” also means and includes covenants or agreements of the Authority contained in a Supplemental Indenture or Issuing Instrument providing for the reimbursement to the Reserve Guaranty Provider for draws under the applicable Reserve Guaranty.

“Reserve Guaranty Provider” means any insurance company, bank or other institution which has issued a Reserve Guaranty.

“Revenues” mean all income, receipts, earnings and revenues (including, but not limited to, any Subsidy) received by or accrued to the Authority, excluding the following (except to the extent deposited in the Revenue Fund):

- (a) gifts, grants and other funds otherwise included in this definition of “Revenues” which are restricted by their terms to purposes inconsistent with the payment of Operating Expenses or Debt Service on Obligations (including any security deposits provided to the Authority from airline companies);
- (b) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds are restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Operating Expenses or Debt Service on Obligations;
- (c) except as and to the extent included in calculations made pursuant to Section 2.08(e), Section 2.09(e) and Section 6.05(b), any Transfer;
- (d) except as provided in Sections 2.11(d) and (e), any Special Facility Revenue;
- (e) any gain or loss from the sale, exchange or other disposition of capital assets of the Authority;
- (f) any Released Revenues;
- (g) any unrealized gains on securities held for investment by or on behalf of the Authority;
- (h) any gains or losses resulting from changes in valuation of any Swap;
- (i) any unrealized gains or losses from the write-down, reappraisal or revaluation of assets;
- (j) the proceeds of Obligations;
- (k) any Termination Payments paid to the Authority upon the termination of a Swap;
- (l) Facilities Construction Credits;
- (m) Passenger Facility Charges;
- (n) Customer Facility Charges;
- (o) Grant Funds;
- (p) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Obligations;
- (q) any arbitrage earnings which are required to be paid to the United States of America pursuant to Section 148 of the Code; and
- (r) interest earnings or other investment earnings on the Net Proceeds Fund and any Account in the Construction Fund established by any Supplemental Indenture unless otherwise provided in such Supplemental Indenture.

For purposes of testing compliance with the rate covenant described in Section 6.05 and the limitations on the issuance of Obligations contained in Section 2.08, Section 2.09 or Section 2.10, Revenues will be calculated

based upon Generally Accepted Accounting Principles, except that such calculation will include and exclude those items specifically included or excluded above or in the definition of Accrued Debt Service or Aggregate Adjusted Annual Debt Service, as applicable.

“Revenue Fund” means the Fund so designated, established pursuant to Section 5.01.

“Rule 15c2-12” means Rule 15c2-12 of the Securities and Exchange Commission adopted pursuant to the Securities Exchange Act of 1934, as amended, as the same may be amended and supplemented from time to time.

“S&P” means Standard & Poor’s Rating Services, a Division of the McGraw-Hill Companies, and any successor entity rating Obligations at the request of the Authority.

“Securities Depository” means a trust company or other entity which provides a book-entry system for the registration of ownership interests of Participants in securities and which is acting as security depository for Book-Entry Bonds.

“Senior Bonds” means the 2012 Series Bonds, the Series 2024 Bonds and the Bonds issued for the purpose set forth in Section 2.05 and/or Section 2.06 and satisfying the conditions of Section 2.08, which have the priority set forth in Section 2.08.

“Senior Debt Service Fund” means the Fund so designated, established pursuant to Section 5.01.

“Senior Debt Service Reserve Fund” means the Fund so designated, established pursuant to Section 5.01.

“Senior Debt Service Reserve Requirement” means: (i) with respect to the Senior Debt Service Reserve Fund, as of any date of calculation, an amount equal to the least of (a) 10% of the initial offering price to the public of the Participating Senior Bonds as determined under the Code, or (b) the greatest amount of Bond Debt Service for the Participating Senior Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Participating Senior Bond is due, or (c) 125% of the sum of the Bond Debt Service for the Participating Senior Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made (or if appropriate, the first full Fiscal Year following the issuance of any Participating Senior Bonds) and terminating with the last Fiscal Year in which any Bond Debt Service for the Participating Senior Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Authority and specified in writing to the Trustee; (ii) with respect to any Senior Series Debt Service Reserve Fund, the amount specified as such in the Supplemental Indenture establishing such Senior Series Debt Service Reserve Fund; and (iii) with respect to any debt service reserve for Senior Obligations other than the Senior Debt Service Reserve Fund or a Senior Series Debt Service Reserve Fund, the amount, if any, specified in the applicable Issuing Instrument establishing such debt service reserve as the Senior Debt Service Reserve Requirement for such debt service reserve.

“Senior Obligations” means Senior Bonds, the Commercial Paper Notes, the Commercial Paper Reimbursement Obligations and any Obligations (or portions thereof) which have the priority set forth in Section 2.08 and that satisfy the conditions of Sections 2.07 and 2.08, including without limitation Reimbursement Obligations related to Senior Bonds and Net Payments due under Qualified Swaps related to Senior Bonds but excluding Termination Payments under Qualified Swaps related to Senior Bonds.

“Senior Series Debt Service Reserve Fund” means any fund established pursuant to a Supplemental Indenture in connection with the issuance of any Series of Senior Bonds other than Participating Senior Bonds and that is required to be funded for the purpose of providing additional security for such Series of Senior Bonds and, under the conditions provided in such Supplemental Indenture, to provide additional security for such other Series of Senior Bonds as shall satisfy such conditions.

“Serial Obligations” means Obligations for which no Sinking Fund Installments are established.

“Series” means Obligations issued at the same time or sharing some other common term or characteristic and designated in the Supplemental Indenture or Issuing Instrument pursuant to which such Obligations were issued as a separate issue or series of Obligations. If not otherwise indicated in a Supplemental Indenture or Issuing Instrument, the Obligations related to such Supplemental Indenture or Issuing Instrument will constitute a single Series.

“Series 2024 Bonds” means the Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series A (Non-AMT), 2024 Series B (AMT) and 2024 Series C (Taxable).

“SIFMA Index” means the Securities Industry & Financial Markets Association (formerly The Bond Market Association) (“SIFMA”) Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or otherwise designated by SIFMA.

“Significant Portion” means, for purposes of Section 6.06, any Airport facilities or portions thereof which, if such facilities had been sold or disposed of on the date which is one year prior to the last day of the month preceding the month of sale or disposition of the facilities pursuant to Section 6.06, would have resulted in a reduction of Net Revenues for such year of more than 5% when actual Net Revenues for such year are decreased by Revenues directly attributable to such Airport facilities and increased by the Operating Expenses directly attributable to such Airport facilities.

“Sinking Fund Installment” means, with respect to any Term Obligations, each amount so designated for such Term Obligations in the Supplemental Indenture or Issuing Instrument relating to such Obligations requiring payments of such amounts by the Authority from the Net Revenues to be applied to the retirement of such Obligations on and prior to the stated maturity date thereof.

“SOFR Index” means, for any day, the one-month forward looking secured overnight financing rate as administered by the CME Group Benchmark Administration Limited (CBA) (or a successor administrator selected by the Authority).

“Special Facilities” or “Special Facility” mean a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the provisions of Section 2.11.

“Special Facility Obligations” means Obligations issued or incurred pursuant to an Issuing Instrument to finance or refinance Special Facilities and which are not payable from the Net Revenues or secured by a lien on and/or pledge of the Revenues but which are payable from, and secured by a pledge and lien on, only revenues derived from the financed Special Facilities.

“Special Facility Revenue” means the contractual payments and all other revenues derived by the Authority from a Special Facility which are pledged to secure Special Facility Obligations.

“Special Record Date” has the meaning set forth in Section 3.01(g).

“Specified Capital Improvement” means a Capital Improvement specified in a Supplemental Indenture or Issuing Instrument the costs of which are to be funded in whole or in part, with the proceeds of Obligations.

“State” means the State of California.

“Subordinate Bonds” means Bonds issued for the purpose set forth in Section 2.05 and/or Section 2.06 and satisfying the conditions of Section 2.09, which are subordinated as provided in Section 2.09.

“Subordinate Debt Service Fund” means the Fund so designated, established pursuant to Section 5.01.

“Subordinate Debt Service Reserve Fund” means the Fund so designated, established pursuant to Section 5.01.

“Subordinate Debt Service Reserve Requirement” means: (i) with respect to the Subordinate Debt Service Reserve Fund, as of any date of calculation, an amount equal to the least of (a) 10% of the initial offering price to the public of the Participating Subordinate Bonds as determined under the Code, or (b) the greatest amount of Bond Debt Service for the Participating Subordinate Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Participating Subordinate Bond is due, or (c) 125% of the sum of the Bond Debt Service for the Participating Subordinate Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made (or if appropriate, the first full Fiscal Year following the issuance of any Participating Subordinate Bonds) and terminating with the last Fiscal Year in which any Bond Debt Service for the Participating Subordinate Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Authority and specified in writing to the Trustee; (ii) with respect to any Subordinate Series Debt Service Reserve Fund, the amount specified as such in the Supplemental Indenture establishing such Subordinate Series Debt Service Reserve Fund; and (iii) with respect to any debt service reserve for Subordinate Obligations other than the Subordinate Debt Service Reserve Fund or a Subordinate Series Debt Service Reserve Fund, the amount, if any, specified in the applicable Issuing Instrument establishing such debt service reserve as the Subordinate Debt Service Reserve Requirement for such debt service reserve.

“Subordinate Obligation” means any Subordinate Bonds and any Obligations (or portions thereof) which are subordinated as provided in Section 2.09 and that satisfy the conditions of Sections 2.07 and 2.09, including without limitation Termination Payments under Qualified Swaps related to Senior Bonds, Reimbursement Obligations related to Subordinate Bonds and Net Payments under Qualified Swaps related to Subordinate Bonds but excluding Termination Payments under Qualified Swaps related to Subordinate Bonds.

“Subordinate Payment Default” means a failure to pay when due any Subordinate Obligations.

“Subordinate Series Debt Service Reserve Fund” means any fund established pursuant to a Supplemental Indenture in connection with the issuance of any Series of Subordinate Bonds other than Participating Subordinate Bonds and that is required to be funded for the purpose of providing additional security for such Series of Subordinate Bonds and, under the conditions provided in such Supplemental Indenture, to provide additional security for such other Series of Subordinate Bonds as shall satisfy such conditions.

“Subsidy” means any subsidy, reimbursement or other payment from the federal government of the United States of America to the Authority under direct-pay subsidy programs substantially similar to the Build America Bond program under Section 54AA of the Code.

“Supplemental Indenture” means any supplemental indenture supplementing or amending the Indenture as theretofore in effect, entered into by the Authority and the Trustee in accordance with Article VII.

“Surplus Fund” means the Fund so designated, established pursuant to Section 5.01.

“Swap” means any contract, agreement or arrangement between the Authority and a counterparty (i) providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, (ii) providing for the exchange of cash flows or a series of payments, or (iii) providing for the hedge of payment, currency, rate spread or similar exposure, including but not limited to interest rate exposure. The term “Swap” includes any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure.

“Tax Certificate” means a certificate relating to the requirements of the Code signed on behalf of the Authority and delivered in connection with the issuance of a Series of Obligations constituting Tax-Exempt Securities.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Obligations, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a “substantial user” of facilities financed with such obligations or a “related person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“Tax-Exempt Securities” means bonds, notes or other securities the interest on which is Tax-Exempt.

“Tender Obligations” means any Obligations or portions of Obligations, a feature of which is an option or obligation, on the part of the Owners thereof under the terms of such Obligations, to tender for purchase all or a portion of such Obligations to the Authority, a fiscal agent, a paying agent, a tender agent or other agent.

“Termination Payment” means, with respect to a Swap, the amount payable by the Authority or the counterparty as a result of the termination of such Swap prior to its scheduled expiration date.

“Term Obligations” means Obligations as to which Sinking Fund Installments have been established.

“Test Year” means, with respect to the issuance of Refunding Senior Obligations pursuant to Section 2.08(b)(ii) or Refunding Subordinate Obligations pursuant to Section 2.09(b)(ii), the period commencing in the Fiscal Year in which such Obligations are issued and ending in the last Fiscal Year in which Obligations which are Outstanding both immediately prior to and immediately after the issuance of such Obligations are scheduled to remain Outstanding.

“Third Supplemental Indenture” means the Third Supplemental Indenture of Trust, dated as of May 1, 2012, between the Authority and the Trustee, related to the 2012 Series Bonds.

“Transfer” means with respect to a Fiscal Year or 12-month period, as applicable, (a) the amount in the Surplus Fund on the last Business Day of such Fiscal Year or 12-month period, as applicable, plus (b) any amounts withdrawn from the Surplus Fund during such Fiscal Year or 12-month period, as applicable, to pay Operating Expenses and to make any required payments or deposits to pay or secure the payment of principal, Purchase Price or Redemption Price of or interest on Obligations, less (c) any amounts credited to the Surplus Fund from the Revenue Fund during such Fiscal Year or 12-month period, as applicable.

“Trust Estate” means, subject to the provisions of the Indenture and any applicable Issuing Instrument permitting the application thereof for the purposes and on the terms and conditions set forth therein and subject to the rights of the Authority to release categories of Revenues from the Trust Estate as provided in Section 2.14: (i) the Net Revenues; (ii) each Credit Support Instrument, including all payments thereunder; (iii) each Reserve Guaranty, including all payments thereunder; (iv) the Construction Fund, the Net Proceeds Fund, the Revenue Fund, the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund, the Junior Subordinate Fund, the Surplus Fund, each Senior Series Debt Service Reserve Fund and each Subordinate Series Debt Service Reserve Fund, including all Accounts in any of the foregoing, all money, instruments, investment property, and other property on deposit in or credited to any such Fund or Account, and all property, including Permitted Investments, purchased with money on deposit in or credited to any such Fund or Account; (vi) any additional property that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by the Authority or by anyone on its behalf which additional property the Trustee is authorized and directed to accept as part of the Trust Estate and any additional property in which a security interest is granted pursuant to a Supplemental Indenture or an Issuing Instrument to the extent provided in such Supplemental Indenture or Issuing Instrument; and (vii) all proceeds of the foregoing.

“Trustee” means The Bank of New York Trust Company, N.A., and any successor trustee under the Indenture satisfying the requirements of Section 8.09.

“Variable Rate Obligations” means any Obligation the interest rate on which is not fixed to the final maturity date thereof.

“2012 Series Bonds” means the Burbank-Glendale-Pasadena Airport Authority Airport Revenue Bonds, 2012 Series A (AMT) and 2012 Taxable Series B.

“2012 Pledged Customer Facility Charges” has the meaning given such term in Third Supplemental Indenture.

Section 1.03. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neutral genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including districts, agencies and other public bodies, as well as natural persons. Unless otherwise indicated, references in this Master Indenture to subsections, Sections and Articles are to such subsections, Sections and Articles of this Master Indenture. Unless the context requires otherwise, the terms “herein,” “hereof,” “hereunder” and any similar terms, as used in this Master Indenture, shall refer to this Master Indenture as a whole and not to any particular provisions of this Master Indenture. Defined terms shall include any variant of the terms set forth in this Article.

The term “principal” when used with reference to a Capital Appreciation Obligation as of its maturity date (or, as the context requires, the applicable Conversion Date with respect to a Convertible Obligation) shall refer to the Final Compounded Amount of such Capital Appreciation Obligation and as to any other date, the Accreted Value of such Capital Appreciation Obligation as of such date. The term “principal” when used with reference to an Obligation which is a Reimbursement Obligation shall refer to the amount advanced by the Credit Provider to the extent not included in Obligations as Credit Provider Bonds. The term “principal” when used with reference to any Obligation which is a Swap shall be equal to zero. The designation of zero as the principal amount of such Obligation shall not in any manner affect the obligation of the Authority to pay such Obligation. The term “interest” when used with reference to any Obligation which is a Qualified Swap shall refer to the Net Payments due under such Qualified Swap.

The term “issue” shall include issuance, creation, incurrence, entering into an agreement for and any other act pursuant to which a Person may become obligated with respect to an Obligation. The term “include” shall not be construed to be limited to the items or the type of items listed after such word, which items are by way of example and not limitation, but the term shall be construed as meaning “including without limitation.”

Section 1.04. Authority for this Master Indenture. This Master Indenture is entered into by the Authority pursuant to the provisions of the Joint Powers Act, the Joint Powers Agreement and other applicable provisions of State law.

Section 1.05. Application of Generally Accepted Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with Generally Accepted Accounting Principles in effect on, at the sole option of the Authority, (i) the date such determination or computation is made for any purpose of the Indenture or (ii) the Effective Date if the Authority delivers a certificate to the Master Trustee describing why then-current Generally Accepted Accounting Principles is inconsistent with the intent of the parties on the Effective Date; provided that the requirements set forth in the Indenture shall prevail if inconsistent with Generally Accepted Accounting Principles.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS AND OBLIGATIONS

Section 2.01. Authorization of Bonds and Obligations.

(a) This Master Indenture provides certain terms and conditions upon which Bonds of the Authority to be generally designated as “Burbank-Glendale-Pasadena Airport Authority Airport Revenue

Bonds” may be issued from time to time pursuant to Supplemental Indentures. The aggregate principal amount of Bonds which may be executed, authenticated and delivered under the Indenture is not limited except as may hereafter be provided in the Indenture or as may be limited by the Joint Powers Agreement, the Joint Powers Act and other applicable law.

(b) The Bonds may be issued in one or more Series, and the designation thereof, in addition to the name “Burbank-Glendale-Pasadena Airport Authority Airport Revenue Bonds” shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

(c) Obligations other than Bonds may be issued or incurred from time to time on the terms and conditions set forth in this Master Indenture and the Issuing Instrument relating to such Obligations. The amount of Obligations that may be secured under the Indenture and the applicable Issuing Instrument is not limited except as may hereafter be provided in the Indenture or an Issuing Instrument (but not in contravention of the terms of Article II hereof) or as may be limited by the Joint Powers Agreement, the Joint Powers Act and other applicable law.

Section 2.02. Limited Obligations. The Obligations shall not constitute a general obligation of the Authority but shall constitute and evidence special obligations of the Authority payable as to principal, Redemption Price, interest and other payments solely from the Trust Estate and, with respect to any particular Series of Obligations, from such other sources as shall be specified in the Supplemental Indenture or Issuing Instrument relating to such Series. The Purchase Price for the Tender Obligations shall be payable from such sources as are specified in the Supplemental Indenture or Issuing Instrument relating to such Series. The provisions of this Section shall not preclude the payment or redemption of Obligations, at the election of the Authority, from any other legally available funds.

Section 2.03. Indenture to Constitute Contract. In consideration of the purchase and acceptance of each Obligation issued or secured under the Indenture and any applicable Issuing Instrument by those who shall own the same from time to time, the provisions of each Obligation and the provisions of the Indenture and any applicable Issuing Instrument applicable to such Obligation, and the provisions of the State Constitution, the Joint Powers Act and any other general laws of the State applicable to such Obligation, shall be deemed to be and shall constitute a contract between the Authority and the Owner of such Obligation.

Section 2.04. General Provisions for Issuance of Bonds.

(a) All (but not less than all) the Bonds of each Series shall be executed by the Authority for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but only upon the receipt by the Trustee of the following items (upon which the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Bonds have been satisfied):

(1) An executed counterpart of this Master Indenture, as amended to the date of the initial delivery of such Series of Bonds, and an executed counterpart of the Supplemental Indenture relating to such Series of Bonds, subject to Article VII hereunder, which Supplemental Indenture shall specify:

(i) the sources of payment for the Bonds of such Series other than the Trust Estate, if any;

(ii) the Series designation of such Bonds and whether such Bonds constitute Senior Bonds, Subordinate Bonds or Junior Subordinate Bonds and whether such Bonds are Current Interest Obligations, Capital Appreciation Obligations or Convertible Obligations;

- (iii) the authorized principal amount of the Bonds of such Series;
- (iv) the purposes for which such Series of Bonds are being issued, which shall be one of the purposes specified in Section 2.05 or 2.06;
- (v) the date or manner of determining the date of the Bonds of such Series;
- (vi) the maturity date or dates of the Bonds of such Series and the principal amount of the Bonds of such Series maturing on each such maturity date;
- (vii) which, if any, of the Bonds of such Series shall constitute Serial Obligations and which, if any, shall constitute Term Obligations;
- (viii) the interest rate or rates on the Bonds of such Series or the manner of determining such interest rate or rates;
- (ix) the Interest Payment Dates for the Bonds of such Series or the manner of establishing such Interest Payment Dates;
- (x) the Authorized Denominations of the Bonds of such Series;
- (xi) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Bonds of such Series or the manner of determining such Redemption Prices and terms;
- (xii) the Sinking Fund Installments, if any, for the Bonds of such Series which constitute Term Obligations;
- (xiii) if any of the Bonds of such Series constitute Tender Obligations, the terms and conditions, if any, including Purchase Price, for the exercise by the Owners or Beneficial Owners of such Bonds of the option to tender such Bonds for purchase and the terms and conditions, if any, including Purchase Price, upon which the Bonds of such Series shall be subject to mandatory tender for purchase;
- (xiv) if the Bonds of such Series are not to be Book-Entry Bonds, a statement to such effect;
- (xv) whether the Bonds of such Series will be Participating Senior Bonds or Participating Subordinate Bonds;
- (xvi) if the Bonds of such Series will not be Participating Senior Bonds or Participating Subordinate Bonds, if such Bonds are to be secured by an existing Senior Series Debt Service Reserve Fund or existing Subordinate Series Debt Service Reserve Fund;
- (xvii) if the Bonds of such Series will not be Participating Senior Bonds or Participating Subordinate Bonds nor be secured by an existing Senior Series Debt Service Reserve Fund or existing Subordinate Series Debt Service Reserve Fund, whether a Senior Series Debt Service Reserve Fund or a Subordinate Series Debt Service Reserve Fund is to be established in connection with such Series of Bonds and, if so, the amount or manner of determining the amount of the Senior Debt Service Reserve Requirement or Subordinate Debt Service Reserve Requirement in connection with such Senior Series Debt Service Reserve Fund or Subordinate Series Debt Service Reserve Fund, as applicable;

(xviii) the appropriate Funds and Accounts, if any, relating to such Series of Bonds established under such Supplemental Indenture;

(xix) the application of the proceeds of the sale of such Series of Bonds including the amount, if any, to be deposited in the Funds and Accounts maintained under the Indenture or the Supplemental Indenture relating to such Series;

(xx) the forms of the Bonds of such Series and of the certificate of authentication thereon; and

(xxi) such other provisions as are appropriate or necessary and not inconsistent with the provisions hereof.

(2) An Opinion of Bond Counsel, dated the date of the initial delivery of such Series of Bonds, to the effect that the Indenture, as amended and supplemented to such date, including as supplemented by the Supplemental Indenture relating to such Series of Bonds, constitutes the valid and binding obligation of the Authority.

(3) A certificate of an Authorized Authority Representative to the effect that no Event of Default has occurred and is continuing (except that Bonds may be issued to cure all Events of Default which may then be existing).

(4) With respect to any Senior Bonds, the Trustee shall have received the documents required by the applicable provisions of Section 2.08.

(5) With respect to any Subordinate Bonds, the Trustee shall have received the documents required by the applicable provisions of Section 2.09.

(6) With respect to any Junior Subordinate Bonds, the Trustee shall have received the documents required by the applicable provisions of Section 2.10.

(7) Such further documents, moneys and securities as are required by the applicable provisions of Section 2.05 or Section 2.06 or of the Supplemental Indenture relating to such Series.

(b) After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to the Indenture.

Section 2.05. Additional Bonds. One or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of paying all or a portion of the Costs of any Capital Improvement and for any other lawful purpose. Additional Bonds may be issued in a principal amount sufficient to pay such Costs, including providing amounts for the Costs of Issuance of such Series of Additional Bonds and the making of any deposits into the Funds or Accounts required by the provisions of the Indenture or the Supplemental Indenture relating to such Additional Bonds and for any other lawful purpose.

Section 2.06. Refunding Bonds. One or more Series of Refunding Bonds may be issued, authenticated and delivered upon original issuance for the purpose of refunding all or any portion of the Outstanding Obligations, including payment of costs incidental to or connected with the refunding of such Obligations. Refunding Bonds may be issued in a principal amount sufficient to accomplish such refunding, including providing amounts for the Costs of Issuance of such Refunding Bonds and the making of any deposits into the Funds and Accounts required by the provisions of the Indenture or the Supplemental Indenture relating to such Refunding Bonds and for any other lawful purpose.

Section 2.07. General Provisions for Issuance of Obligations Other than Bonds.

(a) All Obligations (other than Bonds) of each Series shall be issued or incurred by the Authority and secured under the Indenture and the applicable Issuing Instrument in accordance with the terms thereof, but only upon the receipt by the Trustee of the following items (upon which the Trustee may conclusively rely in determining whether the conditions precedent for the issuance or incurrence of such Series of Obligations have been satisfied):

(1) An executed counterpart of this Master Indenture, as amended to the date of the initial issuance of such Series of Obligations, and an executed counterpart of the Issuing Instrument relating to such Series of Obligations, which Issuing Instrument shall specify:

(i) the sources of payment for the Obligations of such Series other than the Trust Estate, if any;

(ii) the Series designation of such Obligations, if applicable, and whether such Obligations constitute Senior Obligations, Subordinate Obligations or Junior Subordinate Obligations;

(iii) the purposes for which such Obligation or Series of Obligations are being issued;

(iv) the form, title, designation, manner of numbering or denominations, if applicable, of such Obligations;

(v) the date or dates of maturity or other final expiration of the term of such Obligations, if applicable;

(vi) the date of issuance or incurrence of such Obligations;

(vii) the principal amount of such Obligation (if any) for purposes of calculating the percentage of Owners of Obligations required to take actions or give consents pursuant to the Indenture (which, if such Obligation is not debt under Generally Accepted Accounting Principles, shall be equal to zero. The designation of zero as a principal amount of an Obligation shall not in any manner affect the obligation of the Authority to pay such Obligation); and

(viii) such other provisions as are appropriate or necessary and not inconsistent with the provisions hereof.

(2) A certificate of an Authorized Authority Representative to the effect that no Event of Default has occurred and is continuing (except that Obligations may be issued to cure any Event of Default which may then be existing).

(3) With respect to any Senior Obligations, the Trustee shall have received the documents required by the applicable provisions of Section 2.08.

(4) With respect to any Subordinate Obligations, the Trustee shall have received the documents required by the applicable provisions of Section 2.09.

(5) With respect to any Junior Subordinate Obligations, the Trustee shall have received the documents required by the applicable provisions of Section 2.10.

Section 2.08. Conditions to Issuance of Senior Obligations.

(a) Without satisfying the requirements of subsection (e) of this Section, the Authority may, at any time and from time to time, issue or enter into an Obligation which is a Qualified Swap, the Net Payments under which shall constitute Senior Obligations, provided that at the time of entering into such Swap (i) the Qualified Swap shall relate to a principal amount of Outstanding Senior Obligations or Senior Obligations issued or expected to be issued; (ii) the notional amount of the Qualified Swap shall not exceed the principal amount of the related Outstanding Senior Obligations or Senior Obligations expected to be issued; and (iii) the counterparty shall be a Qualified Counterparty.

(b) The Authority may, at any time and from time to time, issue Refunding Senior Obligations provided that either: (i) the requirements set forth in subsection (e) of this Section are satisfied upon the issuance of such Refunding Senior Obligations and the application of the proceeds thereof; or (ii) the Trustee has received a certificate of an Authorized Authority Representative certifying that the Aggregate Adjusted Annual Debt Service for all Obligations to be Outstanding after the issuance of such Refunding Senior Obligations shall not exceed the Aggregate Adjusted Annual Debt Service for all Obligations Outstanding immediately prior to the issuance of such Refunding Senior Obligations in each Test Year.

(c) [Reserved].

(d) Without satisfying the requirements of Section 2.07 or subsection (e) of this Section, the Authority may, at any time and from time to time, enter into Credit Support Agreements and otherwise incur and become obligated for Reimbursement Obligations with respect to Senior Obligations.

(e) The Authority may, at any time and from time to time, issue any Additional Senior Obligations, provided either

(A) an Airport Consultant has provided to the Trustee a certificate stating that, based upon assumptions the Person signing the certificate deems reasonable, projected Net Revenues will be sufficient to satisfy the rate covenant set forth in Section 6.05 for each of the next five full Fiscal Years following issuance of the Additional Senior Obligations, or each of the next two full Fiscal Years following completion of the Capital Improvements financed by the Additional Senior Obligations proposed to be issued, whichever is later; and provided further, that if there is Capitalized Interest for any Senior Obligations to be Outstanding after the issuance of the proposed Additional Senior Obligations in the last Fiscal Year of the test period described in this clause (A), the test period shall be extended through the first full Fiscal Year for which there is no such Capitalized Interest; or

(B) an Authorized Authority Representative has provided to the Trustee a certificate stating that Net Revenues for either the most recent Fiscal Year for which audited financial statements of the Authority are available or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the month of issuance of the proposed Additional Senior Obligations were not less than:

(1) 125% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations and the proposed Senior Obligations,

(2) 110% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations and Subordinate Obligations and the proposed Senior Obligations, and

(3) 100% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations and the proposed Senior Obligations.

(f) For purposes of (e)(A) above, the Person signing the certificate required by such clause may assume that, in each relevant Fiscal Year, Accrued Debt Service for Outstanding Obligations will equal Aggregate Adjusted Annual Debt Service for such Fiscal Year.

For purposes of (e)(A) above, in estimating Net Revenues, the Person signing the certificate required by such clause may take into account (1) Revenues from Capital Improvements 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 Revenues which has been approved by the Commission and will be in effect during the period for which the estimates are provided or (3) any other increases in Revenues which the Person signing the certificate believes to be a reasonable assumption for such period. With respect to Operating Expenses of the Authority, the Person signing the certificate required by (e)(A) above shall use such assumptions as such Person believes to be reasonable, taking into account: (i) historical Operating Expenses of the Authority, (ii) Operating Expenses associated with the Capital Improvements to be funded with the proceeds of the Additional Senior Obligations proposed to be issued and any other new Capital Improvements and Airport facilities and (iii) such other factors, including inflation and changing operations or policies of the Authority, as the Person signing such certificate believes to be appropriate. The Person signing the certificate required by (e)(A) above shall include in such certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Adjusted Annual Debt Service and Maximum Adjusted Annual Debt Service, which calculations may be based upon information provided by the Authority.

For purposes of (e)(B) above, the Authority shall be allowed to adjust Net Revenues for earnings arising from any increase in the rates, charges and fees for the use of the Airport which has become effective prior to the issuance of such proposed Additional Senior Obligations but which, during the Fiscal Year or 12-month period utilized by the Authority for purposes of (e)(B) above, was not in effect for the entire Fiscal Year or 12-month period under consideration, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates, charges and fees had been in effect during the whole Fiscal Year or 12-month period under consideration, as determined by an Authorized Authority Representative.

For purposes of (e)(B) above, (i) the amount of any Transfer taken into account in determining Net Revenues in any Fiscal Year shall not exceed 25% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations and the proposed Senior Obligations for such Fiscal Year and (ii) the amount of any Transfer taken into account in determining Net Revenues in any Fiscal Year shall not exceed 10% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior and Subordinate Obligations and the proposed Senior Obligations for such Fiscal Year.

For purposes of preparing the certificate or certificates described above, the Authorized Authority Representative or Airport Consultant, as applicable, may rely upon financial statements prepared by the Authority which have not been subject to audit by an Independent Certified Public Accountant if audited financial statements for the Fiscal Year or period are not available.

Neither of the certificates described under (e)(A) or (e)(B) above shall be required if the proceeds of Additional Senior Obligations being issued will be used to pay Costs of completing the Construction of a Capital Improvement for which Senior Obligations have previously been issued and the principal amount of such Additional Senior Obligations being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Senior Obligations originally issued for such Capital Improvement as shown in a written certificate of an Authorized Authority Representative and there is delivered to the Trustee (i) a certificate of an Authorized Authority Representative or an Airport Consultant stating that the nature and purpose of such Capital Improvement has not materially changed and that the proceeds of such Additional Senior Obligations plus any other moneys in the Construction Fund available to pay the Costs of such Capital Improvement are expected to be sufficient to pay the Costs of completing the Construction of the Capital Improvement, and (ii) a certificate of an Authorized Authority Representative to the effect that all of the proceeds (including expected investment earnings on amounts in the Construction Fund allocable to such Capital Improvement) of the Senior Obligations issued to finance such Capital Improvement have been or will be used to pay Costs of the Capital Improvement and indicating the amount of such proceeds and expected investment earnings and the then estimated Costs of the Construction of the Capital Improvement.

(g) All Senior Obligations (i) shall be senior in payment and priority to all Subordinate Obligations, Junior Subordinate Obligations, and all obligations described in Section 6.03, (ii) shall be paid with the priority provided in Section 5.04, and (iii) shall be entitled to all of the benefits provided to Senior Obligations by the terms of the Indenture and any applicable Issuing Instrument.

Section 2.09. Conditions to Issuance of Subordinate Obligations.

(a) Without satisfying the requirements of subsection (e) of this Section, the Authority may, at any time and from time to time, issue or enter into an Obligation which is a Qualified Swap, the Net Payments under which shall constitute Subordinate Obligations, provided that at the time of entering into such Swap (i) the Qualified Swap shall relate to a principal amount of Outstanding Subordinate Obligations or Subordinate Obligations issued or expected to be issued; (ii) the notional amount of the Qualified Swap shall not exceed the principal amount of the related Outstanding Subordinate Obligations or Subordinate Obligations expected to be issued; and (iii) the counterparty shall be a Qualified Counterparty.

(b) The Authority may, at any time and from time to time, issue Refunding Subordinate Obligations provided that either: (i) the requirements set forth in subsection (e) of this Section are satisfied upon the issuance of such Refunding Subordinate Obligations and the application of the proceeds thereof; or (ii) the Trustee has received a certificate of an Authorized Authority Representative certifying that the Aggregate Adjusted Annual Debt Service for all Obligations to be Outstanding after the issuance of such Refunding Subordinate Obligations shall not exceed the Aggregate Adjusted Annual Debt Service for all Obligations Outstanding immediately prior to the issuance of such Refunding Subordinate Obligations in each Test Year.

(c) [Reserved].

(d) Without satisfying the requirements of subsection (e) of this Section, the Authority may, at any time and from time to time, enter into Credit Support Agreements or otherwise become obligated for Reimbursement Obligations with respect to Subordinate Obligations.

(e) The Authority may, at any time and from time to time, issue any Additional Subordinate Obligations, provided either

(A) an Airport Consultant has provided to the Trustee a certificate stating that, based upon assumptions the Person signing the certificate deems reasonable, projected Net Revenues will be sufficient to satisfy the rate covenant set forth in Section 6.05 for each of the next five full Fiscal Years following issuance of the Additional Subordinate Obligations, or each of the next two full Fiscal Years following completion of the Capital Improvements financed by the Additional Subordinate Obligations proposed to be issued, whichever is later; and provided further, that if there is Capitalized Interest for any Subordinate Obligations to be Outstanding after the issuance of the proposed Additional Subordinate Obligations in the last Fiscal Year of the test period described in this clause (A), the test period shall be extended through the first full Fiscal Year for which there is no such Capitalized Interest; or

(B) an Authorized Authority Representative has provided to the Trustee a certificate stating that Net Revenues for either the most recent Fiscal Year for which audited financial statements of the Authority are available or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the month of issuance of the proposed Additional Subordinate Obligations were not less than:

(1) 125% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations,

(2) 110% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior and Subordinate Obligations and the proposed Subordinate Obligations, and

(3) 100% of the Maximum Aggregate Adjusted Annual Debt Service with respect to all Outstanding Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations and the proposed Subordinate Obligations.

(f) The provisions set forth in Section 2.08(f) relating to Additional Senior Obligations shall also apply to this Section 2.09 relating to Additional Subordinate Obligations.

(g) All Subordinate Obligations shall be junior in payment and priority to all Senior Obligations. Subordinate Obligations shall be paid in the priority set forth in Section 5.04, and only to the extent that funds are available to make such payments as provided therein after the required payments are made with respect to the Senior Obligations. Any exercise of rights or remedies by any holder, owner, or beneficial owner of a Subordinate Obligation, or the Trustee on behalf of the foregoing, shall be subject in all respects to the provisions of Sections 10.01(b), 10.02(c) and (d), and 10.05. All Subordinate Obligations shall be subject to the limitations imposed on Subordinate Obligations by the terms of the Indenture and any applicable Issuing Instrument.

Section 2.10. Conditions to Issuance of Junior Subordinate Obligations.

(a) The Authority may, at any time or from time to time, issue Junior Subordinate Obligations without satisfying the requirements of Section 2.08 or Section 2.09 for any purpose in connection with the Airport, including, without limitation, the financing of all or a portion of the Costs of any Capital Improvement and/or the refunding of all or any portion of any Outstanding Obligations and/or for any other lawful purpose.

(b) All Junior Subordinate Obligations shall be junior in payment and priority to all Subordinate Obligations and Senior Obligations. Junior Subordinate Obligations shall be paid in the priority set forth in Section 5.04, and only to the extent that funds are available to make such payments as provided therein after the required payments are made with respect to the Senior Obligations and the Subordinate Obligations. Any exercise of rights or remedies by any holder, owner, or beneficial owner of a Junior Subordinate Obligation, or the Trustee on behalf of the foregoing, shall be subject in all respects to the provisions of Sections 10.01(b), 10.02(c) and (d), and 10.05. All Junior Subordinate Obligations shall be subject to the limitations imposed on Junior Subordinate Obligations by the terms of the Indenture and any applicable Issuing Instrument.

Section 2.11. 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. The Authority may, from time to time, and subject to the terms and conditions of this Section (i) designate a separately identifiable existing facility or planned facility as a "Special Facility," (ii) pursuant to an Issuing Instrument and without a pledge of any Net Revenues, incur Obligations for the purpose of financing and/or refinancing the Construction, renovating, or improving, or providing financing and/or refinancing to a third party to construct, renovate or improve, such Special Facility, (iii) provide that certain of the contractual payments derived from 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) of this Section, be "Special Facility Revenue" and not included as Revenues or Net Revenues, and (iv) provide that the Obligations so incurred shall be "Special Facility Obligations" and the principal of and interest thereon and other amounts payable with respect thereto shall be payable solely from the Special Facility Revenue. The Authority may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

(b) Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest and other amounts due with respect to such Special Facility Obligations solely from the Special Facility Revenue related to the Special Facility financed and/or refinanced with such Special Facility

Obligations, 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 another Person, either public or private, as shall undertake the operation of such Special Facility.

(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 Special Facility Revenue required to be paid by the third party operating the Special Facility and pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay as and when the same become due: (A) the principal of and interest on such Special Facility Obligations, (B) 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 (C) all sinking fund, reserve or other payments required by the Issuing Instrument relating to the Special Facility Obligations; and
- (ii) With respect to the designation of any separately identifiable existing Airport facility or Airport facilities as a “Special Facility” or “Special Facilities”, the Authority has qualified all Revenues from such Airport facility or Airport facilities as Released Revenues; and
- (iii) No Event of Default has occurred and is continuing.

(d) To the extent Special Facility Revenue received by the Authority during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (i) of subsection (c) of this Section for such Fiscal Year, such excess Special Facility Revenue, to the extent not otherwise encumbered or restricted, shall constitute Revenues.

(e) Notwithstanding any other provision of this Section, at such time as the Special Facility Obligations issued for a Special Facility including Special Facility Obligations issued to refinance Special Facility Obligations are fully paid or otherwise discharged, all revenues of the Authority from such facility shall be included as Revenues.

(f) Special Facility Obligations shall be deemed in compliance with the provisions of the Indenture if such Special Facility Obligations are issued in accordance with this Section 2.11 and compliance with other provisions of Article II of this Master Indenture is not required.

Section 2.12. Credit Provider Bonds. Subject only to Section 2.02, notwithstanding any other provision contained in the Indenture to the contrary, Obligations which are Credit Provider Bonds shall have terms and conditions, including terms of maturity, payment, prepayment and interest rate, as shall be specified in the applicable Credit Support Agreement.

Section 2.13. Obligations Secured by Other Revenues. The Authority may, from time to time, incur Obligations payable solely from certain revenues of the Airport which do not constitute Revenues other than Special Facility Obligations (which are governed by Section 2.11) at such times and upon such terms and conditions as the Authority shall determine; provided that such Obligations shall specifically include a provision that payment of such Obligations is neither secured by nor payable from the Trust Estate or any part thereof.

Section 2.14. Released Revenues. The Authority may cause a category of income, receipts or other revenues then included in the definition of “Revenues” in Section 1.02 to be excluded from such definition for all purposes of the Indenture, which exclusion shall be effective from the date the Authority satisfies the conditions of this Section, by filing the following with the Trustee:

- (a) a written request from an Authorized Authority Representative to release such category of income, receipts and other revenues from the definition of Revenues contained in Section 1.02, accompanied

by a written certificate of an Authorized Authority Representative certifying the Authority is in compliance with all requirements of the Indenture;

(b) a certificate of an Authorized Authority Representative or a report of an Independent Certified Public Accountant to the effect that Net Revenues, excluding the category of Revenues proposed to become Released Revenues and any corresponding Released Revenues Related Expenses, for each of the two Fiscal Years for which audited financial statements are available immediately preceding the date of such certificate or report, were sufficient to satisfy the rate covenant set forth in Section 6.05 for each of the two such Fiscal Years, assuming that 150% (instead of 125%) was used in Section 6.05(b)(i), 125% (instead of 110%) was used in Section 6.05(b)(ii) and 110% (instead of 100%) was used in Section 6.05(b)(iii);

(c) a certificate of an Authorized Authority Representative or an Airport Consultant retained by the Authority to the effect that based upon current knowledge of the operations of the Airport, Net Revenues, excluding the category of Revenues proposed to become Released Revenues and any corresponding Released Revenues Related Expenses, for the current Fiscal Year (and the preceding Fiscal Year if such year is not included in certificate required by Section 2.14(b)) are expected to be sufficient to satisfy the rate covenant set forth in Section 6.05 for such Fiscal Year, assuming that 150% (instead of 125%) was used in Section 6.05(b)(i), 125% (instead of 110%) was used in Section 6.05(b)(ii) and 110% (instead of 100%) was used in Section 6.05(b)(iii); and

(d) a Rating Confirmation in connection with the withdrawal of the category of income, receipts and other revenues proposed to become Released Revenues.

Notwithstanding this Section 2.14 or anything to the contrary contained in the Indenture, the Authority may, at any time, cause all or any portion of any Released Revenues to be included in the definition of "Revenues" in Section 1.02 for all purposes of the Indenture (and thereby also include any corresponding Released Revenues Related Expenses in the definition of "Operating Expenses" in Section 1.02 for all purposes of the Indenture), which inclusion shall become effective when the Authority files with the Trustee a written request from an Authorized Authority Representative to include such Released Revenues in the definition of Revenues contained in Section 1.02.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. Medium of Payment; Form and Date; Letters and Numbers.

(a) Unless otherwise provided with respect to a Series of Bonds in the Supplemental Indenture relating to such Series, the Bonds of each Series shall be payable, with respect to principal, Redemption Price, if any, Purchase Price, if any, and interest in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(b) The Bonds shall be issued in the form of fully registered bonds without coupons in Authorized Denominations.

(c) Each Bond shall be lettered and numbered as determined by the Trustee so as to be distinguished from every other Bond.

(d) The Bonds of each Series shall be dated as provided in or determined pursuant to the Supplemental Indenture relating to such Series.

(e) Unless otherwise provided with respect to a Series of Bonds in the Supplemental Indenture relating to such Series, the Bonds of each Series shall bear interest as provided in this subsection. The Bonds of each Series shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (i) such Bonds are authenticated on an Interest Payment Date, in which event from such

Interest Payment Date; and (ii) unless such Bonds are authenticated after a Record Date and before the next succeeding Interest Payment Date for such Bonds, in which event from such Interest Payment Date; provided, however, that if the date of authentication of a Bond shall be prior to the Record Date for the first Interest Payment Date for such Bond, such Bond shall bear interest from its original dated date. Notwithstanding the foregoing, if the Authority shall default in the payment of interest, then the Bonds shall bear interest from the date to which interest has been paid or if no interest has been paid, from their original dated date.

(f) Unless otherwise provided with respect to a Series of Bonds in the Supplemental Indenture relating to such Series, the interest payable on Bonds shall be calculated on the basis of a 360-day year of twelve, thirty-day months.

(g) Except as otherwise provided in the Representation Letter with a Securities Depository for Book-Entry Bonds (or, with respect to a Series of Bonds in the Supplemental Indenture relating to such Series), interest on each Bond shall be payable on each Interest Payment Date for such Bond and shall be paid by check of the Trustee mailed on such Interest Payment Date to the Owner of such Bond shown on the Bond Register as of the close of business on the Record Date immediately preceding such Interest Payment Date. Owners of at least \$1,000,000 aggregate principal amount (or, with respect to a Series of the Bonds, such other principal amount as may be specified in the Supplemental Indenture relating to such Series), of Bonds of any Series may, at any time prior to a Record Date with respect to the payment of interest on such Bonds, give the Trustee written instructions for payment of such interest on each succeeding Interest Payment Date for such Bonds by wire transfer or by deposit to an account. Notwithstanding the foregoing, however, if the Authority shall default in the payment of interest due on Bonds on any Interest Payment Date, such interest shall cease to be payable to the persons in whose name such Bonds were registered in the Bond Register on the Record Date for such Interest Payment Date, and shall be payable, when and if paid by the Authority, to the persons in whose names such Bonds are registered at the close of business on the record date fixed therefor by the Trustee (each a "Special Record Date"), which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment.

(h) Unless redeemed prior to such date, the principal of each Bond shall be payable on its maturity date and the Redemption Price of each Bond called for redemption prior to maturity, subject to the terms of Section 4.05(b), shall be payable on the applicable redemption date. Except as otherwise provided in the Representation Letter with a Securities Depository for Book-Entry Bonds, the principal, and if applicable the Redemption Price, of each Bond shall be payable only upon presentation and surrender of such Bond at the Principal Office of the Trustee or any other Paying Agent for such Bond.

Section 3.02. Legends. Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Indenture as may be necessary or desirable to comply with custom, the rules of any securities exchange, commission or brokerage agent, or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

Section 3.03. Execution and Authentication.

(a) The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the President or Vice President of the Authority shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the facsimile or manual signature of the Secretary or Assistant Secretary of the Authority, or in such other manner as may be provided by Supplemental Indenture or required by law. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as provided in the Indenture, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices. Any Bond may be signed on behalf of the Authority by such persons as at the time of the execution of such Bond shall be duly authorized or hold the proper office in the Authority, although at the date borne by such Bonds such persons may not have been so authorized or have held such office.

(b) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Indenture relating to such Series, executed manually by the Trustee. Only such

Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Indenture and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Indenture and that the Owner thereof is entitled to the benefits of the Indenture.

Section 3.04. Book-Entry Bonds.

(a) Unless otherwise provided with respect to a Series of Bonds in the Supplemental Indenture relating to such Series, the Bonds of each Series shall be issued as Book-Entry Bonds in fully registered form with no distribution of physical bonds made to the public. Except as otherwise provided in Section 3.05, the Book-Entry Bonds of each Series shall be registered in the name of the Securities Depository or its Nominee as directed by the Securities Depository. The payment of Book-Entry Bonds and the giving of notices shall be governed by the terms of the Representation Letter with the Securities Depository for the Book-Entry Bonds. DTC shall act as the initial Securities Depository for the Book-Entry Bonds and has designated Cede & Co. as its Nominee. DTC has represented to the Authority that it shall maintain a book-entry program in recording ownership interests in the Book-Entry Bonds of its Participants and the ownership interests of a Beneficial Owner of a Bond shall be recorded through book entries on the records of the Participants.

(b) Bonds of each Series which are not Book-Entry Bonds shall be delivered to the Owners thereof as fully registered Bonds in the form specified in the Supplemental Indenture relating to the issuance of such Series of Bonds, with the ownership of such Bonds being recorded in the Bond Register.

(c) In the event that DTC or any successor Securities Depository ceases to act as Securities Depository for Bonds of a Series, then Bonds of such Series in certificated form shall be issued to the Owners in substantially the form of the Bond delivered to the former Securities Depository or its Nominee with necessary changes to reflect non-book-entry status as shall be approved by the officers of the Authority executing such Bonds. The issuance of individual Bonds in certificated form shall be accomplished as provided in the Representation Letter.

(d) With respect to Bonds registered in the Bond Register in the name of a Securities Depository or a Nominee, the Authority, the Trustee and each Paying Agent shall have no responsibility or obligation to any Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, none of the Authority, the Trustee or any Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of a Securities Depository, its Nominee or any Participant as to any ownership interest in the Bonds, (ii) the delivery to any Participant, Beneficial Owner or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to the Bonds, or (iii) the payment to any Participant, Beneficial Owner or any other Person, other than an Owner as shown in the Bond Register, of any amount with respect to principal, Redemption Price and Purchase Price of the Bonds, or interest on the Bonds. The Authority, the Trustee and each Paying Agent may treat and consider the Person in whose name each Bond is registered in the Bond Register as the absolute Owner of such Bond for the purpose of payment of principal, Redemption Price and Purchase Price of such Bond, and interest on such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. None of the Authority, the Trustee or any Paying Agent shall be affected by any notice to the contrary. All principal, Redemption Price and Purchase Price of the Bonds, and interest on the Bonds, shall be paid only to or upon the order of the respective Owner, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal, Redemption Price and Purchase Price of the Bonds, and interest on the Bonds, to the extent of the sum or sums so paid, and none of the Authority, the Trustee or any Paying Agent shall be affected by any notice to the contrary. No Person other than an Owner as shown in the Bond Register, shall receive a Bond evidencing the obligation of the Authority to make payments of principal, Redemption Price and Purchase Price of the Bonds, and interest on Bonds, pursuant to the Indenture.

(e) Upon delivery by a Securities Depository to the Authority of written notice to the effect that the Securities Depository has determined to substitute a new Nominee in place of its current Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee for purposes of the

Indenture shall refer to such new Nominee of the Securities Depository, and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

(f) Notwithstanding any other provision of the Indenture to the contrary and so long as Book-Entry Bonds are registered in the name of a Nominee, the Authority and the Trustee shall cooperate with the Securities Depository in effecting payment of the principal, Redemption Price and Purchase Price of Book-Entry Bonds, and interest on Book-Entry Bonds, by arranging for payment in such manner as the Securities Depository may reasonably instruct in writing that funds for such payments are properly identified and are made available on the date they are due, all in accordance with the Representation Letter, the provisions of which the Trustee may rely upon to implement the foregoing procedures.

(g) A Securities Depository for the Book-Entry Bonds may resign upon giving 30 days written notice of such resignation to the Authority and the Trustee. To the extent permitted by law, the Authority may terminate the use of the book-entry system of a Securities Depository for Book-Entry Bonds upon giving 30 days written notice of such termination to the Securities Depository and the Trustee. Any such resignation or termination shall become effective upon the earlier of the appointment of a successor Securities Depository for Book-Entry Bonds by the Authority or the issuance of Bonds which are not Book-Entry Bonds pursuant to Section 3.05.

Section 3.05. Transfers Outside Book-Entry Program. In the event that the resignation or removal of a Securities Depository has become effective pursuant to Section 3.04(g), then the Authority shall thereupon discontinue the current book-entry program for the Book-Entry Bonds with such Securities Depository. In such event, the Authority shall cause the Trustee to obtain from the former Securities Depository a list showing the interests of the Participants in the Book-Entry Bonds and shall cause such Book-Entry Bonds to be surrendered to the Trustee on or before the date any replacement Bonds are to be issued. Furthermore, in the event the Authority determines to use a substitute Securities Depository, the Authority shall so notify the Trustee and each Paying Agent for the Bonds. If, prior to the termination of the current Securities Depository's book-entry system for the Bonds, the Authority fails to identify another qualified Securities Depository to replace the current Securities Depository, then the Bonds shall no longer be required to be registered in the name of a Securities Depository or its Nominee and the Authority shall issue, and the Trustee shall authenticate, replacement Bonds in the appropriate amounts and in whatever name or names the Owners of the Bonds shall designate pursuant to the Representation Letter with the former Securities Depository. In the event the Authority determines that the Beneficial Owners of the Bonds shall be able to obtain physical, certificated Bonds through the former Securities Depository, the Authority may notify the Participants identified by the former Securities Depository as having an interest in the Bonds of the availability of such physical, certificated Bonds and the Trustee shall authenticate, transfer and exchange Bonds as required by the Securities Depository in the appropriate names and amounts, which shall be in Authorized Denominations.

Section 3.06. Bond Register. The Trustee shall keep or cause to be kept, at its Principal Office, the Bond Register for the registration and transfer of the Bonds of each Series, which shall at all times be open to inspection during regular business hours with reasonable prior notice by the Authority, and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on said Bond Register, Bonds of each Series as provided in the Indenture.

The Trustee shall also keep or cause to be kept within the Bond Register a list of all Obligations (other than Bonds) and the names of the Owners thereof, which shall at all times be open to inspection during regular business hours with reasonable prior notice by the Authority, and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on said Bond Register, Obligations of each Series as provided in the Indenture.

The Authority, the Trustee and each Paying Agent may rely on the address of the Owner of each Obligation as it appears on the Bond Register for any and all purposes. It shall be the duty of the Owner of each Obligation to give written notice to the Trustee of any change in the Owner's address so that the Bond Register may be revised accordingly. The Authority and the Trustee shall be entitled to treat the registered owner of an Obligation as the absolute owner thereof for all purposes, whether or not an Obligation shall be overdue and the Authority and the Trustee shall not be affected by any notice to the contrary.

Section 3.07. Interchangeability of Bonds. Upon surrender of a Bond at the Principal Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee and duly executed by the Owner or the Owner's attorney duly authorized in writing, such Bond may, at the option of the Owner thereof, and upon payment by such Owner of any charges which the Trustee may make as provided in Section 3.09, be exchanged for an equal aggregate principal amount of Bonds of the same Series, terms and maturity of any other Authorized Denominations.

Section 3.08. Negotiability, Transfer and Registry. Each Bond shall be transferable only upon the Bond Register, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or the Owner's duly authorized attorney. Upon the transfer of any such Bond, the Authority shall execute and the Trustee shall authenticate, deliver and register in the Bond Register in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series, terms and maturity as the surrendered Bond.

Section 3.09. Regulations With Respect to Exchanges and Transfers. Subject to the terms of a Representation Letter with a Securities Depository for Book-Entry Bonds, in all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture relating to such Bonds. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and cancelled by the Trustee and shall not be redelivered. Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Unless the Supplemental Indenture relating to a Series of Bonds provides that such transfer or exchange of Bonds of such Series shall be made without charge to the Owner, for every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. The cost of printing Bonds and any services rendered, or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority.

Section 3.10. Bonds Mutilated, Destroyed, Stolen or Lost. Subject to the terms of a Representation Letter with a Securities Depository for Book-Entry Bonds, if any Bond becomes mutilated or is lost, stolen or destroyed, the Authority may execute and the Trustee shall authenticate and deliver a new Bond of like date, Series, maturity, principal amount and terms as the Bond so mutilated, lost, stolen or destroyed; provided that (i) in the case of such mutilated Bond, such Bond is first surrendered to the Authority or the Trustee, (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee together with indemnity satisfactory to the Trustee, (iii) all other reasonable requirements of the Authority and the Trustee are complied with, and (iv) expenses in connection with such transaction are paid by the Owner. Any mutilated Bond surrendered for exchange shall be cancelled. Any new Bond issued pursuant to this Section in substitution for a Bond alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bond so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally payable from the Trust Estate on a parity with and entitled to equal and proportionate benefits with, all other Bonds, all with the respective priorities set forth in this Master Indenture.

Section 3.11. Temporary Bonds.

(a) Subject to the terms of a Representation Letter with a Securities Depository for Book-Entry Bonds, until the definitive Bonds are prepared, the Authority may execute, in the same manner as is provided in Section 3.03, and upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the exchangeability for Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest

payable on such temporary Bonds shall be payable in the same manner as interest is payable on the definitive Bonds in lieu of which such temporary Bonds were issued. The Authority, at its own expense, shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Owner thereof, deliver in exchange therefor, definitive registered Bonds of the same Series, aggregate principal amount, terms, maturity and date of issue as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds of a Series shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to the Indenture.

(b) Temporary Bonds authorized in more than one Authorized Denomination, upon surrender thereof at the Principal Office of the Trustee, may at the option of the Owner thereof, and upon payment by such Owner of any charges which may be made as provided in Section 3.09, be exchanged for an equal aggregate principal amount of temporary Bonds of the same Series, maturity, and containing the same terms, of any of the Authorized Denominations as shall be requested by such Owner.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

Section 3.12. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, and all Bonds surrendered for transfer or exchange, shall be delivered to the Trustee when such payment, redemption or surrender is made, and such Bonds, together with all Bonds purchased by the Trustee or surrendered to the Trustee by the Authority, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Privilege of Redemption and Redemption Price. Bonds of each Series subject to redemption prior to maturity pursuant to the Supplemental Indenture relating to such Series shall be redeemable, upon giving notice as provided in this Article IV, at such times and at such Redemption Prices as shall be specified in or determined pursuant to the Supplemental Indenture relating to such Series of Bonds and upon such terms as may be specified in this Article IV.

Section 4.02. Redemption at the Direction of Authority. Except as otherwise provided with respect to Credit Provider Bonds in the Supplemental Indenture relating to such Credit Provider Bonds or in the applicable Credit Support Agreement or except as otherwise provided with respect to Book-Entry Bonds in a Representation Letter, in the case of a redemption of Bonds at the option or direction of the Authority, the Authority shall give written notice to the Trustee of the exercise of its option or direction to redeem Bonds and of the redemption date, principal amount of the Bonds of each Series and maturity to be redeemed (which Series, maturities and principal amounts shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Supplemental Indenture relating to each Series of Bonds and provided that, with respect to any Bond to be redeemed in part, the portion of such Bond which is not to be redeemed shall be in an Authorized Denomination). Such notice shall be given to the Trustee at least forty-five (45) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 4.05 provided, other than a conditional notice pursuant to Section 4.05(b), there shall be paid on or prior to the redemption date to the Trustee an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee, shall be sufficient to redeem on the applicable redemption date at the applicable Redemption Price, all of the Bonds to be redeemed.

Section 4.03. Redemption Other Than at Authority's Direction. Except as otherwise provided with respect to Credit Provider Bonds in the Supplemental Indenture relating to such Credit Provider Bonds or in the applicable Credit Support Agreement or except as otherwise provided with respect to Book-Entry Bonds in a Representation Letter, whenever the terms of the Indenture require or authorize the Trustee to redeem Bonds

otherwise than at the option or direction of the Authority and the Indenture does not expressly set forth the principal amount of Bonds of each Series and maturity to be redeemed, the Authority may select the principal amounts of the Bonds of each Series and maturity to be redeemed (which Series, maturities and principal amounts to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Indenture and provided that, with respect to any Bond to be redeemed in part, the portion of such Bond which is not to be redeemed shall be in an Authorized Denomination) and in the event the Authority does not notify the Trustee of such Series, maturities, and principal amounts to be redeemed on or before the forty-fifth (45th) day preceding the redemption date, the Trustee shall, in such manner as the Trustee in its discretion may deem fair and appropriate, subject to any limitations with respect to the Series, and any operational procedures of the Securities Depository, if applicable, maturity, or principal amount of Bonds to be redeemed contained in the Indenture, select the principal amount of each Series and maturity of the Bonds to be redeemed, which selection shall be conclusive, give the notice of redemption required by this Article IV and pay out of moneys available therefor the Redemption Price of the Bonds to be redeemed to the Owners thereof.

Section 4.04. Redemption of Less than Entire Maturity. Except as otherwise provided with respect to Credit Provider Bonds in the Supplemental Indenture relating to such Credit Provider Bonds or in the applicable Credit Support Agreement or except as otherwise provided with respect to Book-Entry Bonds in a Representation Letter, if less than all of the Bonds of like Series and maturity are to be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall, subject to any limitations with respect thereto contained in the Indenture, be selected by lot by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate and in accordance with the procedures of the Securities Depository, if applicable; provided, however, that the portion of any Bond of a denomination greater than the minimum Authorized Denomination for the Bonds of a Series shall be redeemed in part only in a principal amount such that the portion of such Bond which is not redeemed shall be in an Authorized Denomination and that, in selecting portions of Bonds of a Series and maturity for redemption, the Trustee shall treat each Bond of each Series and maturity as representing that number of Bonds of the minimum Authorized Denomination for such Series which is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for the Bonds of such Series.

Section 4.05. Notice of Redemption.

(a) When the Trustee shall receive notice from the Authority of the exercise of its option or direction to redeem Bonds pursuant to Section 4.02, and when redemption of Bonds is authorized or required pursuant to Section 4.03, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall be emailed or mailed, by first class mail, postage prepaid, not more than sixty (60) nor less than twenty (20) days before the redemption date (unless otherwise provided with respect to a Series of Bonds in the Supplemental Indenture relating to such Series) to the Owners of any Bonds to be redeemed (in whole or in part) at their addresses appearing in the Bond Register. Such notice shall specify the Series and maturity date of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption shall be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portion of the principal amount thereof to be redeemed. Such notice shall further state that, subject to the provisions of subsection (b) of this Section, if applicable, on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portion of the principal amount thereof to be redeemed in the case of Bonds to be redeemed in part only, and that, if sufficient moneys are available on the redemption date to pay the Redemption Price of all Bonds to be redeemed, from and after such date interest on such Bond or the portion of such Bond to be redeemed shall cease to accrue and be payable.

Receipt of such notice shall not be a condition precedent to the redemption of Bonds and failure of any Owner of a Bond to receive any such notice or any insubstantial defect in such notice shall not affect the validity of the proceedings for the redemption of Bonds. Any defect in such notice given to the Owners of less than all of the Bonds to be redeemed shall not affect the validity of the proceedings for the redemption of the Bonds as to which the notice of redemption did not contain such defect.

(b) In the event that funds required to pay the Redemption Price of the Bonds are not on deposit with the Trustee at the time the notice with respect to any redemption of Bonds at the option of the Authority is given, such notice shall state that such redemption is conditioned upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given that such moneys were not so received and that there shall be no redemption of Bonds pursuant to the conditional notice of redemption.

(c) If upon the expiration of sixty (60) days succeeding any redemption date, any Bonds called for redemption shall not have been presented to the Trustee for payment, the Trustee shall no later than ninety (90) days following such redemption date, send written notice by email or first-class mail to the Owner of each Bond not so presented. Failure to email or mail the notices required by this subsection to any Owner, or any defect in any notice so emailed or mailed, shall not affect the validity of the proceedings for redemption of any Bonds nor impose any liability on the Trustee.

(d) Unless otherwise provided with respect to a Series of Bonds in the Supplemental Indenture relating to such Series, the Trustee shall send a copy of each notice of redemption sent by the Trustee pursuant to subsection (a) of this Section at least twenty (20) days before the redemption date by (i) registered or certified mail, return receipt requested, postage prepaid, (ii) email or (iii) overnight delivery service to each of the following: (A) the Securities Depository and (B) the Municipal Securities Rulemaking Board (through the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board, unless otherwise designated by the Municipal Securities Rulemaking Board or the Securities and Exchange Commission).

Failure to give the notices described in this subsection or any defects therein, shall not in any manner affect the proceedings for redemption of any Bonds.

(e) Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bonds or in any redemption notice or other notice with respect thereto, and any such redemption notice or other notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Section 4.06. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Authority shall execute, and the Trustee shall authenticate and deliver to the Owner of such Bond, at the expense of the Authority, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, of the same Series, maturity and terms as the surrendered Bond.

Section 4.07. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly emailed or mailed to the Owners of the Bonds to be redeemed (in whole or in part), as provided in Section 4.05, and the amount necessary to pay the Redemption Price of all Bonds to be redeemed being available therefor on the date fixed for such redemption:

(a) the Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the applicable Redemption Price thereof, as provided in the Indenture, anything in such Indenture or in the Bonds to the contrary notwithstanding;

(b) except as otherwise provided in a Representation Letter, upon presentation and surrender thereof at the Principal Office of the Trustee or another Paying Agent for such Bonds, the Bonds to be redeemed shall be redeemed at the applicable Redemption Price;

(c) the Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or portions thereof shall cease to bear further interest; and

(d) after the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the Redemption Price thereof from the amounts so made available.

ARTICLE V

ESTABLISHMENT AND APPLICATION OF FUNDS

Section 5.01. Establishment of Funds and Accounts. The following Funds and Accounts are hereby established:

- (a) Construction Fund, to be held by the Trustee and Net Proceeds Fund, to be held by the Trustee;
- (b) Revenue Fund, to be held by the Authority;
- (c) Operating Fund, including the Operating Reserve Account therein, to be held by the Authority;
- (d) Rebate Fund, to be held by the Trustee;
- (e) Senior Debt Service Fund, to be held by the Trustee;
- (f) Senior Debt Service Reserve Fund, to be held by the Trustee;
- (g) Subordinate Debt Service Fund, to be held by the Trustee;
- (h) Subordinate Debt Service Reserve Fund, to be held by the Trustee;
- (i) Junior Subordinate Fund, to be held by the Authority; and
- (j) Surplus Fund, to be held by the Authority.

The Trustee may create additional accounts and subaccounts in any of the funds created under the Indenture as the Trustee may deem appropriate for the purpose of fulfilling its obligations hereunder.

Section 5.02. Construction Fund; Net Proceeds Fund.

(a) There shall be established in the Construction Fund a special Account with respect to each Series of Additional Bonds. There shall be deposited in each such Account the amount specified in the Supplemental Indenture relating to the applicable Series of Bonds. There may also be paid into such Account any moneys received by the Authority for or in connection with the Capital Improvements financed with funds in such special Account from any other source unless such moneys are required to be otherwise applied pursuant to the Indenture. Amounts in each such Account shall be applied to the Costs of the Capital Improvements to be financed with funds in such special Account in the manner provided in this Section.

(b) The Net Proceeds of eminent domain proceedings and insurance, including the proceeds of any self insurance fund, maintained pursuant to the Indenture against physical loss of or damage to the Airport facilities or casualty loss shall be paid into the Net Proceeds Fund and applied as provided in Section 6.07 or Section 6.08, as applicable.

(c) The Authority shall make payments from each Account in the Construction Fund, in the amounts, at the times, in the manner and on the other terms and conditions set forth in this subsection. Before any such payment from an Account in the Construction Fund shall be made, the Authority shall submit to the Trustee its requisition therefor, signed by an Authorized Authority Representative, stating in respect of the payment to be made (a) the name and address of the Person to whom payment is due (which may be the Authority if the Authority provided the facilities, equipment or service, or has paid that portion of the Cost of the Capital Improvement which is the basis of such payment), (b) the amount of such payment, and (c) the particular item of the Cost of the Capital Improvement to be paid and that such payment in the stated amount is a proper charge against such Account in the Construction Fund and that no part of such payment shall be applied to any item which has previously been paid as a Cost of a Capital Improvement from any Account in the Construction Fund. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. The Authority shall apply all moneys received from an Account in the Construction Fund to the payment of the Cost of the applicable Capital Improvement identified in the requisition relating to such moneys or, if such Cost was paid from Authority funds, to the reimbursement of the Authority for such Cost. The Authority shall maintain in its records the requisitions from the Construction Fund relating to each Capital Improvement financed in whole or in part with Bond proceeds for the period required by the applicable Tax Certificate.

(d) Unless otherwise provided in a Supplemental Indenture with respect to an Account in the Construction Fund established pursuant to such Supplemental Indenture and unless such Account has been closed pursuant to subsection (e) of this Section, the completion of the Construction of all the Capital Improvements to be financed in whole or in part with moneys in an Account in the Construction Fund shall be evidenced by a certificate signed by an Authorized Authority Representative which shall be filed with the Trustee, stating (i) the date of such completion and (ii) the amount, if any, required in the opinion of the signer or signers for the payment of any remaining part of the Costs of such Capital Improvements. Upon the filing of such certificate, the balance in the appropriate Account in the Construction Fund in excess of the amount, if any, stated in such certificate shall be applied to either (i) the purchase or redemption of Bonds as directed in writing by an Authorized Authority Representative (other than amounts due for interest on each purchase or redemption which shall be paid from amounts accumulated in the applicable Debt Service Fund with respect to such interest or other available funds); or (ii) any other lawful purpose as directed by an Authorized Authority Representative. If subsequent to the filing of such certificate, and unless such Account has been closed pursuant to subsection (e) of this Section, it shall be determined that any amounts specified in such certificate as being required for the payment of any remaining part of the Cost of such Capital Improvements are no longer so required, such fact shall be evidenced by a certificate of an Authorized Authority Representative which shall be filed with the Trustee stating such fact and any amount shown therein as no longer being required shall be applied to either (i) the purchase or redemption of Bonds as directed in writing by an Authorized Authority Representative (other than amounts due for interest on each purchase or redemption which shall be paid from amounts accumulated in the Senior Debt Service Fund, the Subordinate Debt Service Fund or the Junior Subordinate Fund, as applicable, with respect to such interest or other available funds); or (ii) any other lawful purpose as directed by an Authorized Authority Representative.

(e) When no moneys remain in an Account in the Construction Fund, such Account shall be closed.

Section 5.03. Revenues and Revenue Fund. All Revenues shall be promptly deposited upon receipt thereof to the credit of the Revenue Fund and applied as provided in this Master Indenture. The Authority may also from time to time, in its sole discretion and without any obligation to do so, deposit funds from any available source into the Revenue Fund.

Section 5.04. Application of Revenues. As soon as practicable in each month, but in any case no later than the last Business Day of such month, the Authority shall withdraw moneys from the Revenue Fund and apply such moneys to the deposits and payments indicated below, in the amounts and in the priority set forth below. In the event there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made in the priority of the lettered paragraphs below. In the event any of the lettered paragraphs below requires more than one such deposit or payment and there is not then on deposit in the

Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the total amount of such deposits and payments then due) to the extent of available moneys.

(a) First, to the Operating Fund the amount which, together with any amount therein available to pay such Operating Expenses (other than amounts in the Operating Reserve Account), is equal to the total amount appropriated for Operating Expenses in such month pursuant to the then current Annual Budget.

(b) Second:

- (i) to the Trustee for deposit in the Senior Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service on all Outstanding Senior Bonds as of the last day of such month;
- (ii) to the extent not included in Debt Service on Senior Bonds and to the extent not otherwise paid as an Operating Expense from the Operating Fund, to each Credit Provider of a Credit Support Instrument relating to the Senior Bonds, the amount of the Reimbursement Obligation, if any, payable by the Authority as of the last day of such month in accordance with each applicable Credit Support Agreement;
- (iii) to each Qualified Counterparty, the amount of Net Payments, if any, payable by the Authority as of the last day of such month in accordance with each applicable Qualified Swap relating to the Senior Obligations; and
- (iv) to the applicable trustee or paying agent for, or owner or payee of, Outstanding Senior Obligations not specified above in this subparagraph (b), the amount, if any, required to be paid during such month to such trustee, paying agent, owner or payee as and to the extent required by the Supplemental Indentures or Issuing Instruments for payment of such Outstanding Senior Obligations.

(c) Third:

- (i) subject to the provisions of subsection (e) of Section 5.07, to the Trustee for deposit in the Senior Debt Service Reserve Fund the amount, if any, required to maintain the Senior Debt Service Reserve Fund at the applicable Senior Debt Service Reserve Requirement; provided that the maximum amount required to be deposited into the Senior Debt Service Reserve Fund in any month shall not exceed one-twelfth (1/12) of the applicable Senior Debt Service Reserve Requirement; and
- (ii) to the Trustee for deposit in each Senior Series Debt Service Reserve Fund, the amount, if any, required to be paid during such month pursuant to the applicable Supplemental Indenture to maintain each Senior Series Debt Service Reserve Fund at the amount required by such Supplemental Indenture;
- (iii) to the applicable trustee or paying agent for, or owner of, Outstanding Senior Obligations other than Senior Bonds, the amount, if any, required to be paid during such month to such trustee, paying agent or owner pursuant to the Issuing Instruments for such Outstanding Senior Obligations to maintain each debt service reserve for such Outstanding Senior Obligations at the amount required by the applicable Issuing Instrument; and
- (iv) to each Reserve Guaranty Provider relating to Senior Obligations, the amount, if any, payable by the Authority as of the last day of such month in accordance with each applicable Reserve Guaranty Agreement.

(d) Fourth, to the Rebate Fund, the amount required to be paid for Senior Obligations pursuant to the Rebate Instructions.

(e) Fifth:

- (i) to the Trustee for deposit in the Subordinate Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service on all Outstanding Subordinate Bonds as of the last day of such month;
- (ii) to the extent not included in Debt Service on Subordinate Bonds, to each Credit Provider of a Credit Support Instrument relating to the Subordinate Bonds and to the extent not otherwise paid as an Operating Expense from the Operating Fund, the amount of the Reimbursement Obligation, if any, payable by the Authority as of the last day of such month in accordance with each applicable Credit Support Agreement;
- (iii) to each Qualified Counterparty, the amount of Net Payments, if any, payable by the Authority as of the last day of such month in accordance with each applicable Qualified Swap relating to the Subordinate Obligations or investments in funds established by the Indenture;
- (iv) to the applicable trustee or paying agent for, or owner or payee of, Outstanding Subordinate Obligations not specified above in this subparagraph (e), the amount, if any, required to be paid during such month to such trustee, paying agent, owner or payee as and to the extent required by the Supplemental Indentures or Issuing Instruments for payment of such Outstanding Subordinate Obligations; and
- (v) to each Qualified Counterparty, the balance of the amounts to be paid by the Authority, if any, as of the last day of such month in accordance with each applicable Qualified Swap relating to Senior Obligations, including any Termination Payments.

(f) Sixth:

- (i) subject to the provisions of subsection (e) of Section 5.09, to the Trustee for deposit in the Subordinate Debt Service Reserve Fund the amount, if any, required to maintain the Subordinate Debt Service Reserve Fund at the applicable Subordinate Debt Service Reserve Requirement; provided that the maximum amount required to be deposited into the Subordinate Debt Service Reserve Fund in any month shall not exceed one-twelfth (1/12) of the applicable Subordinate Debt Service Reserve Requirement;
- (ii) to the Trustee for deposit in each Subordinate Series Debt Service Reserve Fund, the amount, if any, required to be paid during such month pursuant to the applicable Supplemental Indenture to maintain each Subordinate Series Debt Service Reserve Fund at the amount required by such Supplemental Indenture;
- (iii) to the applicable trustee or paying agent for, or owner of, Outstanding Subordinate Obligations other than Subordinate Bonds, the amount, if any, required to be paid during such month to such trustee, paying agent or owner pursuant to the Issuing Instruments for such Outstanding Subordinate Obligations to maintain each debt service reserve for such Outstanding Subordinate Obligations at the amount required by the applicable Issuing Instrument; and

(iv) to each Reserve Guaranty Provider relating to Subordinate Obligations, the amount, if any, payable by the Authority as of the last day of such month in accordance with each applicable Reserve Guaranty Agreement.

(g) Seventh, to the Trustee for deposit in the Rebate Fund, the amount required to be paid for Subordinate Obligations pursuant to the Rebate Instructions.

(h) Eighth, to the Operating Reserve Account one-twelfth (1/12) of the Operating Reserve Requirement, but only to the extent such deposit is required to make the amount on deposit in the Operating Reserve Account equal to the Operating Reserve Requirement.

(i) Ninth, to the Junior Subordinate Fund, the amount, if any, required to be paid during such month with respect to Junior Subordinate Obligations pursuant to Section 5.10.

(j) Tenth, to the Trustee for deposit in the Rebate Fund, the amount required to be paid for Junior Subordinate Obligations pursuant to the Rebate Instructions.

(k) Eleventh, on the last Business Day of each month after making the deposits and payments required by subsection (a) through subsection (j) of this Section, the Authority may withdraw from the Revenue Fund and deposit in the Surplus Fund the balance, if any, of moneys remaining in the Revenue Fund.

Section 5.05. Operating Fund.

(a) Moneys from the proceeds of Obligations may be deposited in the Operating Reserve Account or otherwise set aside in the Operating Fund as working capital or a reserve for working capital as specified in a Supplemental Indenture or Issuing Instrument.

(b) Amounts in the Operating Fund (other than amounts in the Operating Reserve Account, except as provided in subsection (d) of this Section) shall be paid out from time to time by the Authority for reasonable and necessary Operating Expenses.

(c) Amounts in the Operating Fund which the Authority at any time determines to be in excess of the requirements of such Fund shall be transferred to the Revenue Fund and applied in accordance with Section 5.04.

(d) Amounts in the Operating Reserve Account shall be paid out from time to time by the Authority for reasonable and necessary Operating Expenses in the event that other moneys in the Operating Fund available for such purpose are insufficient therefor.

Section 5.06. Senior Debt Service Fund.

(a) The Trustee shall apply the moneys in the Senior Debt Service Fund to the payment of the following: (i) on or before each Interest Payment Date for any of the Outstanding Senior Bonds the amount required for the interest payable on such date; (ii) on or before each due date therefor, the principal and, to the extent included in Debt Service, the Purchase Price of, Outstanding Senior Bonds payable on such due date; (iii) on or before each redemption date for Outstanding Senior Bonds, the amount required for the payment of the Redemption Price and any accrued interest on the Senior Bonds then to be redeemed; and (iv) upon receipt of a written request signed by an Authorized Authority Representative, to the respective Credit Providers, on each date a Reimbursement Obligation relating to Senior Bonds is due pursuant to a Credit Support Agreement, the amount of such Reimbursement Obligation to the extent not included in Debt Service on Senior Bonds and not otherwise paid as Operating Expenses. Amounts received by the Paying Agents pursuant to this subsection shall be applied by Paying Agents to the payment of the principal, Redemption Price or Purchase Price, as applicable, of, and interest on, the Senior Bonds on and after the due dates thereof.

(b) Amounts accumulated in the Senior Debt Service Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Senior Bonds for which such Sinking Fund Installment was established) may, and if so directed in writing by an Authorized Authority Representative shall, be applied by the Trustee, on or prior to the sixtieth (60th) day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Senior Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (ii) the optional redemption at not exceeding the applicable sinking fund Redemption Price of such Senior Bonds, if such Senior Bonds are then subject to redemption at the option by the Authority. All purchases of any Senior Bonds pursuant to this subsection shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Senior Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by an Authorized Authority Representative. The applicable sinking fund Redemption Price (or principal of maturing Senior Bonds) of any Senior Bonds so purchased or redeemed shall be deemed to constitute part of the Senior Debt Service Fund until such Sinking Fund Installment due date, for the purpose of calculating the amount of such Fund. If directed in writing by an Authorized Authority Representative on or prior to the forty-fifth (45th) day next preceding a Sinking Fund Installment due date, there shall be applied as a credit against such Sinking Fund Installment, and there shall be deemed to constitute part of the Senior Debt Service Fund until such Sinking Fund Installment due date for the purpose of calculating the amount of such Fund, the principal of any Senior Bonds of the Series and maturity for which such Sinking Fund Installment was established which have been purchased or redeemed and cancelled or delivered to the Trustee for cancellation on or prior to the forty-fifth (45th) day next preceding such Sinking Fund Installment due date and not previously applied as a credit against a Sinking Fund Installment. As soon as practicable after the forty-fifth (45th) day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as provided in Section 4.05, Senior Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Senior Bonds maturing on a Sinking Fund Installment due date) in such amount as shall be necessary to complete the retirement of Senior Bonds from the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Senior Debt Service Fund, on or before such redemption date (or maturity date), the amount required for the redemption of the Senior Bonds so called for redemption (or for the payment of such Senior Bonds then maturing). All expenses in connection with the purchase or redemption of Senior Bonds may be paid from the Operating Fund.

(c) The amount, if any, deposited in the Senior Debt Service Fund from the proceeds of each Series of Senior Bonds as Capitalized Interest shall be set aside in such Fund and applied to the payment of interest on Senior Bonds as provided in the Supplemental Indenture relating to such Series of Senior Bonds and shall not be included as amounts in the Senior Debt Service Fund in any month except to the extent that such Capitalized Interest is to pay interest on Senior Bonds for such month.

(d) In the event of the refunding of one or more Senior Bonds (or portions thereof), the Trustee shall, upon the written direction of an Authorized Authority Representative, withdraw from the Senior Debt Service Fund amounts accumulated therein with respect to Debt Service on the Senior Bonds (or portions thereof) being refunded, and deposit such amounts with itself as Trustee or with an Escrow Agent specified by an Authorized Authority Representative, to be held for the payment of the principal or Redemption Price, as applicable, of, and interest on, the Senior Bonds (or portions thereof) being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Senior Bonds (or portions thereof) being refunded shall be deemed to have been paid pursuant to Article IX, and (b) the amount remaining in the Senior Debt Service Fund after such withdrawal shall not be less than the requirement of such Fund pursuant to Section 5.04(b).

(e) Any provision of the Indenture to the contrary notwithstanding, so long as there shall be held in the Senior Debt Service Fund an amount sufficient to pay in full all Outstanding Senior Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Senior Debt Service Fund.

(f) In determining the amount on deposit in the Senior Debt Service Fund for purposes of Section 5.04, there shall be excluded from the balance of said Fund any Capitalized Interest with respect to interest on Senior Bonds accruing after the last day of such month and the amount, if any, set aside in said Fund for the payment of Debt Service on Senior Bonds which is then due and payable.

(g) For so long as the 2012 Series Bonds are Outstanding, the Available Revenues pledged to the 2012 Series Bonds shall be deposited in the Debt Service Fund for the payment of debt service on the 2012 Series Bonds as provided in Section 6.02 of the Third Supplemental Indenture. The 2012 Pledged Customer Facility Charges shall be applied only to the payment of debt service for the 2012 Series Bonds.

Section 5.07. Senior Debt Service Reserve Fund.

(a) If on the Business Day immediately preceding an Interest Payment Date for the Participating Senior Bonds, or any other date on which any principal or interest on the Outstanding Participating Senior Bonds is due, after applying amounts in the Senior Debt Service Fund ratably (based on the amounts due) to the payment of the principal and interest then due with respect to all Outstanding Senior Bonds, the amount in the Senior Debt Service Fund available for payment of the principal and interest then due with respect to all Outstanding Participating Senior Bonds is less than the amount due on such date, the Trustee shall apply amounts in the Senior Debt Service Reserve Fund ratably (based on amounts due) to the extent necessary to make good the deficiency for the principal and interest then due with respect to the Outstanding Participating Senior Bonds.

(b) Except as provided in subsection (d) of this Section, if on the last Business Day of any month the amount on deposit in the Senior Debt Service Reserve Fund shall exceed the applicable Senior Debt Service Reserve Requirement, upon the written direction of an Authorized Authority Representative delivered to the Trustee, such excess shall be applied to the reimbursement of each drawing on a Reserve Guaranty credited to such Fund (to the extent not reimbursed upon the reinstatement of such Reserve Guaranty pursuant to subsection (e) of this Section) and to the payment of interest or other amounts due with respect to any Reserve Guaranty credited to such Fund and any remaining moneys shall be deposited in the Senior Debt Service Fund.

(c) Whenever the amount in the Senior Debt Service Reserve Fund and all Senior Series Debt Service Reserve Funds (excluding Reserve Guaranties), together with the amount available therefor in the Senior Debt Service Fund, is sufficient to pay in full all Outstanding Senior Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), upon the written direction of an Authorized Authority Representative delivered to the Trustee, the funds on deposit in the Senior Debt Service Reserve Fund and all Senior Series Debt Service Reserve Funds shall be transferred to the Senior Debt Service Fund and applied to the payment of the Outstanding Senior Bonds (including principal or applicable Redemption Price and interest thereon).

(d) In the event of the refunding, purchase or redemption of one or more Participating Senior Bonds (or portions thereof), the Trustee shall, upon the written direction of an Authorized Authority Representative, withdraw from the Senior Debt Service Reserve Fund any or all of the amounts on deposit therein (excluding Reserve Guaranties) and deposit such amounts with itself as Trustee or with the Escrow Agent to be held for the payment of the principal or Redemption Price of, and interest on, the Participating Senior Bonds (or portions thereof) being refunded, purchased or redeemed; provided that such withdrawal shall not be made unless immediately thereafter the amount remaining in the Senior Debt Service Reserve Fund after such withdrawal, taking into account any deposits to be made in the Senior Debt Service Reserve Fund in connection with such refunding, purchase or redemption, shall not be less than the Senior Debt Service Reserve Requirement for the Participating Senior Bonds to be Outstanding upon such refunding, purchase or redemption.

(e) (i) In lieu of the deposits and transfers to the Senior Debt Service Reserve Fund required by Section 5.04(c), the Authority may cause to be deposited in the Senior Debt Service Reserve Fund a Reserve Guaranty or Reserve Guaranties in an aggregate amount equal to the difference between the applicable Senior Debt Service Reserve Requirement and the sums, if any, then on deposit in the Senior Debt Service Reserve Fund or being deposited in the Senior Debt Service Reserve Fund concurrently with such Reserve Guaranty or Guaranties.

- (ii) In computing the amount on deposit in the Senior Debt Service Reserve Fund, a Reserve Guaranty shall be valued at the amount available to be drawn or payable thereunder on the date of computation.
- (iii) The Trustee shall draw upon or otherwise take such action as is necessary in accordance with the terms of the Reserve Guaranties credited to the Senior Debt Service Reserve Fund to receive payments with respect to the Reserve Guaranties (including the giving of notice as required thereunder): (i) on any date on which moneys will be required to be withdrawn from the Senior Debt Service Reserve Fund and applied to the payment of principal or interest on, any Participating Senior Bonds and such withdrawal cannot be met by moneys on deposit in the Senior Debt Service Reserve Fund; (ii) unless such Reserve Guaranty expires on the final maturity date for the Outstanding Participating Senior Bonds, on the first Business Day which is at least thirty (30) days prior to the expiration date of each Reserve Guaranty, in an amount equal to the deficiency which would exist in the Senior Debt Service Reserve Fund if the Reserve Guaranty expired, unless a substitute Reserve Guaranty with an expiration date not earlier than one hundred eighty (180) days after the expiration date of the expiring Reserve Guaranty (or the final maturity date of the Outstanding Participating Senior Bonds, if sooner) is delivered to the Trustee prior to such date or the Authority deposits funds in the Senior Debt Service Reserve Fund on or before such date such that the amount in the Senior Debt Service Reserve Fund on such date (without regard to such expiring Reserve Guaranty) is at least equal to the applicable Senior Debt Service Reserve Requirement.
- (iv) If at any time a Reserve Guaranty is delivered pursuant to this subsection (e) there shall be any amount in the Senior Debt Service Reserve Fund in excess of the applicable Senior Debt Service Reserve Requirement, such excess amount may be applied to the cost of acquiring such Reserve Guaranty and, to the extent not so applied, shall be applied to either: (i) the purchase or redemption of Participating Senior Bonds as directed in writing by an Authorized Authority Representative (other than amounts due for interest on such purchase or redemption which shall be paid from amounts accumulated in the Senior Debt Service Fund with respect to such interest or other available funds); or (ii) any lawful purpose as directed by an Authorized Authority Representative if the Authority delivers to the Trustee a Favorable Opinion of Bond Counsel with respect to such application.
- (v) If a disbursement is made pursuant to a Reserve Guaranty credited to the Senior Debt Service Reserve Fund, the Authority shall be obligated either (i) to reinstate the maximum limits of such Reserve Guaranty or (ii) to deposit into the Senior Debt Service Reserve Fund, in accordance with of Section 5.04(c), funds in the amount of the disbursement made under such Reserve Guaranty, or a combination of such alternatives, as shall provide that the amount in the Senior Debt Service Reserve Fund equals the applicable Senior Debt Service Reserve Requirement; provided, however, that to the extent a Reserve Guaranty will be reinstated so that the amount in the Senior Debt Service Reserve Fund (including Reserve Guarantees) shall equal the applicable Senior Debt Service Reserve Requirement, amounts in the Senior Debt Service Reserve Fund in excess of the applicable Senior Debt Service Reserve Requirement shall be applied to the reimbursement of drawings under a Reserve Guaranty.

Section 5.08. Subordinate Debt Service Fund.

- (a) The Trustee shall apply the moneys in the Subordinate Debt Service Fund to the payment of the following: (i) on or before each Interest Payment Date for any of the Outstanding Subordinate Bonds the amount required for the interest payable on such date; (ii) on or before each due date therefor, the principal and, to the extent included in Debt Service, the Purchase Price of, Outstanding Subordinate Bonds payable on such due date; (iii) on or before each redemption date for Outstanding Subordinate Bonds, the amount required for the payment of the Redemption Price and any accrued interest on the Subordinate Bonds then to be

redeemed; and (iv) upon receipt of a written request signed by an Authorized Authority Representative, to the respective Credit Providers, on each date a Reimbursement Obligation relating to Subordinate Bonds is due pursuant to a Credit Support Agreement, the amount of such Reimbursement Obligation to the extent not included in Debt Service on Subordinate Bonds and not otherwise paid as Operating Expenses. Amounts received by the Paying Agents pursuant to this subsection shall be applied by Paying Agents to the payment of the principal, Redemption Price or Purchase Price, as applicable, of, and interest on, the Subordinate Bonds on and after the due dates thereof.

(b) Amounts accumulated in the Subordinate Debt Service Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Subordinate Bonds for which such Sinking Fund Installment was established) may, and if so directed in writing by an Authorized Authority Representative shall, be applied by the Trustee, on or prior to the sixtieth (60th) day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Subordinate Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (ii) the optional redemption at not exceeding the applicable sinking fund Redemption Price of such Subordinate Bonds, if such Subordinate Bonds are then subject to redemption at the option by the Authority. All purchases of any Subordinate Bonds pursuant to this subsection shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Subordinate Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by an Authorized Authority Representative. The applicable sinking fund Redemption Price (or principal of maturing Subordinate Bonds) of any Subordinate Bonds so purchased or redeemed shall be deemed to constitute part of the Subordinate Debt Service Fund until such Sinking Fund Installment due date, for the purpose of calculating the amount of such Fund. If directed in writing by an Authorized Authority Representative on or prior to the forty-fifth (45th) day next preceding a Sinking Fund Installment due date, there shall be applied as a credit against such Sinking Fund Installment, and there shall be deemed to constitute part of the Subordinate Debt Service Fund until such Sinking Fund Installment due date for the purpose of calculating the amount of such Fund, the principal of any Subordinate Bonds of the Series and maturity for which such Sinking Fund Installment was established which have been purchased or redeemed and cancelled or delivered to the Trustee for cancellation on or prior to the forty-fifth (45th) day next preceding such Sinking Fund Installment due date and not previously applied as a credit against a Sinking Fund Installment. As soon as practicable after the forty-fifth (45th) day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as provided in Section 4.05, Subordinate Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Subordinate Bonds maturing on a Sinking Fund Installment due date) in such amount as shall be necessary to complete the retirement of Subordinate Bonds from the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Subordinate Debt Service Fund, on or before such redemption date (or maturity date), the amount required for the redemption of the Subordinate Bonds so called for redemption (or for the payment of such Subordinate Bonds then maturing). All expenses in connection with the purchase or redemption of Subordinate Bonds may be paid from the Operating Fund.

(c) The amount, if any, deposited in the Subordinate Debt Service Fund from the proceeds of each Series of Subordinate Bonds as Capitalized Interest shall be set aside in such Fund and applied to the payment of interest on Subordinate Bonds as provided in the Supplemental Indenture relating to such Series of Subordinate Bonds and shall not be included as amounts in the Subordinate Debt Service Fund in any month except to the extent that such Capitalized Interest is to pay interest on Subordinate Bonds for such month.

(d) In the event of the refunding of one or more Subordinate Bonds (or portions thereof), the Trustee shall, upon the written direction of an Authorized Authority Representative, withdraw from the Subordinate Debt Service Fund amounts accumulated therein with respect to Debt Service on the Subordinate Bonds (or portions thereof) being refunded, and deposit such amounts with itself as Trustee or with an Escrow Agent specified by an Authorized Authority Representative, to be held for the payment of the principal or Redemption Price, as applicable, of, and interest on, the Subordinate Bonds (or portions thereof) being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Subordinate Bonds (or portions thereof) being refunded shall be deemed to have been paid pursuant to Article IX, and (b) the amount remaining in the Subordinate Debt Service Fund after such withdrawal shall not be less than the requirement of such Fund pursuant to Section 5.04(e).

(e) Any provision of the Indenture to the contrary notwithstanding, so long as there shall be held in the Subordinate Debt Service Fund an amount sufficient to pay in full all Outstanding Subordinate Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Subordinate Debt Service Fund.

(f) In determining the amount on deposit in the Subordinate Debt Service Fund for purposes of Section 5.04, there shall be excluded from the balance of said Fund any Capitalized Interest with respect to interest on Subordinate Bonds accruing after the last day of such month and the amount, if any, set aside in said Fund for the payment of Debt Service on Subordinate Bonds which is then due and payable.

Section 5.09. Subordinate Debt Service Reserve Fund.

(a) If on the Business Day immediately preceding an Interest Payment Date for the Participating Subordinate Bonds, or any other date on which any principal or interest on, the Outstanding Participating Subordinate Bonds is due, after applying amounts in the Subordinate Debt Service Fund ratably (based on the amounts due) to the payment of the principal and interest then due with respect to all Outstanding Subordinate Bonds, the amount in the Subordinate Debt Service Fund available for payment of the principal and interest then due with respect to all Outstanding Participating Subordinate Bonds is less than the amount due on such date, the Trustee shall apply amounts in the Subordinate Debt Service Reserve Fund ratably (based on amounts due) to the extent necessary to make good the deficiency for the principal and interest then due with respect to the Outstanding Participating Subordinate Bonds.

(b) Except as provided in subsection (d) of this Section, if on the last Business Day of any month the amount on deposit in the Subordinate Debt Service Reserve Fund shall exceed the applicable Subordinate Debt Service Reserve Requirement, upon the written direction of an Authorized Authority Representative delivered to the Trustee, such excess shall be applied to the reimbursement of each drawing on a Reserve Guaranty credited to such Fund (to the extent not reimbursed upon the reinstatement of such Reserve Guaranty pursuant to subsection (e) of this Section) and to the payment of interest or other amounts due with respect to any Reserve Guaranty credited to such Fund and any remaining moneys shall be deposited in the Subordinate Debt Service Fund.

(c) Whenever the amount in the Subordinate Debt Service Reserve Fund and all Subordinate Series Debt Service Reserve Funds (excluding Reserve Guaranties), together with the amount available therefor in the Subordinate Debt Service Fund, is sufficient to pay in full all Outstanding Subordinate Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Subordinate Debt Service Reserve Fund and all Subordinate Series Debt Service Reserve Funds shall, upon the written direction of an Authorized Authority Representative delivered to the Trustee, be transferred to the Subordinate Debt Service Fund and applied to the payment of the Outstanding Subordinate Bonds (including principal or applicable Redemption Price and interest thereon).

(d) In the event of the refunding, purchase or redemption of one or more Participating Subordinate Bonds (or portions thereof), the Trustee shall, upon the written direction of an Authorized Authority Representative, withdraw from the Subordinate Debt Service Reserve Fund any or all of the amounts on deposit therein (excluding Reserve Guaranties) and deposit such amounts with itself as Trustee or with the Escrow Agent to be held for the payment of the principal or Redemption Price of, and interest on, the Participating Subordinate Bonds (or portions thereof) being refunded, purchased or redeemed; provided that such withdrawal shall not be made unless immediately thereafter the amount remaining in the Subordinate Debt Service Reserve Fund after such withdrawal, taking into account any deposits to be made in the Subordinate Debt Service Reserve Fund in connection with such refunding, purchase or redemption, shall not be less than the Subordinate Debt Service Reserve Requirement for the Participating Subordinate Bonds to be Outstanding upon such refunding, purchase or redemption.

(e) (i) In lieu of the deposits and transfers to the Subordinate Debt Service Reserve Fund required by Section 5.04(f), the Authority may cause to be deposited in the Subordinate Debt Service Reserve Fund a Reserve Guaranty or Reserve Guaranties in an aggregate amount equal to the difference between the applicable Subordinate Debt Service Reserve Requirement and the sums, if any, then on deposit in the

Subordinate Debt Service Reserve Fund or being deposited in the Subordinate Debt Service Reserve Fund concurrently with such Reserve Guaranty or Guaranties.

- (ii) In computing the amount on deposit in the Subordinate Debt Service Reserve Fund, a Reserve Guaranty shall be valued at the amount available to be drawn or payable thereunder on the date of computation.
- (iii) The Trustee shall draw upon or otherwise take such action as is necessary in accordance with the terms of the Reserve Guaranties credited to the Subordinate Debt Service Reserve Fund to receive payments with respect to the Reserve Guaranties (including the giving of notice as required thereunder): (i) on any date on which moneys will be required to be withdrawn from the Subordinate Debt Service Reserve Fund and applied to the payment of principal or interest on, any Participating Subordinate Bonds and such withdrawal cannot be met by moneys on deposit in the Subordinate Debt Service Reserve Fund; (ii) unless such Reserve Guaranty expires on the final maturity date for the Outstanding Participating Subordinate Bonds, on the first Business Day which is at least thirty (30) days prior to the expiration date of each Reserve Guaranty, in an amount equal to the deficiency which would exist in the Subordinate Debt Service Reserve Fund if the Reserve Guaranty expired, unless a substitute Reserve Guaranty with an expiration date not earlier than one hundred eighty (180) days after the expiration date of the expiring Reserve Guaranty (or the final maturity date of the Outstanding Participating Subordinate Bonds, if sooner) is delivered to the Trustee prior to such date or the Authority deposits funds in the Subordinate Debt Service Reserve Fund on or before such date such that the amount in the Subordinate Debt Service Reserve Fund on such date (without regard to such expiring Reserve Guaranty) is at least equal to the applicable Subordinate Debt Service Reserve Requirement.
- (iv) If at any time a Reserve Guaranty is delivered pursuant to this subsection (e) there shall be any amount in the Subordinate Debt Service Reserve Fund in excess of the applicable Subordinate Debt Service Reserve Requirement, such excess amount may be applied to the cost of acquiring such Reserve Guaranty and, to the extent not so applied, shall be applied to either: (i) the purchase or redemption of Participating Subordinate Bonds as directed in writing by an Authorized Authority Representative (other than amounts due for interest on such purchase or redemption which shall be paid from amounts accumulated in the Subordinate Debt Service Fund with respect to such interest or other available funds); or (ii) any lawful purpose relating to the Airport as directed by an Authorized Authority Representative if the Authority delivers to the Trustee a Favorable Opinion of Bond Counsel with respect to such application.
- (v) If a disbursement is made pursuant to a Reserve Guaranty credited to the Subordinate Debt Service Reserve Fund, the Authority shall be obligated either (i) to reinstate the maximum limits of such Reserve Guaranty or (ii) to deposit into the Subordinate Debt Service Reserve Fund, in accordance with Section 5.04(f), funds in the amount of the disbursement made under such Reserve Guaranty, or a combination of such alternatives, as shall provide that the amount in the Subordinate Debt Service Reserve Fund equals the applicable Subordinate Debt Service Reserve Requirement; provided, however, that to the extent a Reserve Guaranty will be reinstated so that the amount in the Subordinate Debt Service Reserve Fund (including Financial Guarantees) shall equal the applicable Subordinate Debt Service Reserve Requirement, amounts in the Subordinate Debt Service Reserve Fund in excess of the applicable Subordinate Debt Service Reserve Requirement shall be applied to the reimbursement of drawings under a Reserve Guaranty.

Section 5.10. Junior Subordinate Fund. The Authority shall apply or transfer moneys in the Junior Subordinate Fund to the payment of the following:

(a) to the Trustee on or before each Interest Payment Date for any of the Outstanding Junior Subordinate Bonds the amount required for the interest payable on such date;

(b) to the Trustee on or before each due date therefor, the principal and, to the extent included in Debt Service, the Purchase Price of, Outstanding Junior Subordinate Bonds payable on such due date;

(c) to the Trustee on or before each redemption date for Outstanding Junior Subordinate Bonds, the amount required for the payment of the Redemption Price and any accrued interest on the Junior Subordinate Bonds then to be redeemed;

(d) to the respective Credit Providers, on each date a Reimbursement Obligation relating to Junior Subordinate Obligations is due pursuant to a Credit Support Agreement, the amount of such Reimbursement Obligation to the extent not otherwise paid as Debt Service on Junior Subordinate Obligations and not otherwise paid as Operating Expenses;

(e) to each Qualified Counterparty, the amount of Net Payments and Termination Payments, if any, payable by the Authority as of the last day of such month in accordance with each applicable Qualified Swap relating to the Junior Subordinate Bonds;

(f) to the applicable trustee or paying agent for, or owner of, Outstanding Junior Subordinate Obligations not otherwise paid above, the amount, if any, required to be paid during such month to such trustee, paying agent or owner as and to the extent required by the Issuing Instruments for payment of such Outstanding Junior Subordinate Obligations;

(g) to the applicable trustee or paying agent for, or owner of, Outstanding Junior Subordinate Obligations, the amount, if any, required to be paid during such month to such trustee, paying agent or owner pursuant to the Supplemental Indentures or Issuing Instruments for such Outstanding Subordinate Obligations to maintain each debt service reserve for such Outstanding Subordinate Obligations at the amount required by the applicable Supplemental Indenture or Issuing Instrument;

(h) to each Reserve Guaranty Provider relating to Junior Subordinate Obligations, the amount, if any, payable by the Authority as of the last day of such month in accordance with each applicable Reserve Guaranty Agreement; and

(i) to the payment of any other payment due with respect to any Junior Subordinate Obligations.

Section 5.11. [Reserved].

Section 5.12. Surplus Fund.

(a) If on any date the amount in the Funds described in Section 5.04(a) through (j) shall be less than the requirement of such Fund pursuant to Section 5.04, then the Authority shall transfer from the Surplus Fund and deposit in the Funds in the order of priority described in Section 5.04 the amount necessary (or all the moneys in the Surplus Fund if less than the amount necessary) to make up any such deficiency.

(b) Amounts in the Surplus Fund not required to meet deficiencies shall be used by the Authority for any lawful purpose.

Section 5.13. Rebate Fund. When required in connection with a Series of Obligations pursuant to the Supplemental Indenture or Issuing Instrument relating to such Series of Obligations or the Tax Certificate, if any, relating to such Series of Obligations, there shall be established an Account within the Rebate Fund with respect to such Series of Obligations. Amounts on deposit in each Account in the Rebate Fund shall be applied as provided in

Supplemental Indenture or Issuing Instrument pursuant to which Account was established and the Rebate Instructions relating to such Account.

Section 5.14. Available Revenues.

(a) At any time and from time to time, the Authority and the Trustee, without the consent of the Owner of any Obligation and without the consent of any Credit Provider, may enter into a Supplemental Indenture (subject to Article VII) or Issuing Instrument that (i) specifies the amount of Passenger Facility Charges which shall constitute Available PFC Revenues, the amount of Customer Facility Charges which shall constitute Available CFC Revenues and the amount of Grant Funds which shall constitute Available Grant Revenues during each Fiscal Year specified in such Supplemental Indenture or Issuing Instrument, (ii) specifies Obligations that shall be secured by Available Revenues and (iii) specifies the lien and payment priority for the Obligations. If the Passenger Facility Charges, Customer Facility Charges or Grant Funds are subject to any prior pledge or lien, the amount of Available Revenues specified in such Supplemental Indenture or Issuing Instrument for any Fiscal Year shall not exceed the amount of the Passenger Facility Charges, Customer Facility Charges and Grant Funds during such Fiscal Year less the amount of scheduled payments to be made from the Passenger Facility Charges, Customer Facility Charges and Grant Funds during such Fiscal Year which are secured by such prior pledge or lien. If the Passenger Facility Charges, Customer Facility Charges or Grant Funds are subject to any prior pledge or lien, then the Supplemental Indenture or Issuing Instrument shall provide that the pledge and lien on such Available Revenues to secure the specified Obligations shall be junior and subordinate to the terms of such prior pledge or lien. More than one Series of Obligations may be secured by Available CFC Revenues, Available Grant Revenues, or Available PFC Revenues, and no consent from any Owner of any Obligation that is secured by any Available Revenues, or from any Credit Provider, shall be required as a condition to the issuance or incurring of any subsequently-issued Obligations that is secured by any Available Revenues. Notwithstanding any other provision of the Indenture, any Issuing Instrument, any Credit Support Agreement or any Credit Support Instrument, the Authority and the Trustee may amend (including reduce) the amount of Available CFC Revenues, Available Grant Revenues, or Available PFC Revenues specified pursuant to clause (i) of this Section 5.14(a) with respect to any Fiscal Year without the consent of any Owner of any Obligation or any Credit Provider.

(b) Any provision of the Indenture to the contrary notwithstanding, in the event any Available Revenues are restricted, by law or pursuant to the terms under which such Available Revenues are made available to the Authority, to be applied to the payment of debt service for one or more Series of Obligations, such Available Revenues shall be applied only to the payment of debt service for such Series of Obligations. Any other restriction to the application of Available Revenues to the payment of debt service for one or more Series of Obligations shall be as provided in a Supplemental Indenture or Issuing Instrument relating to such Obligations.

(c) For so long as the 2012 Series Bonds are Outstanding, the Available Revenues pledged to the 2012 Series Bonds shall be deposited in the Debt Service Fund for the payment of debt service on the 2012 Series Bonds as provided in Section 6.02 of the Third Supplemental Indenture. The 2012 Pledged Customer Facility Charges shall be applied only to the payment of debt service for the 2012 Series Bonds.

Section 5.15. Depositories. All moneys in each Fund or Account held by the Trustee under the provisions of the Indenture shall be deposited with the Trustee and the Trustee shall hold such moneys in trust or may deposit such moneys with one or more Depositories in trust. All moneys in each Fund or Account held by the Authority under the Indenture shall be deposited in trust in one or more Depositories selected by the Authority. All moneys deposited under the provisions of the Indenture with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds and Accounts established by the Indenture shall be a trust fund for the purposes hereof.

Section 5.16. Deposits.

(a) Unless invested in Permitted Investments pursuant to Section 5.17, all Revenues and other moneys held in any Fund or Account established by the Indenture may be deposited with a Depository as a demand or time deposit, if and as directed by the Authority, provided that such deposits shall permit the

moneys so held to be available for use at the time when reasonably expected to be needed. In the absence of written investment instructions directing the Trustee, the Trustee is directed to invest available funds described in paragraph (d) of the definition of Permitted Investments. No Fiduciary shall be liable for any loss or depreciation in value resulting from any such deposit made pursuant to the Indenture. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department as a demand deposit or, if and to the extent directed by the Authority and acceptable to such Fiduciary, as a time deposit, provided that such moneys on deposit be available for use at the time when reasonably expected to be needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar condition or as required by law.

(b) Unless invested in Permitted Investments pursuant to Section 5.17, all moneys held under the Indenture by any Fiduciary shall be (i) either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses (a) through (c), inclusive, of the definition of “Permitted Investments” in Section 1.02 having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (ii) held in such other manner as may then be required by applicable federal or State laws and regulations and applicable state laws and regulations of the state in which such Fiduciary is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of, or interest on, any Bonds or to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys. In determining the market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

(c) All moneys deposited with a Fiduciary shall be credited to the particular Fund or Account to which such moneys belong.

Section 5.17. Investment of Certain Funds.

(a) Moneys held in the Senior Debt Service Fund, the Subordinate Debt Service Fund and the Junior Subordinate Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in “Permitted Investments” in Section 1.02 which mature not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Fund. Moneys held in the Senior Debt Service Reserve Fund and the Subordinate Debt Service Reserve Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in “Permitted Investments” in Section 1.02 which mature not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Fund, but in any event not later than five (5) years from the time of such investment except that any security described in clause (g) of the definition of Permitted Investments in Section 1.02 may mature not later than thirty (30) years from the time of such investment provided that the Trustee may make withdrawals of all or any part of such Permitted Investment without penalty upon not more than two Business Days’ notice. Moneys held in the Revenue Fund, the Construction Fund and the Net Proceeds Fund may be invested and reinvested in Permitted Investments which mature or which may be drawn upon not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Funds. Moneys in the Operating Fund, including amounts in the Operating Reserve Account, and the Surplus Fund may be invested and reinvested in Permitted Investments which mature or which may be drawn upon not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Funds but in any event not later than five (5) years from the time of such investment. Moneys held in any other Fund or Account may be invested as provided in the Supplemental Indenture or Issuing Instrument establishing such Fund or Account. Notwithstanding any provision of the Indenture to the contrary, the investment of the proceeds of the Obligations of any Series, or any moneys held under the Indenture for the payment of the principal or Redemption Price of, or interest on, the Obligations of such Series, may be further restricted as

provided in the Supplemental Indenture or Issuing Instrument relating to such Series. The Trustee shall make all such investments of moneys held by it and shall sell or otherwise liquidate any such investment (subject to the provisions of Section 5.18) and take all actions necessary to draw funds under any such investment, including the giving of necessary notices of the drawing of any moneys under any investment in securities described in clause (g) of the definition of "Permitted Investments" in Section 1.02, in each case in accordance with directions of an Authorized Authority Representative, which directions shall be consistent with the Indenture and applicable law, and which directions shall be written. In the absence of written investment instructions directing the Trustee, monies held by the Trustee in any Fund or Account shall be uninvested. The Trustee may conclusively rely upon the Authority's written instructions as to both the suitability and legality of any directed investments. In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon.

(b) Interest or other income (net of that which (x) represents a return of accrued interest paid in connection with the purchase of any investment or (y) is required to effect the amortization of any premium paid in connection with the purchase of any investment) earned on any moneys or investments in the Funds and Accounts shall be applied as follows: (i) all such interest or other income on moneys or investments in the Funds or Accounts established in Section 5.01 (other than the Construction Fund, the Net Proceeds Fund and the Rebate Fund) shall be paid into the Revenue Fund; provided, however, that with respect to the Senior Debt Service Reserve Fund and each Senior Series Debt Service Reserve Fund, such payment shall be made only to the extent the amounts remaining in such Funds is not less than the applicable Senior Debt Service Reserve Requirement and with respect to the Subordinate Debt Service Reserve Fund and each Subordinate Series Debt Service Reserve Fund, such payment shall be made only to the extent the amounts remaining in such Funds is not less than the applicable Subordinate Debt Service Reserve Requirement, (ii) all such interest or other income on moneys or investments in the Rebate Fund shall be applied as provided in Section 6.11, (iii) unless otherwise provided with respect to an Account in the Construction Fund funded with the proceeds of a Series of Bonds in the Supplemental Indenture relating to such Series, all such interest or other income on moneys or investments in each Account in the Construction Fund shall be retained in such Account, (iv) all such interest or other income on moneys or investments in the Net Proceeds Fund shall be retained in the Net Proceeds Fund and (v) all such interest or other income earned on moneys in any other Fund or Account shall be applied as provided in the Supplemental Indenture establishing such Fund or Account.

In making any investment in any Permitted Investments with moneys in any Fund or Account established under the Indenture other than an escrow fund established to provide for the payment of Bonds pursuant to Article IX, the Authority or any Fiduciary may combine such moneys with moneys in any other Fund or Account but solely for the purpose of making such investment in such Permitted Investments and provided that any amount so combined shall be separately accounted for. Trustee may act as principal or agent in the acquisition or disposition of any investment.

The Trustee may act as principal or agent in the acquisition or disposition of any investment. Permitted Investments may be held by the Trustee in book entry form.

(c) The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants 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 Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

Section 5.18. Valuation and Sale of Investments. Investments purchased with moneys in any Fund or Account shall be credited at all times to such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account and any loss resulting from the liquidation of such investment shall be charged to the respective Fund or Account, except as provided in Section 5.17(b).

In computing the amount in any Fund or Account for any purpose hereunder, investments purchased with moneys therein shall be valued at the cost of such investments or the market value thereof, whichever is lower, exclusive, except as to certificates of deposit and bankers' acceptances, of accrued interest. The fair market value of investments shall be based on accepted industry standards and valuations from industry providers acceptable to each

Credit Provider whose acceptance is required by a Supplemental Indenture, Issuing Instrument or a Credit Support Agreement. Unless directed in writing by an Authorized Authority Representative to value obligations purchased as an investment of moneys held in any Fund or Account established under the Indenture more frequently, such obligations shall be valued as of the last day of each Fiscal Year.

Except as otherwise provided in the Indenture, the Trustee may sell, or present for redemption, any investment whenever it shall be directed by the Authority to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account to which such investment is credited. The Trustee shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

ARTICLE VI

COVENANTS AND OBLIGATIONS OF THE AUTHORITY

The Authority covenants with the Owners of the Outstanding Obligations and with each Credit Provider as set forth in this Article VI. Each of said covenants shall remain in full force and effect so long as any of the Obligations shall be Outstanding and unpaid, any Credit Support Instrument remains outstanding, and any Reimbursement Obligation remains unpaid.

Section 6.01. Compliance with Indenture. The Authority shall punctually pay the Obligations in strict conformity with the terms of the Indenture, any applicable Issuing Instrument, and the Obligations, and shall faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture and any Issuing Instrument required to be observed and performed by it, and shall not fail to make any payment required by the Indenture and any Issuing Instrument for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to all or a portion of the Airport, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of any party to observe or perform any agreement, condition, covenant or term contained in any contract or agreement required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected with any such contract or agreement or the insolvency, or deemed insolvency, or bankruptcy or liquidation of any Person or any force majeure, including acts of God, tempest, storm, earthquake, terrorism, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Section 6.02. Maintenance of Powers. The Authority covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to the Joint Powers Act and all other applicable 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 Obligations or the performance or observance of any of the covenants herein contained.

Section 6.03. Creation of Prior Liens. Except as provided in the Indenture, the Authority shall not issue any bond, note, or other evidence of indebtedness, or incur any Obligation, secured by the Trust Estate or any part thereof or create, permit, or suffer to exist any lien or other encumbrance on the Trust Estate or any part thereof; provided that the Authority may issue obligations payable from and secured by the Trust Estate or any part thereof if such obligations are subordinate in payment and priority to the Junior Subordinate Obligations, the Subordinate Obligations and the Senior Obligations.

Section 6.04. Against Encumbrances. Except as otherwise provided in this Section, the Authority shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the Authority in, upon, about or relating to the Airport and shall keep the Airport free of any and all liens against any portion of the Airport. In the event any such lien attaches to or is filed against any portion of the Airport, the Authority shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the Authority desires to contest any such lien it may do so if contesting such lien shall not materially impair operation of the Airport. If any such lien shall be reduced to final judgment and

such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the Authority shall forthwith pay or cause to be paid and discharged such judgment.

Section 6.05. Rates and Charges. The Authority covenants to fulfill the following requirements:

(a) The Authority shall, while any of the Obligations remain Outstanding, establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to 100% of the aggregate amount of transfers required to be made by the Authority pursuant to Section 5.04(b) through (j) during such Fiscal Year.

(b) (i) The Authority further agrees that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, so that for each Fiscal Year the Net Revenues for such Fiscal Year plus any Transfer will be equal to at least 125% of Accrued Debt Service on all Outstanding Senior Obligations for such Fiscal Year. For purposes of this subsection (b)(i), the amount of any Transfer taken into account shall not exceed 25% of the Accrued Debt Service on the Outstanding Senior Obligations for such Fiscal Year.

(ii) The Authority further agrees that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, so that for each Fiscal Year the Net Revenues for such Fiscal Year plus any Transfer will be equal to at least 110% of Accrued Debt Service on all Outstanding Senior Obligations and Subordinate Obligations for such Fiscal Year. For purposes of this subsection (b)(ii), the amount of any Transfer taken into account shall not exceed 10% of the Accrued Debt Service on the Outstanding Senior Obligations and Subordinate Obligations for such Fiscal Year.

(iii) The Authority further agrees that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, so that for each Fiscal Year the Net Revenues for such Fiscal Year will be equal to at least 100% of Accrued Debt Service on all Outstanding Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations for such Fiscal Year.

(c) The Authority covenants that if Net Revenues in any Fiscal Year are less than the amount specified in subsection (a) of this Section, or that if Net Revenues together with any Transfer in any Fiscal Year are less than the amount specified in subsection (b) of this Section, the Authority will retain and direct an Airport Consultant to make recommendations as to the revision of the Authority's business operations and its schedule of rates, tolls, fees, rentals and charges for the use of the Airport and for services rendered by the Authority in connection with the Airport. After receiving such recommendations, the Authority shall, subject to applicable requirements or restrictions imposed by law, and subject to a good faith determination of the Commission that such recommendations, in whole or in part, are in the best interests of the Authority, take all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Authority's business operations and schedule of rates, tolls, fees, rentals and charges as may be necessary to produce Net Revenues, together with any Transfer (only as applied in subsection (b) of this Section), in the amount specified in subsection (a) or (b) of this Section in the next Fiscal Year.

In the event that Net Revenues, together with any Transfer (only as applied in subsection (b) of this Section), for any Fiscal Year (referred to in this paragraph as "Fiscal Year One") are less than the amount specified in subsection (a) or (b) of this Section but, prior to or during the next succeeding Fiscal Year (referred to in this paragraph as "Fiscal Year Two"), the Authority has taken all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Authority's business operations and schedule of rates, tolls, fees, rentals and charges as required by subsection (c) of this Section, such deficiency in Net Revenues for Fiscal Year One shall not constitute an Event of Default under the provisions of Section 10.01(a)(3). Nevertheless, even if the measures required by subsection (c) of this Section to revise the schedule of rates, tolls, fees, rentals and charges have been taken by the Authority, in the event the Net Revenues in Fiscal Year Two (as evidenced by the audited

financial statements of the Authority for such Fiscal Year), together with any Transfer (only as applied in subsection (b) of this Section), are less than the amount specified in subsection (a) or (b) of this Section, such deficiency in Net Revenues for Fiscal Year Two, as the second successive year of deficiencies in Net Revenues, shall, with the applicable notice, constitute an Event of Default under the provisions of Section 10.01(a)(3).

(d) The Authority shall file with the Trustee pursuant to Section 6.12 a calculation or other evidence from an Authorized Authority Representative or an Independent Certified Public Accountant demonstrating compliance (or non-compliance) with the rate covenants of this Section 6.05.

Section 6.06. Sale or Other Disposition of Property. The Authority shall not, except as permitted below, transfer, sell or otherwise dispose of any Airport facility or facilities. For purposes of this Section, 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 facilities.

The Authority may, to the extent permitted by law, 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 of such disposition are to be used as described below and the Authority delivers to the Trustee a certificate of an Authorized Authority Representative to the effect that the Authority expects that such disposal will not prevent it from fulfilling its obligations under the Indenture or any Issuing Instrument with respect to all Outstanding Obligations; or

(c) The Authority has furnished evidence (including, but not limited to, a certificate of an Authorized Authority Representative) to the Trustee that (i) the disposition of such Airport facilities, including Airport facilities constituting a Significant Portion of the Airport, would not result in the ratings on any Obligations being suspended or downgraded by any Rating Agency and (ii) such disposition would be for a consideration not less than fair market value; or

(d) The Authority has furnished to the Trustee (i) a certificate of an Authorized Authority Representative or an Airport Consultant to the effect that notwithstanding such disposition of Airport facilities, including Airport facilities constituting a Significant Portion of the Airport, but taking into account the use of the proceeds of such disposition in accordance with the expectations of the Authority as evidenced by a certificate of an Authorized Authority Representative, the Authority is expected to be in compliance with Section 6.05(a) and Section 6.05(b) during each of the five Fiscal Years immediately following such disposition and (ii) a Rating Confirmation with respect to the disposition of any Significant Portion of Airport facilities.

Subject to the requirements of any grant assurances provided by the Authority to the Federal Aviation Administration under any grant agreement for property acquired under such grant agreement, proceeds of the disposition of Airport facilities under subsection (b), (c) and (d) above shall be deposited into a separate fund or account held by the Authority and used, within a reasonable period of time, to (i) provide additional revenue-producing Airport facilities, (ii) pay or redeem Obligations 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 IX or create an escrow fund pledged to pay specified other Obligations and thereby cause such other Obligations to be deemed paid in accordance with the Issuing Instrument pursuant to which such Obligations were issued; provided, however, that if the Authority proposes to use the proceeds as described in clause (ii) or (iii) above, the Authority shall pay, redeem or defease, as applicable, Obligations as shall be determined by the Authority in its sole discretion.

Airport facilities which were financed with the proceeds of Obligations the interest on which is then Tax-Exempt shall not be disposed of except under the terms of subsection (a) above, unless the Authority has first received a Favorable Opinion of Bond Counsel with respect to such disposition.

No such disposition shall be made which would cause the Authority to be in default of any other covenant contained in the Indenture or any Issuing Instrument.

Section 6.07. 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, the Authority will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance (as defined in subsection (b) of this Section) with respect to the facilities constituting the Airport 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.

(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 on an actuarially sound basis as determined by the Authority and 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.

(c) If, as a result of any event, any part of the Airport is destroyed or severely damaged, the Authority shall deposit the Net Proceeds received as a result of such event of damage or destruction to the Net Proceeds Fund 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, or portion thereof, which were damaged or destroyed, (ii) provide additional revenue-producing Airport facilities, (iii) pay or redeem Obligations, 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 IX or create an escrow fund pledged to pay specified other Obligations and thereby cause such other Obligations to be deemed paid in accordance with the Issuing Instrument pursuant to which such Obligations were issued; provided, however, that if the Authority proposes to use the proceeds as described in clause (iii) or clause (iv) above, the Authority shall pay, redeem or defease, as applicable, Obligations as shall be determined by the Authority in its sole discretion and the Authority shall first deliver to the Trustee a certificate of an Authorized Authority Representative or an Airport Consultant showing that, after taking into account the proposed use of the Net Proceeds, the Authority is expected to be in compliance with Section 6.05(a) and Section 6.05(b) during the Fiscal Year in which such use occurs.

Section 6.08. 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 deposit the Net Proceeds received as a result of such taking or conveyance to the Net Proceeds Fund and shall within a reasonable period of time, after the receipt of such amounts, use such proceeds to (a) replace the Airport facility or Airport facilities which were taken or conveyed, (b) provide an additional revenue-producing Airport facility or facilities, (c) pay or redeem Obligations, 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 IX or create an escrow fund pledged to pay specified other Obligations and thereby cause such other Obligations to be deemed paid in accordance with the Issuing Instrument pursuant to which such Obligations were issued; provided, however, that, if the Authority proposes to use the proceeds as described in clause (c) or clause (d) above, the Authority shall pay, redeem or defease, as applicable, Obligations as shall be determined by the Authority in its sole discretion and the Authority shall first deliver to the Trustee a certificate of an Authorized Authority Representative or an Airport Consultant showing that, after taking into account the proposed use of the Net Proceeds, the Authority is expected to be in compliance with Section 6.05(a) and Section 6.05(b) during the Fiscal Year in which such use occurs.

Section 6.09. Operation and Maintenance of the Airport; Budgets. The Authority shall maintain and preserve the Airport facilities in good repair and working order at all times and shall operate the Airport in an efficient and economical manner and shall pay all Operating Expenses as they become due and payable. The Authority shall prepare, not later than July 30 of each Fiscal Year, a proposed Annual Budget for the Airport for approval by the Commission setting forth the estimated Revenues, Operating Expenses, scheduled Debt Service for all Outstanding Obligations of the Authority for such Fiscal Year and shall take such action as may be necessary to include all such payments and all other payments required to be made under the Issuing Instruments for Outstanding Obligations of the Authority during such Fiscal Year. Any such Annual Budget may be amended at any time during any Fiscal Year provided that such amended budget shall include all payments coming due in such Fiscal Year with respect to Obligations, and debt service reserves therefor, payable from Net Revenues.

The Authority covenants to adopt a budget with respect to Capital Improvements for the Airport for each Fiscal Year which will show, in addition to such other matters as the Authority may determine to include, the amounts, if any, to be expended during such Fiscal Year for identified Capital Improvements to the Airport and the sources of such amounts. The Capital Improvements budget may be part of the Authority's Annual Budget.

The Authority covenants to file copies of its Annual Budget and its Capital Improvements budget promptly upon availability with the Trustee. The Trustee shall not be responsible for reviewing the Annual Budget or the Capital Improvements budget.

If the Authority determines to amend its Capital Improvements budget to pay from Revenues any unbudgeted expenditure, the Authority shall, as a condition to making such amendment, file a certificate of an Authorized Authority Representative with the Trustee demonstrating that payment from Revenues of such unbudgeted expenditure is not expected to impair the Authority's ability to comply with Section 6.05.

Section 6.10. Payment of Taxes and Compliance with Governmental Regulations. The Authority shall pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Authority with respect to the ownership or operation of the Airport, services rendered in connection with such ownership or operation, or the Construction of any Capital Improvements to the Airport or other operations at the Airport or any part thereof when the same shall become due. The Authority shall duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Airport or any part thereof; provided, however, the Authority shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and contesting such validity or application shall not materially impair the operations or financial condition of the Airport or the performance by the Authority of all of its obligations and covenants under the Indenture or any Issuing Instrument and with respect to all Outstanding Obligations.

Section 6.11. Tax Covenants. The Authority hereby covenants it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-Exempt status of interest on any Obligations under Section 103 of the Code, it being recognized that the interest on some of the Obligations may not be Tax-Exempt. Without limiting the generality of the foregoing, the Authority shall comply with the requirements of the Tax Certificate, if any, delivered in connection with the issuance of each Series of Obligations.

In the event that at any time the Authority is of the opinion that, in order to comply with its obligations under this Section, it is necessary or helpful to restrict or limit the yield on the investment of any moneys in any of the Funds or Accounts held by the Trustee pursuant to the Indenture, the Authority shall so instruct the Trustee in writing, and cause the Trustee to take such action as may be necessary to comply with such instructions.

Notwithstanding any provisions of this Section to the contrary, if the Authority provides the Trustee with an Opinion of Bond Counsel to the effect that any specified action required under this Section or a Tax Certificate is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on any Obligations under Section 103 of the Code, the Authority and the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the applicable Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

The covenants in this Section shall survive payment in full of the Obligations and the provision for such payment in accordance with Article IX.

Section 6.12. Accounts; Financial Statements and Other Reports. The Authority covenants that it will keep and provide accurate books and records of account showing all Revenues received and all expenditures of the Authority and that it will keep or cause to be kept accurate books and records of account showing all moneys, Revenues, accounts and funds (including the Revenue Fund and all Funds and Accounts provided for in the 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 shall be open upon reasonable notice during business hours to the Trustee and to the Owners of not less than 10% of the principal of Obligations then Outstanding, or their representatives duly authorized in writing. Within 185 days after the close of each Fiscal Year, so long as any of the Obligations remain Outstanding, the Authority shall prepare and file with the Trustee financial statements of the Authority including a statement of the revenues and expenses for such Fiscal Year, a statement of cash flows as of the end of such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year, all accompanied by a written audit opinion from an Independent Certified Public Accountant, which opinion shall include a statement that said financial statements present fairly in all material respects the financial position of the Authority as of the close of such Fiscal Year and the results of operations for such Fiscal Year and a statement that such financial statements are prepared in accordance with Generally Accepted Accounting Principles. In addition, the Authority shall file with the Trustee at the same time financial statements of the Authority are filed with the Trustee a calculation or other evidence from an Authorized Authority Representative or an Independent Certified Public Accountant indicating that such financial statements demonstrate compliance (or non-compliance) with the rate covenants of Section 6.05. The Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Owners; the Trustee shall not be deemed to have notice of any information contained therein, default or event of default which may be disclosed therein in any manner.

There shall also be filed with the Trustee within 185 days after the end of each Fiscal Year a certificate of an Authorized Authority Representative stating to the best of such person's knowledge, (i) whether there existed at the end of the Fiscal Year, any violation of any covenants or agreements herein contained and (ii) whether at any time during the Fiscal Year, any Event of Default occurred, and if so, the nature of such Event of Default.

ARTICLE VII

AMENDMENTS TO INDENTURE

Section 7.01. Amendments Permitted.

(a) This Master Indenture or any Supplemental Indenture and the rights and obligations of the Authority and of the Owners of the Outstanding Obligations and of the Fiduciaries may be modified, amended or supplemented from time to time and at any time by a Supplemental Indenture or Supplemental Indentures, which the Authority and the Trustee may enter into with the written consent of each Credit Provider whose consent is required by a Credit Support Agreement, when the written consent of the Owners of at least a majority in aggregate principal amount of the Senior Obligations then Outstanding shall have been filed with the Trustee; or if less than all of the Outstanding Obligations are affected, the written consent of the Owners of at least a majority in aggregate principal amount of all affected Outstanding Obligations; provided that if such modification, amendment or supplement shall, by its terms, not take effect so long as any Obligations of any particular Series and maturity remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Obligations for purposes of this Section. No such modification, amendment or supplement shall (i) reduce the aforesaid percentage of Obligations the consent of the Owners of which is required to effect any such modification, amendment or supplement without the consent of the Owners of all of the Obligations then Outstanding; (ii) extend the fixed maturity of any Obligation, or reduce the principal amount thereof, or reduce the amount of any Sinking Fund Installment therefor, or extend the due date of any such Sinking Fund Installment, or reduce the rate of interest on any Obligation or extend the time of payment of interest thereon, without the consent of the Owner of each Obligation so affected; or (iii) modify the rights or obligations of any Fiduciary without the consent of such Fiduciary.

It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. For the avoidance of doubt, the written consent of an Owner of an Outstanding Obligation may be effected through a provision in a Supplemental Indenture or Issuing Instrument that deems the purchase of related Obligations by the beneficial owners thereof to be consent by the Owner of such Obligation for purposes of this Section 7.01.

Prior to the entry into any Supplemental Indenture by the Authority and the Trustee for any of the purposes of this Section, the Authority shall cause notice of the proposed Supplemental Indenture to be emailed, or mailed, by first class mail, postage prepaid, to the Owners of all Outstanding Obligations (or the affected Outstanding Obligations) at their addresses appearing on the Bond Register. Such notice shall briefly set forth the substance of the proposed Supplemental Indenture and shall state that copies thereof are on file at the office of the Trustee for inspection by each Owner of an Outstanding Obligation.

Whenever, at any time after the date of the emailing or mailing of notice of the proposed entry into a Supplemental Indenture pursuant to this subsection, the Authority shall have received an instrument or instruments in writing executed in accordance with Section 11.01 by or on behalf of the Owners of not less than a majority in aggregate principal amount of the Senior Obligations then Outstanding, or if less than all of the Outstanding Senior Obligations are affected, by the Owners of not less than a majority in aggregate principal amount of the affected Outstanding Obligations, which instrument or instruments shall refer to the proposed Supplemental Indenture described in the notice of the proposed Supplemental Indenture and shall consent to the substance of such Supplemental Indenture referred to in such notice, thereupon, but not otherwise, the Authority and the Trustee may enter into such Supplemental Indenture without liability or responsibility to any Owner of any Obligation, whether or not such Owner shall have consented thereto.

(b) Subject to Section 7.01(a) hereof, this Master Indenture or any Supplemental Indenture or Issuing Instrument may be supplemented from time to time and at any time by a Supplemental Indenture or Issuing Instrument, which the Authority and the Trustee may enter into without the consent of any Credit Provider and without the consent of the Owner of any Obligation, to solely provide for the issuance of a Series of Obligations in accordance with the terms and conditions of Article II, and establishing the terms and conditions thereof.

(c) This Master Indenture and any Supplemental Indenture and the rights and obligations of the Authority, the Fiduciaries and the Owners of the Outstanding Obligations may also be modified, amended or supplemented from time to time and at any time by a Supplemental Indenture or Supplemental Indentures, which the Authority and the Trustee may enter into with the consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement but without the consent of any Owners of Obligations, so long as such modification, amendment or supplement shall not materially, adversely affect the interests of the Owners of the Outstanding Obligations, including for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Authority contained in this Master Indenture or a Supplemental Indenture other covenants and agreements thereafter to be observed, to pledge, provide or assign any security for the Obligations (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Authority;
- (ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Master Indenture or a Supplemental Indenture, or in regard to matters or questions arising under this Master Indenture or a Supplemental Indenture, as the Authority may deem necessary or desirable;
- (iii) to modify, amend or supplement this Master Indenture or a Supplemental Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such

other terms, conditions and provisions as may be permitted by said act or similar federal statute;

- (iv) to provide for the issuance of Additional Bonds in accordance with Article II;
- (v) to modify any provision in order to avoid any unintended impact on the compliance by the Authority with financial covenants following any change in Generally Accepted Accounting Principles that would affect the computation of any financial ratio or other financial computation under this Master Indenture;
- (vi) to make any other modification, amendment or supplement that shall not materially adversely affect the interests of the Owners of the Outstanding Obligations; or
- (vii) to modify, amend or supplement this Master Indenture pursuant to Section 5.14.

(d) Notwithstanding anything to the contrary in this Section, the provisions of this Master Indenture or any Supplemental Indenture may also be modified, amended or supplemented by a Supplemental Indenture or Supplemental Indentures, including amendments which would otherwise be described in subsection (a) of this Section, which the Authority and the Trustee may enter into without the consent of the Owners of Obligations constituting Tender Obligations if either (i) the effective date of such Supplemental Indenture is a date on which such Obligations are subject to mandatory tender for purchase or (ii) the notice described in the third paragraph of subsection (a) of this Section is given to Owners of such Obligations at least twenty (20) days before the effective date of such Supplemental Indenture, and on or before such effective date, the Owners of such Obligations have the right to demand purchase of such Obligations.

(e) Unless otherwise provided in the Supplemental Indenture or Issuing Instrument relating to the Obligations and notwithstanding anything to the contrary in the Indenture, the Credit Provider for all or any portions of the Obligations shall be deemed to be the Owner of such Obligations for all purposes under the Indenture except the payment of interest of and principal and premium of any of the Obligations.

(f) For purposes of this Section, it shall not be necessary that consents of the Owners of any particular percentage of Outstanding Obligations of any affected Series be obtained but it shall be sufficient for purposes of this Section if the consent of the Owners of a majority in aggregate principal amount of the combination of affected Outstanding Obligations shall be obtained.

Section 7.02. Effect of Supplemental Indenture. Upon the Authority and the Trustee entering into any Supplemental Indenture pursuant to this Article, the Indenture shall be deemed to be modified, amended or supplemented in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Fiduciaries and all Owners of Outstanding Obligations shall thereafter be determined, exercised and enforced subject in all respects to such modification, amendment and supplement, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes. Upon the Authority and the Trustee entering into any Supplemental Indenture pursuant to this Article, no Owner of any Obligation shall have any right to object to the entry into such Supplemental Indenture by the Authority and the Trustee, 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 entry into such Supplemental Indenture, or to enjoin or restrain the Authority or the Trustee from entering into the same or to enjoin or restrain the Authority or the Trustee from taking any action pursuant to the provisions thereof whether or not such Owner gave its consent to such Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by the Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such Supplemental Indenture is authorized or permitted by the Indenture and complies with the terms hereof.

Section 7.03. Obligations Owned by Authority. For purposes of this Article, Obligations owned or held by or for the account of the Authority, or any funds of the Authority, shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Obligations provided for in this Article, and the Authority shall not be entitled with respect to such Obligations to give any consent or take any other action provided for in this Article as an Owner of Obligations. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Authority Representative upon which the Trustee may rely, describing all Obligations so to be excluded.

Section 7.04. Notation on Obligations. Obligations delivered after the effective date of any Supplemental Indenture entered into by the Authority and the Trustee as in this Article provided may bear a notation by endorsement or otherwise in a form approved by the Authority as to such action, and in that case upon demand of the Owner of any Obligation Outstanding on such effective date and presentation of the Obligation for the purpose at the Principal Office of the Trustee or upon any transfer or exchange of any Obligation Outstanding on such effective date, suitable notation shall be made on such Obligation or upon any Obligation issued upon any such transfer or exchange by the Trustee as to any such action.

ARTICLE VIII

CONCERNING THE FIDUCIARIES

Section 8.01. Trustee: Acceptance of Duties. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Indenture, including the duties of Paying Agent for the Obligations, by the execution and the delivery of this Master Indenture to the Authority and by such execution and delivery the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Obligations thereafter to be issued, but only, however, upon the terms and conditions set forth in the Indenture and no implied covenants shall be read into the Indenture against the Trustee. In the event any additional property, by delivery or by writing of any kind, be subjected to the lien hereof by the Authority or by anyone on its behalf, the Trustee is hereby authorized to receive the same at any time as additional security for the Obligations Outstanding hereunder.

Section 8.02. Paying Agents: Appointment and Acceptance of Duties.

(a) The Authority hereby appoints the Trustee as a Paying Agent for the Obligations of each Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 8.13 as an additional Paying Agent or Agents for the Obligations of one or more Series.

(b) Each Paying Agent other than the Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

Section 8.03. Responsibilities of Fiduciaries.

(a) Any recitals of fact in the Indenture or any Issuing Instrument and in the Obligations contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Indenture or any Issuing Instrument or of any Obligations issued or secured thereunder or as to the security afforded by the Indenture, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be responsible for or have any liability with respect to the Airport or any act or omission of the Authority with respect thereto. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Indenture. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection (b) of this Section, no Fiduciary shall be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, 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. Any provision of the Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section.

Without limiting the generality of the foregoing:

(1) The Trustee shall not be liable for any error of judgment made in good faith by any officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(2) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of a Credit Provider or a Reserve Guaranty Provider or the Owners in accordance with the provisions of Article X relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

(3) No provision of the 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 under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(4) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners, a Credit Provider or a Reserve Guaranty Provider pursuant to the Indenture (except for declaring an acceleration of the Obligations or requesting credit and/or liquidity support pursuant to a Credit Support Instrument), unless such Owners, such Credit Provider or such Reserve Guaranty Provider shall have offered to the Trustee reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(5) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon, facsimile transmission, electronic mail or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

(6) The Trustee shall not be required to take notice of and shall not be deemed to have knowledge of any Event of Default (other than an Event of Default specified in subsections (a)(1) or (a)(2) of Section 10.01) or any event which would, with the passage of time, the giving of notice, or both, constitute an Event of Default, unless the Trustee shall have been notified of such Event of Default or other event by the Authority, a Credit Provider or a Reserve Guaranty Provider, or the Owners in accordance with the provisions of Article X.

(7) The Trustee shall not be responsible for any moneys or funds held by the Authority, for monitoring the accounting and investment practices of the Authority, or accountable for the Authority's use of the proceeds from the Obligations, other than requiring the delivery of the Annual Budget and annual financial statements and reports pursuant to Section 6.12.

(8) The Trustee may perform its duties under the Indenture through agents and attorneys and the Trustee shall not be liable for the negligence or misconduct on the part of any agent or attorney

appointed with due care by it under the Indenture if the Authority has a right to proceed directly against such agent or attorney for any such negligence or misconduct.

(9) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Obligations.

(10) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Obligations. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

(11) The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions ("Instructions") given pursuant to the Indenture and delivered using Electronic Means, provided, however, that, the Authority shall provide to the Trustee an incumbency certificate listing persons designated and authorized to give such Instructions or directions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which such incumbency certificate shall be amended and replaced 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 understanding of such Instructions shall be deemed controlling. The Authority understand and agree 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, as applicable. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction unless due to negligence or willful misconduct of the Trustee. The Authority agrees: (i) to assume all risks arising out of the use of such Electronic Means to submit Instructions and directions 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.

(12) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("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, 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 Airport, 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 Trustee. The Trustee shall provide the Authority notice upon obtaining actual knowledge of an imminent unavoidable delay.

(13) Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Authority as may be

requested by the Trustee which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such certificate, but in its discretion the Trustee may (but shall have no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

(14) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Whether or not therein expressly provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

Section 8.04. Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary, upon receipt of any notice, resolution, request, requisition, consent, order, certificate, report, opinion, bond, statement, instrument, debenture, note, direction, other evidence of indebtedness or other paper or document furnished to it pursuant to any provision of the Indenture, shall examine such instrument to determine whether it conforms to the requirements, if any, of the Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be Bond Counsel or counsel to the Authority, and the advice or any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Authority Representative, as such Fiduciary may request and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Indenture upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in the Indenture, any request, requisition, order, notice or other direction required or permitted to be furnished pursuant to any provision of the Indenture by the Authority to any Fiduciary shall be sufficiently executed in the name of the Authority by an Authorized Authority Representative (upon which the Trustee may conclusively rely).

Section 8.05. Compensation. The Authority shall cause to be paid to each Fiduciary from time to time reasonable compensation for all services rendered under the Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Indenture; provided, however, that so long as any Obligations remain Outstanding or any amounts remain due to a Credit Provider under a Credit Support Agreement or a Reserve Guaranty Provider under a Reserve Guaranty, no Fiduciary shall have a lien therefor on any part of the Trust Estate. The Authority further agrees, to the extent permitted by law, to indemnify and save each Fiduciary harmless against any and all loss, damage, claim, liability or expense, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Authority, or any holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, or in connection with enforcing the provisions of this Section, except to the extent that such loss, damage, claim, liability or expense is due to its own negligence or willful misconduct.

Section 8.06. Certain Permitted Acts. Any Fiduciary may become the Owner of any Obligations, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of the Obligations or to effect or aid in any reorganization growing out of the enforcement of the Obligations or the Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Obligations then Outstanding.

Section 8.07. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than thirty (30) days written notice to the Authority, each Credit Provider and each Reserve Guaranty Provider, specifying the date when such resignation shall take effect; provided that no such resignation shall take effect until a successor Trustee shall have accepted the appointment in accordance with Section 8.09.

Section 8.08. Removal of Trustee. The Trustee may be removed upon thirty (30) days written notice (i) with the consent (to the extent required by a Supplemental Indenture, an Issuing Instrument, a Credit Support Agreement or a Reserve Guaranty Agreement) of each Credit Provider and each Reserve Guaranty Provider, at any time when no Event of Default has occurred and is continuing and when no event has occurred which, with notice or the passage of time, would become an Event of Default which has not been cured, by an instrument in writing signed by an Authorized Authority Representative and filed with the Trustee or (ii) with the consent (to the extent required by a Supplemental Indenture, an Issuing Instrument, a Credit Support Agreement or a Reserve Guaranty Agreement) of each Credit Provider and each Reserve Guaranty Provider, at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Senior Obligations then Outstanding, excluding any Senior Obligations held by or for the account of the Authority or (iii) with the consent (to the extent required by a Supplemental Indenture, an Issuing Instrument, a Credit Support Agreement or a Reserve Guaranty Agreement) of each Credit Provider and each Reserve Guaranty Provider, at any time by an instrument in writing signed by an Authorized Authority Representative and filed with the Trustee, for any breach of its fiduciary duties under the Indenture; or (iv) at any time by an instrument in writing signed by a Credit Provider and filed with the Trustee and the Authority, for any breach of its fiduciary duties under the Indenture; provided that no such removal shall be effective until the later of 30 days from the filing of such instrument with the Trustee and until a successor Trustee shall have accepted the appointment in accordance with Section 8.09.

If, and only if, the Senior Obligations are no longer Outstanding, all references to Senior Obligations in this Section 8.08 shall be read to be references to Subordinate Obligations and if, and only if, the Subordinate Obligations and Senior Obligations are no longer Outstanding, all references to Senior Obligations in this Section 8.08 shall be read to be references to Junior Subordinate Obligations.

Section 8.09. Appointment of Successor Trustee; Financial Qualifications of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Senior Obligations then Outstanding, excluding any Senior Obligations held by or for the account of the Authority, with (to the extent required by a Supplemental Indenture, an Issuing Instrument, a Credit Support Agreement or a Reserve Guaranty Agreement) the consent of each Credit Provider and each Reserve Guaranty Provider, by an instrument or concurrent instruments in writing signed and acknowledged by such Owners of the Senior Obligations or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Owners of the Senior Obligations as aforesaid, the Authority, by a duly executed written instrument signed by an Authorized Authority Representative, shall forthwith appoint a successor Trustee to replace a resigning or removed Trustee or to fill such vacancy until a successor Trustee shall be appointed by the Owners of such Senior Obligations as authorized in this Section. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by the successor Trustee appointed by the Owners of such Senior Obligations. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 8.07 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, removal, or for any other reason whatsoever, the Trustee (in the case of its resignation under Section 8.07) or the Owner of any Senior Obligation (in any case) may apply to any court of competent

jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) The Trustee appointed under the provisions of this Article or any successor to the Trustee shall be a bank or trust company organized under the laws of any state of the United States or national banking association, in good standing and duly authorized to exercise trust powers and subject to examination by federal or state authority. Each successor Trustee shall have a reported capital and surplus aggregating at least \$75,000,000, or have all of its obligations under the Indenture guaranteed by a bank or trust company organized under the laws of the United States, or any state thereof, with a reported capital and surplus or net worth aggregating at least \$75,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture. If such bank, national banking association, or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such bank, trust company, or national banking association shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published.

(d) If, and only if, the Senior Obligations are no longer Outstanding, all references to Senior Obligations in this Section 8.09 shall be read to be references to Subordinate Obligations and if, and only if, the Subordinate Obligations and Senior Obligations are no longer Outstanding, all references to Senior Obligations in this Section 8.09 shall be read to be references to Junior Subordinate Obligations.

Section 8.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor Trustee and the Authority an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, power, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, at the written request of the Authority or of the successor Trustee, execute, acknowledge, deliver, file and record such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Indenture or subject to the lien of the Indenture, and shall pay over, assign and deliver to the successor Trustee all of the Trust Estate. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such lien, estates, rights, power and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

Section 8.11. Merger or Consolidation. Any company into which a Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, shall satisfy the applicable standards of a successor set forth in the Indenture, and shall be authorized by law to perform all the duties imposed upon it by the Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 8.12. Adoption of Authentication. In case any of the Bonds contemplated to be issued under the Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or provided in the Indenture that the certificate of the Trustee shall have.

Section 8.13. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 60 days written notice to the Authority, the Trustee, each Credit Provider, each Reserve Guaranty Provider and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Authority Representative. Any successor Paying Agent shall be appointed by the Authority with the approval of the Trustee (and each Credit Provider and each Reserve Guaranty Provider whose consent is required by a Supplemental Indenture, a Credit Support Agreement or a Reserve Guaranty Agreement) and shall be a commercial bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$25,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture. If such bank, national banking association, or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such bank, trust company, or national banking association shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

(c) The Paying Agent shall perform the duties provided for in the Indenture and in exercising such duties shall be entitled to the same rights and immunities applicable to the Trustee as set forth in the Indenture and shall not be liable for any action or omission to act except for negligence or willful misconduct.

ARTICLE IX

DEFEASANCE

Section 9.01. Payment of Bonds.

(a) If the Authority shall pay, or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal amount or Redemption Price, if applicable, of the Bonds, and interest due or to become due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, together with all other Obligations and all other sums payable by the Authority under the Indenture, including all fees and expenses of the Trustee, then and in that case, subject to the provisions of subsection (b) of this Section, the Indenture, the Issuing Instruments and the lien of the Indenture and all covenants, agreements and obligations of the Authority contained in the Indenture and the Issuing Instruments, shall cease and terminate and shall be completely discharged and satisfied and the Authority shall be released therefrom and the Trustee shall assign and transfer to or upon the order of the Authority all of the Trust Estate (in excess of the amounts required for the foregoing) free and clear of any liens or encumbrances thereon pursuant to the Indenture and the Issuing Instruments and shall execute such documents as may be reasonably required by the Authority in this regard.

(b) Notwithstanding the termination, satisfaction and discharge of the Indenture in its entirety or the satisfaction and discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the payment of the Bonds at maturity or upon prior redemption, interest payments and dates thereof, tender provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, compliance by the Authority with the covenants contained in Section 6.12 and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Authority, the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys and investments then held by the Trustee for the payment of the principal or Redemption Price of, and interest on, the Bonds, to pay to the Owners, but only from the moneys and investments so held by the Trustee, the principal or Redemption Price of, and interest on, the Bonds as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the

Indenture in its entirety or the satisfaction and discharge of the Indenture in respect of any Bonds, those provisions of the Indenture contained in Section 8.05 relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and the Authority.

(c) Notwithstanding anything in the Indenture to the contrary, in the event that the principal of and/or interest due on any Bonds shall be paid by a Credit Provider pursuant to a Credit Support Instrument, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and shall not be considered paid by the Authority, and the lien of the Indenture, and all covenants, agreements and other obligations of the Authority to the Owners of such Bonds shall continue to exist and shall run to the benefit of the applicable Credit Provider and the applicable Credit Provider shall be subrogated to the rights of such Owners.

Section 9.02. Bonds Deemed Paid. Bonds (or portions of Bonds) for the payment or redemption of which moneys shall have been set aside and shall be held in trust by an Escrow Agent at the maturity or redemption date thereof, as applicable, shall be deemed to have been paid within the meaning and with the effect expressed in Section 9.01. Any Outstanding Bond (or any portion thereof such that both the portion thereof which is deemed paid and the portion which is not deemed paid pursuant to this Section shall be in an Authorized Denomination) shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 9.01 (except that the obligations under the Indenture set forth in Section 9.01 (b) and the giving of the notices of the redemption of Bonds to be redeemed as provided in Article IV shall continue) if (i) in case said Bond (or portion thereof) is to be redeemed on any date prior to maturity, the Authority shall have given the Trustee irrevocable instructions to give notice of redemption of such Bond (or portion thereof) on said date as provided in Article IV, (ii) there shall have been deposited with an Escrow Agent either moneys in an amount which shall be sufficient, or Defeasance Securities, the principal of and the interest on which when due shall provide moneys which, together with the other moneys, if any, held by such Escrow Agent for such purpose, shall be sufficient, in each case as evidenced by an Accountant's Certificate, to pay when due the principal amount of, and any redemption premiums on, said Bond (or portion thereof) and interest due and to become due on said Bond (or portion thereof) on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) if such Bond (or portion thereof) is not to be paid or redeemed within 60 days of the date of the deposit required by (ii) above, the Authority shall have given the Trustee, in form satisfactory to it, instructions to email or mail, as soon as practicable, by first class mail, postage prepaid, to the Owner of such Bond, at the last address, if any, appearing upon the Bond Register, a notice that the deposit required by (ii) above has been made with an Escrow Agent and that said Bond (or the applicable portion thereof) is deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal amount of, and any redemption premiums on, said Bond. Any notice given pursuant to clause (iii) of this Section with respect to Bonds which constitute less than all of the Outstanding Bonds of any Series and maturity shall specify the letter and number or other distinguishing mark of each such Bond. Any notice given pursuant to clause (iii) of this Section with respect to less than the full principal amount of a Bond shall specify the principal amount of such Bond which shall be deemed paid pursuant to this Section and notify the Owner of such Bond that such Bond must be surrendered as provided in Section 9.03. The receipt of any notice required by this Section shall not be a condition precedent to any Bond being deemed paid in accordance with this Section and the failure of any Owner to receive any such notice shall not affect the validity of the proceedings for the payment of Bonds in accordance with this Section. Neither Defeasance Securities nor moneys deposited with an Escrow Agent pursuant to this Section, nor principal or interest payments on any such Defeasance Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal amount of, and any redemption premiums on, said Bonds and the interest thereon; provided that any cash received from principal or interest payments on such Defeasance Securities deposited with an Escrow Agent, (i) to the extent such cash shall not be required at any time for such payment, as evidenced by an Accountant's Certificate, shall be paid as provided in a written direction of an Authorized Authority Representative free and clear of any trust, lien, pledge or assignment securing said Bonds, and (ii) to the extent such cash shall be required for such payment at a later date, shall, to the extent practicable, at the written direction of an Authorized Authority Representative, be reinvested in Defeasance Securities maturing at times and in amounts, which together with the other funds to be available to the Escrow Agent for such purpose, shall be sufficient to pay when due the principal amount of, and any redemption premiums on, said Bonds and the interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, as evidenced by an Accountant's Certificate.

Provision for the payment of any Bonds (or a portion thereof) in accordance with Section 9.01 or Section 9.02, the Owner of such Bond shall thereafter be entitled only to payment of the interest on such Bond (or portion thereof) and the principal or Redemption Price thereof (without interest accrued thereon after such redemption date or maturity date, as applicable) out of the money and Defeasance Securities deposited with the Escrow Agent for their payment, subject, however, to the provisions of Sections 6.12 and 9.02.

No Bond which constitutes a Tender Obligation shall be deemed to be paid within the meaning of the Indenture unless the Purchase Price of such Bond, if tendered for purchase in accordance with the Indenture, could be paid when due from such moneys or Defeasance Securities (as evidenced by an Accountant's Certificate) or a Credit Support Instrument is provided in connection with such Purchase Price.

Nothing in the Indenture shall prevent the Authority from substituting for the Defeasance Securities held for the payment or redemption of Bonds (or portions thereof) other Defeasance Securities which, together with the moneys held by the Escrow Agent for such purpose, as evidenced by an Accountant's Certificate, shall be sufficient to pay when due the principal amount of, and any redemption premiums on, the Bonds (or portions thereof) to be paid or redeemed, and the interest due on the Bonds (or portions thereof) to be paid or redeemed at the times established with the initial deposit of Defeasance Securities for such purpose provided that the Authority shall deliver to the Escrow Agent a Favorable Opinion of Bond Counsel with respect to such substitution.

Section 9.03. Defeasance of Portion of Bond. If there shall be deemed paid pursuant to Section 9.02 less than all of the full principal amount of a Bond, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the Owner of such Bond, a new Bond or Bonds for the principal amount of the Bond so surrendered which is deemed paid pursuant to Section 9.02 and another new Bond or Bonds for the balance of the principal amount of the Bond so surrendered, in each case of like Series, maturity and other terms, and in any of the Authorized Denominations.

Section 9.04. Defeasance of Obligations Other than Bonds. If Obligations other than Bonds are capable of being defeased, such Obligations shall be defeased in accordance with the provisions of the Issuing Instrument relating to such Obligations.

ARTICLE X

EVENTS OF DEFAULT; REMEDIES

Section 10.01. Events of Default.

(a) Each of the following shall constitute an Event of Default under the Indenture:

(1) if default shall be made in the payment of the principal of or Sinking Fund Installment for, or interest on, or any other payment of, any Outstanding Senior Obligation when and as the same shall become due and payable, whether on an Interest Payment Date, at maturity, by declaration, or otherwise;

(2) if default shall be made in the payment when due of the Purchase Price of any Outstanding Senior Obligations which are Tender Obligations;

(3) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture (other than a default with respect to Subordinate Obligations for so long as any Senior Obligations are Outstanding or a default with respect to Junior Subordinate Obligations for so long as any Senior Obligations or Subordinate Obligations are Outstanding) or in the Outstanding Senior Obligations contained, and such default shall continue for a period of 120 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Owners of not less than 25% in aggregate principal amount of the Senior Obligations Outstanding; provided, however, if such default is such that it can be corrected by the Authority but not within the applicable period

specified above, it shall not constitute an Event of Default if corrective action is instituted by the Authority within thirty (30) days of the Authority's receipt of the notice of the default required by this paragraph and diligently pursued until the default is corrected; and provided further that this subsection is subject to the provisions of Section 6.05(c);

(4) any Senior Obligation is declared due and payable as a result of an event of default under the Issuing Instrument for such Senior Obligation; or

(5) an Event of Bankruptcy shall have occurred and be continuing with respect to the Authority.

(b) (1) AS LONG AS ANY SENIOR OBLIGATIONS REMAIN OUTSTANDING, NO EVENT OF DEFAULT SHALL EXIST OR MAY BE DECLARED WITH RESPECT TO ANY SUBORDINATE OBLIGATIONS OR JUNIOR SUBORDINATE OBLIGATIONS. AS LONG AS ANY SUBORDINATE OBLIGATIONS REMAIN OUTSTANDING, NO EVENT OF DEFAULT SHALL EXIST OR MAY BE DECLARED WITH RESPECT TO ANY JUNIOR SUBORDINATE OBLIGATIONS.

(2) If, and only if, the Senior Obligations are no longer Outstanding, all references to Senior Obligations in Section 10.01(a) shall be read to be references to Subordinate Obligations and if, and only if, the Subordinate Obligations and Senior Obligations are no longer Outstanding, all references to Senior Obligations in Section 10.01(a) shall be read to be references to Junior Subordinate Obligations.

(3) Notwithstanding anything herein to the contrary, while the Senior Obligations are Outstanding, a Subordinate Payment Default is not an Event of Default hereunder, provided that in the event of a Subordinate Payment Default, Owners of Subordinate Obligations shall have the remedies set forth in Section 10.05(a) of the Indenture.

(4) Notwithstanding anything herein to the contrary, while the Senior Obligations or Subordinate Obligations are Outstanding, a Junior Subordinate Payment Default is not an Event of Default hereunder, provided that in the event of a Junior Subordinate Payment Default, Owners of Junior Subordinate Obligations shall have the remedies set forth in Section 10.05(b) of the Indenture.

Section 10.02. Right to Accelerate Upon Default.

(a) Notwithstanding anything to the contrary in the Indenture, any Issuing Instrument or in the Senior Obligations, unless all the Outstanding Senior Obligations shall have already become due and payable, upon the occurrence of an Event of Default, the Trustee may, and shall, at the direction of the Owners of a majority in aggregate principal amount of Outstanding Senior Obligations (other than Senior Obligations owned by or on behalf of the Authority) by written notice to the Authority, declare all of the Outstanding Senior Obligations to be immediately due and payable, whereupon the principal of the Senior Obligations thereby coming due and the interest thereon accrued to the date of payment and all other payments thereby coming due shall, without further action, become and be immediately due and payable. If the terms of any Supplemental Indenture, Issuing Instrument or Credit Support Agreement give a Person the right to consent to acceleration of the Obligations issued pursuant to such Supplemental Indenture, Issuing Instrument or Credit Support Agreement, the Obligations issued pursuant to such Supplemental Indenture, Issuing Instrument or Credit Support Agreement may not be accelerated by the Trustee unless such consent is obtained pursuant to the terms of such Supplemental Indenture, Issuing Instrument or Credit Support Agreement. Nothing herein shall affect the rights of the parties to a Swap to terminate such Swap.

(b) Any such declaration, however, is subject to the condition that if, at any time after the Senior Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Trustee a sum sufficient to pay the principal of the Senior Obligations matured and coming due prior

to such declaration, with interest on such overdue principal at the rate borne by the respective Senior Obligations, the accrued interest on the Senior Obligations due prior to such declaration, any other payments then due and the reasonable fees and expenses of the Trustee (including but not limited to those of its attorneys), and any and all other defaults known to the Trustee (other than in the payment of the principal of the Senior Obligations and accrued interest and other payments due on the Senior Obligations due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal of the Senior Obligations then Outstanding, by written notice to the Authority and to the Trustee, may, on behalf of the Owners of all of the Senior Obligations, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

(c) The Subordinate Obligations shall not be subject to acceleration if any Senior Obligations are then Outstanding. The Junior Subordinate Obligations shall not be subject to acceleration if any Subordinate Obligations or Senior Obligations are then Outstanding.

(d) If, and only if, the Senior Obligations are no longer Outstanding, all references to Senior Obligations in Section 10.02(a) and (b) shall be read to be references to Subordinate Obligations and if, and only if, the Subordinate Obligations and Senior Obligations are no longer Outstanding, all references to Senior Obligations in Section 10.02(a) and (b) shall be read to be references to Junior Subordinate Obligations.

Section 10.03. Appointment of Receiver.

(a) If an Event of Default shall happen and shall not have been remedied, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Senior Obligations under the Indenture and any Issuing Instruments, the Trustee shall be entitled to make application for the appointment of a receiver or custodian of the Net Revenues and the Available Revenues, pending such proceedings, with such power as the court making such appointment shall confer. If an Event of Default shall happen and shall not have been remedied, upon the written request of the Trustee, a Credit Provider or the Owners of not less than 10% of the aggregate principal amount of the Outstanding Senior Obligations, the Authority shall transfer to the Trustee all moneys held in all of the Funds maintained by the Authority under the Indenture and shall transfer to the Trustee, at least monthly all the Net Revenues and Available Revenues received by the Authority.

(b) If, and only if, the Senior Obligations are no longer Outstanding, all references to Senior Obligations in Section 10.03(a) shall be read to be references to Subordinate Obligations and if, and only if, the Subordinate Obligations and Senior Obligations are no longer Outstanding, all references to Senior Obligations in Section 10.03(a) shall be read to be references to Junior Subordinate Obligations.

Section 10.04. Enforcement Proceedings.

(a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may, with the consent of each Credit Provider whose consent is required by a Supplemental Indenture, Issuing Instrument or Credit Support Agreement, proceed, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Senior Obligations at the time Outstanding, with the consent of each Credit Provider whose consent is required by a Supplemental Indenture, Issuing Instrument or Credit Support Agreement, shall proceed, to protect and enforce its rights and the rights of the Owners of the Outstanding Senior Obligations by a suit or suits in equity or at law, whether for damages or the specific performance of any covenant contained in the Indenture or any Issuing Instrument, to enforce the lien of the Indenture, or in aid of the execution of any power granted in the Indenture or any Issuing Instrument, or any remedy granted under applicable provisions of the laws of the State, or for an accounting by the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

(b) All rights of action under the Indenture or any Issuing Instrument may be prosecuted and enforced by the Trustee without the possession of any of the Senior Obligations or the production thereof in the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust.

(c) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture or any Issuing Instrument, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture or any Issuing Instrument and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(d) Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Owners of a majority in principal amount of the Senior Obligations then Outstanding and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture or any Issuing Instrument by any acts which may be unlawful or in violation of the Indenture or any Issuing Instrument, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Owners of the Senior Obligations.

(e) If the Trustee or any Owner or Owners of Outstanding Senior Obligations have instituted any proceeding to enforce any right or remedy under the Indenture or any Issuing Instrument and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner or Owners, then and in every such case the Authority, the Trustee and the Owners shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions under the Indenture or such Issuing Instrument, and thereafter all rights and remedies of the Trustee and the Owners shall continue as though no such proceeding had been instituted.

(f) If, and only if, the Senior Obligations are no longer Outstanding, all references to Senior Obligations in the preceding paragraphs of this Section 10.04 shall be read to be references to Subordinate Obligations and if, and only if, the Subordinate Obligations and Senior Obligations are no longer Outstanding, all references to Senior Obligations in the preceding paragraphs of this Section 10.04 shall be read to be references to Junior Subordinate Obligations.

Section 10.05. Remedies for Subordinate Obligations and Junior Subordinate Obligations.

(a) If a Subordinate Payment Default has occurred, then the Owners of at least a majority of the aggregate principal amount of the Subordinate Obligations, may direct the Trustee to take the following actions: enforce by mandamus or specific performance the obligations of the Authority to deposit money pursuant to Section 5.04(e) and/or (f) which is otherwise required to be deposited for the benefit of Subordinate Obligations pursuant to such provisions and is available for such deposit but is being wrongfully withheld by the Authority or direct an accounting of Trustee funds; provided however, that notwithstanding the foregoing, no remedial action may be taken that would adversely affect the Owners of the Senior Obligations.

(b) If a Junior Subordinate Payment Default has occurred, then the Owners of at least a majority of the aggregate principal amount of the Junior Subordinate Obligations, may direct the Trustee to take the following actions: enforce by mandamus or specific performance the obligations of the Authority to deposit money pursuant to Section 5.04(i) which is otherwise required to be deposited for the benefit of Junior Subordinate Obligations pursuant to such provisions and is available for such deposit but is being wrongfully withheld by the Authority or direct an accounting of Trustee funds; provided however, that notwithstanding the foregoing, no remedial action may be taken that would adversely affect the Owners of the Senior Obligations or the Owners of the Subordinate Obligations.

(c) The principal, premium, if any, and interest and any other payment on Subordinate Obligations will be subordinated in right of payment to principal, premium, if any, and interest and any other payments on the Senior Obligations. If any Event of Default shall have occurred and be continuing, Owners of Senior Obligations will be entitled to receive payment thereof in full, including any interest, premium, fees,

expenses or other payments that would otherwise have accrued after the occurrence of an Event of Bankruptcy with respect to the Authority (whether or not such interest, premium, fees, expenses or other payments are allowable or allowed in the relevant proceeding, or are avoided or subordinated) before the Owners of the Subordinate Obligations are entitled to receive payment thereof; and any payment or distribution of assets otherwise payable to Owners of the Subordinate Obligations will be paid to Owners of Senior Obligations until all Senior Obligations have been paid in full, and the Owners of the Subordinate Obligations will be subrogated to the rights of such Owners of Senior Obligations to receive payments or distributions of assets with respect thereto.

(d) The principal, premium, if any, and interest and any other payment on Junior Subordinate Obligations will be subordinated in right of payment to principal, premium, if any, and interest and any other payments on the Subordinate Obligations and Senior Obligations. If any Event of Default shall have occurred and be continuing, and the Senior Obligations are no longer Outstanding, Owners of Subordinate Obligations will be entitled to receive payment thereof in full, including any interest, premium, fees or expenses or other payments that would otherwise have accrued after the occurrence of an Event of Bankruptcy with respect to the Authority (whether or not such interest, premium, fees or expenses or other payments are allowable or allowed in the relevant proceeding, or are avoided or subordinated) before the Owners of the Junior Subordinate Obligations are entitled to receive payment thereof; and any payment or distribution of assets otherwise payable to Owners of the Junior Subordinate Obligations will be paid to Owners of Subordinate Obligations until all Subordinate Obligations have been paid in full, and the Owners of the Junior Subordinate Obligations will be subrogated to the rights of such Owners of Subordinate Obligations to receive payments or distributions of assets with respect thereto.

Section 10.06. Remedies Not Exclusive. No remedy by the terms of the Indenture or any Issuing Instrument conferred upon or reserved to the Trustee or the Owners of the Obligations is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or any Issuing Instrument or existing at law or in equity or by statute whether effective on or after the effective date of this Master Indenture. The assertion or employment of any right or remedy, under the Indenture or any Issuing Instrument or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 10.07. Application of Net Revenues and Other Moneys After Default.

(a) If an Event of Default shall happen and shall not have been remedied, upon the written request of the Trustee, a Credit Provider or the Owners of not less than 10% of the aggregate principal amount of the Outstanding Senior Obligations, the Authority shall transfer to the Trustee all moneys held in all of the Funds maintained by the Authority under the Indenture and shall transfer to the Trustee, at least monthly all the Net Revenues and Available Revenues received by the Authority.

(b) During the continuance of an Event of Default, the Trustee shall apply any money or other property (other than Available Revenues) received by the Trustee pursuant to any right given or action taken under the provisions of this Article (including, without limitation, moneys held in Funds maintained by the Authority under the Indenture pursuant to the immediately preceding paragraph (a)), to the following purposes and in the following order of priority:

First: To the payment of the reasonable and proper charges, expenses and liabilities (including reasonable fees and expenses of counsel and indemnities) of the Fiduciaries for Senior Obligations and the amount to be paid to the Rebate Fund pursuant to the Rebate Instructions for Senior Obligations.

Second: To the payment of the principal, Redemption Price and Purchase Price of and interest on the Outstanding Senior Bonds, and amounts owed on the other Outstanding Senior Obligations then due and payable; provided however, that in the event the amount of money available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee shall apply the available money to the payment of the principal, Redemption Price and Purchase Price of and interest on and other amounts owed on all Outstanding Senior Obligations then due and payable ratably (based on the respective amounts to be paid), without any discrimination or preference.

Third: To the payment to the Reserve Guaranty Providers, the amounts due with respect to Reserve Guaranties relating to Senior Obligations; provided however, that in the event the amount of money available to the Trustee is not sufficient to make all the payments required by this clause with respect to all Reserve Guaranties relating to Senior Obligations, the Trustee shall apply the available money to the payment of the amounts then due with respect to all Reserve Guaranties relating to Senior Obligations ratably (based on the respective amounts to be paid), without any discrimination or preference.

Fourth: To the transfer to the Senior Debt Service Reserve Fund and each Senior Series Debt Service Reserve Fund and to each debt service reserve for other Outstanding Senior Obligations, the amount, if any, necessary so that the amount on deposit in the Senior Debt Service Reserve Fund and each Senior Series Debt Service Reserve Fund shall equal the applicable Senior Debt Service Reserve Requirement and the amount in each debt service reserve for other Outstanding Senior Obligations shall equal the amount required to be on deposit in such debt service reserve under the applicable Issuing Instrument; provided that that in the event the amount of money available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee shall apply the available money to the transfer to the Senior Debt Service Reserve Fund, each Senior Series Debt Service Reserve Fund and each debt service reserve for other Outstanding Senior Obligations ratably (based on the respective amounts to be paid), without any discrimination or preference.

Fifth: To the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries for Subordinate Obligations and the amount to be paid to the Rebate Fund pursuant to the Rebate Instructions for Subordinate Bonds.

Sixth: To the payment of the principal, Redemption Price and Purchase Price of and interest on the Outstanding Subordinate Bonds, and the amounts owed on the other Outstanding Subordinate Obligations then due and payable; provided however, that in the event the amount of money available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee shall apply the available money to the payment of the principal, Redemption Price and Purchase Price of and interest on and other amounts owed on all Outstanding Subordinate Obligations then due and payable ratably (based on the respective amounts to be paid), without any discrimination or preference.

Seventh: To the payment to the Reserve Guaranty Providers, the amounts due with respect to Reserve Guaranties relating to Subordinate Obligations; provided however, that in the event the amount of money available to the Trustee is not sufficient to make all the payments required by this clause with respect to all Reserve Guaranties relating to Subordinate Obligations, the Trustee shall apply the available money to the payment of the amounts due with respect to all Reserve Guaranties relating to Subordinate Obligations ratably (based on the respective amounts to be paid), without any discrimination or preference.

Eighth: To the transfer to the Subordinate Debt Service Reserve Fund and each Subordinate Series Debt Service Reserve Fund and to each debt service reserve for other Outstanding Subordinate Obligations, the amount, if any, necessary so that the amount on deposit in the Subordinate Debt Service Reserve Fund and each Subordinate Series Debt Service Reserve Fund shall equal the applicable Subordinate Debt Service Reserve Requirement and the amount in each debt service reserve for other Outstanding Subordinate Obligations shall equal the amount required to be on deposit in such debt service reserve under the applicable Issuing Instrument; provided that that in the event the amount of money available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee shall apply the available money to the transfer to the Subordinate Debt Service Reserve Fund, each Subordinate Series Debt Service Reserve Fund and each debt service reserve for other Outstanding Subordinate Obligations ratably (based on the respective amounts to be paid), without any discrimination or preference.

Ninth: To the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries for Junior Subordinate Obligations and the amount to be paid to the Rebate Fund pursuant to the Rebate Instructions for Junior Subordinate Obligations.

Tenth: To the payment of amounts due with respect to outstanding Junior Subordinate Obligations in accordance with the provisions of the applicable Supplemental Indenture or Issuing Instrument pursuant to which such Junior Subordinate Obligations have been issued; provided that that in the event the amount of money available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee shall apply the available

money to the payments of amounts due with respect to all Junior Subordinate Obligations ratably (based on the respective amounts to be paid), without any discrimination or preference except as otherwise provided in the Issuing Instruments pursuant to which such Junior Subordinate Obligations have been issued.

Eleventh: To the payment of any other amounts due under the Indenture, any Issuing Instrument, the Bonds or the Obligations.

Notwithstanding the foregoing, Available Revenues shall be applied solely as provided in Section 5.14; provided, however, that if the ratable distribution provisions of clauses Second or Sixth of this Section 10.07(b) are applicable, the amounts that would otherwise be distributed pursuant to such clauses Second or Sixth to Obligations that are secured by Available Revenues shall be reduced by the amount of Available Revenues that are available for distribution to such Obligations pursuant to Section 5.14, and the moneys that become available as a result of such reduction shall then be distributed pursuant to Clauses Second or Sixth, as applicable, without regard to this paragraph.

(c) If and whenever all overdue installments of interest on all Outstanding Obligations, together with the reasonable and proper charges, expenses and liabilities of the Fiduciaries and any other fiduciary for Obligations, and all other sums payable for the account of the Authority under the Indenture or any Issuing Instrument, including the principal and Redemption Price of all Outstanding Bonds and payment of the other Outstanding Obligations and unpaid interest on all Outstanding Obligations which shall then be payable, shall be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture and the Outstanding Obligations and the Issuing Instruments shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over all unexpended moneys in the hands of the Trustee (except moneys deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture. No such payment by the Trustee nor such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

(d) The Trustee may in its discretion establish special record dates for the determination of the Owners of Obligations for various purposes hereof, including without limitation, payment of defaulted interest and giving direction to the Trustee.

Section 10.08. Restriction on Owner's Action.

(a) Except as otherwise provided in paragraph (b) of this Section, no Owner of any Senior Obligation shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or any Issuing Instrument or the execution of any trust under the Indenture or any Issuing Instrument or for any remedy under the Indenture or any Issuing Instrument unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Owners of at least 25% in principal amount of the Senior Obligations then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or any Issuing Instrument or by the applicable laws of the State or to institute such action, suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Senior Obligations shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the lien of the Indenture, or to enforce any right under the Indenture or any Issuing Instrument, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture or any Issuing Instrument shall be instituted, had and maintained in the manner provided in the Indenture and any applicable Issuing Instrument and for the ratable benefit of all Owners of the Outstanding Senior Obligations, subject only to the provisions of Section 11.05.

(b) Nothing in the Indenture, any Issuing Instrument or in the Senior Obligations contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay on the respective due dates thereof and at the places therein expressed, but solely from the Net Revenues and the Trust Estate, the principal amount, or Redemption Price if applicable, and any other payments of the Senior Obligations, and the interest thereon, to the respective Owners thereof, or affect or impair the right, which is also absolute and unconditional, of any Owner to institute suit for the enforcement of any such payment.

(c) If, and only if, the Senior Obligations are no longer Outstanding, all references to Senior Obligations in Section 10.08(a) and (b) shall be read to be references to Subordinate Obligations and if, and only if, the Subordinate Obligations and Senior Obligations are no longer Outstanding, all references to Senior Obligations in Section 10.08(a) and (b) shall be read to be references to Junior Subordinate Obligations.

Section 10.09. Accounting and Examination of Records After Default.

(a) The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and accounts of the Authority and all other records relating to the Airport shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(b) The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the Authority, upon demand of the Trustee, shall account, as if it were the trustee of an express trust, for all of the Trust Estate for such period as shall be stated in such demand.

Section 10.10. Effect of Waiver and Other Circumstances.

(a) No delay or omission of the Trustee or any Owner of an Obligation to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Owners of the Obligations may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Owners of the Obligations.

(b) The Owners of not less than a majority in principal amount of the applicable Obligations at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Obligations, with the consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement, waive any Event of Default and its consequences. No such waiver shall extend to any subsequent or Event of Default or impair any right consequent thereon unless the provisions of this subsection (b) have been satisfied with respect to such subsequent Event of Default.

Section 10.11. Notice of Default. The Trustee shall, within thirty (30) days after obtaining knowledge thereof, email or mail written notice of the occurrence of any Event of Default to each Credit Provider, each Reserve Guaranty Provider and each Owner of Obligations then Outstanding at such Owner's address, if any, appearing in the Bond Register.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Execution of Documents and Proof of Ownership. Any request, direction, consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for any purpose of the Indenture (except as otherwise provided in the Indenture), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be provided by a signature guarantee from any bank or trust company or branch thereof located within the United States (if such entity is a Credit Provider) or an “eligible guarantor institution” meeting the requirements of the Trustee, which requirements may include membership or participation in the Securities Transfer Agent’s Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to the ownership of any Obligation, the Person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner for all purposes. None of the Authority, the Trustee or any Paying Agent shall be affected by any notice to the contrary.

(c) Nothing contained in the Indenture shall be construed as limiting the Authority or the Trustee to such proof, it being intended that the Authority or the Trustee may accept any other evidence of the matters stated in this Section which the Authority or the Trustee may deem sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation in respect to anything done or suffered to be done by the Authority or the Trustee in pursuance of such request or consent.

Section 11.02. Covenants of Authority Binding on Successors. All covenants, stipulations, obligations and agreements of the Authority contained in the 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 Joint Powers Act or a new Act or any provision of the Constitution 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 the 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 provided in the Indenture, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors of the Authority from time to time and upon any officer, board, body or Authority 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 the Indenture, all rights, powers and privileges conferred and duties and liabilities imposed upon the Authority by the provisions of the Indenture shall be exercised or performed by the Authority or by such officers, board, body or authority as may be permitted by law to exercise such powers or to perform such duties.

Section 11.03. Severability. If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any Person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the Indenture, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and the Indenture and the Obligations shall remain valid, and the Owners shall retain all valid rights and benefits accorded to them under the Indenture, the Constitution and statutes of the State.

Section 11.04. General Authorization. The Authorized Authority Representatives and the Authorized Authority Representatives, each acting singly, are hereby respectively authorized to do and perform from time to time any and all acts and things consistent with the Indenture or any Issuing Instrument necessary or appropriate to carry the same into effect.

Section 11.05. Moneys Held for Particular Obligations. Except as otherwise provided with respect to Obligations of any Series in the Supplemental Indenture or Issuing Instrument relating to such Series, the amounts held by the Trustee, any Paying Agent, any Escrow Agent or other Fiduciary for the payment of principal, Redemption Price, Purchase Price or interest or any other payment due on any date with respect to particular Obligations shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Obligations entitled thereto. None of the Authority, the Trustee, any Paying Agent, any Escrow Agent or other Fiduciary shall be liable to any Owner for interest on amounts so held in trust.

Section 11.06. Credit Providers.

(a) Unless provided otherwise in the applicable Supplemental Indenture or Issuing Instrument, any Credit Provider providing a Credit Support Instrument with respect to Obligations of such Series may exercise any right under this Master Indenture or the Supplemental Indenture relating to such Series of Obligations given to the Owners of the Obligations to which such Credit Support Instrument relates in lieu of such Owners.

(b) All provisions under this Master Indenture or a Supplemental Indenture or Issuing Instrument authorizing the exercise of rights by a Credit Provider with respect to Obligations of a Series, including without limitation actions relating to consents, approvals, directions, waivers, appointments and requests, shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider were not mentioned therein (i) during any period when such Credit Provider shall have failed to honor a properly presented and conforming drawing or request for payment, as applicable, under the applicable Credit Support Instrument or (ii) unless any related Reimbursement Obligations are outstanding, after the applicable Credit Support Instrument shall at any time for any reason cease to be valid and binding on the Credit Provider, or shall be declared to be null and void by final judgment of a court of competent jurisdiction, or after the Credit Support Instrument has been rescinded, repudiated or terminated (other than a termination as a result of a default by or the financial condition of the Authority so long as any amounts remain due to the Credit Provider with respect to such Credit Support Instrument), after a receiver, conservator or liquidator has been appointed for the Credit Provider or after the commencement of a bankruptcy or other insolvency proceeding by or against the Credit Provider. The foregoing shall not affect any other rights of a Credit Provider.

(c) All provisions in the Indenture or Issuing Instrument relating to the rights of a Credit Provider shall be of no force and effect if there is no Credit Support Instrument in effect and all amounts owing to the Credit Provider under the Credit Support Agreement have been paid.

(d) To the extent that the Indenture confers upon or gives or grants to a Credit Provider any right, remedy or claim under or by reason of the Indenture, such Credit Provider is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 11.07. Reserve Guaranty Providers.

(a) All provisions under this Master Indenture or a Supplemental Indenture or Issuing Instrument authorizing the exercise of rights by a Reserve Guaranty Provider with respect to Obligations of a Series, including without limitation actions relating to consents, approvals, directions, waivers, appointments and requests, shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Reserve Guaranty Provider were not mentioned therein (i) during any period during which there is a default by such Reserve Guaranty Provider under the applicable Reserve Guaranty or (ii) after the applicable Reserve Guaranty shall at any time for any reason cease to be valid and binding on the Reserve Guaranty Provider, or shall be declared to be null and void

by final judgment of a court of competent jurisdiction, or after the Reserve Guaranty has been rescinded, repudiated or terminated, after a receiver, conservator or liquidator has been appointed for the Reserve Guaranty Provider or after the commencement of a bankruptcy or other insolvency proceeding by or against the Reserve Guaranty Provider. The foregoing shall not affect any other rights of a Reserve Guaranty Provider.

(b) All provisions in the Indenture or Issuing Instrument relating to the rights of a Reserve Guaranty Provider shall be of no force and effect if there is no Reserve Guaranty in effect issued by such Reserve Guaranty Provider and all amounts owing to such Reserve Guaranty Provider under the Reserve Guaranty have been paid.

(c) To the extent that the Indenture confers upon or gives or grants to a Reserve Guaranty Provider any right, remedy or claim under or by reason of the Indenture, such Reserve Guaranty Provider is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 11.08. Parties Interested. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Authority, the Trustee, each Paying Agent, each Escrow Agent, the other Fiduciaries, the Credit Providers, the Reserve Guaranty Providers and the Owners of the Obligations, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, each Paying Agent, each Escrow Agent, the other Fiduciaries, the Credit Providers, the Reserve Guaranty Providers and the Owners of the Obligations.

Section 11.09. Unclaimed Moneys. Anything in this Master Indenture or any Supplemental Indenture or Issuing Instrument to the contrary notwithstanding, to extent permitted by law, any moneys held by any Fiduciary in trust for the payment and discharge of any of the Obligations which remain unclaimed for two years after the date when such Obligations have become due and payable, either at their stated maturity dates, tender for purchase or by call for redemption, if such moneys were held by such Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with such Fiduciary after the date when such Obligations, the Redemption Price or the Purchase Price thereof became due and payable, shall be repaid (without liability for interest) by such Fiduciary to the Authority, as its absolute property and free and clear of the lien of the Indenture, and such Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of such Obligations shall look only to the Authority for the payment of such Obligations; provided, however, that before being required to make any such payment to the Authority, such Fiduciary shall, at the expense of the Authority, emailed or mail, postage prepaid to the Owners of such Obligations, at the last address, if any, appearing upon the Bond Register a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of emailing or the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

Section 11.10. 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 the Indenture or any Issuing Instrument, shall not be a Business Day, such payment may 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 the Indenture, and, unless otherwise specifically provided in a Supplemental Indenture or Issuing Instrument, no interest shall accrue for the period after such nominal date.

Section 11.11. Waiver of Personal Liability. No member, officer or employee of the Commission or the Authority shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, or any other payment on the Obligations, but nothing herein contained shall relieve any member, officer or employee of the Commission or the Authority from the performance of any official duty provided by the Joint Powers Act or any other applicable provisions of law or hereby.

Section 11.12. Governing Law. The Indenture, each Issuing Instrument (unless provided otherwise in such Issuing Instrument) and each Obligation shall be interpreted, governed by and construed for all purposes in accordance with the laws of the State for contracts executed and to be performed in the State.

Section 11.13. Headings Not Binding. The headings in this Master Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Master Indenture.

Section 11.14. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of the Indenture or any Issuing Instrument shall be retained in its possession and shall be subject at all reasonable times to the inspection by the Authority, the Trustee, any Credit Provider, any Reserve Guaranty Provider and any Owner of an Outstanding Obligation and their agents and their representatives, any of whom may make copies thereof.

Section 11.15. Electronic Signatures. Each of the parties hereto agrees that the transaction consisting of this Master Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Master Indenture using an electronic signature, it is signing, adopting, and accepting this Master Indenture and that signing this Master Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature this Master Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Master Indenture in a usable format.

Section 11.16. Counterparts. This Master Indenture may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Burbank-Glendale-Pasadena Airport Authority has caused these presents to be signed in its name and on its behalf by the President of the Commission, and to evidence its acceptance of the trust hereby created, The Bank of New York Mellon Trust Company, N.A. has caused these presents to be signed in its name and on its behalf by an authorized officer, in each case all as of the date first above written.

BURBANK-GLENDALE-PASADENA AIRPORT
AUTHORITY

By: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT A

CALCULATION OF MAJORITY BONDHOLDER CONSENT

<u>Bonds/Indebtedness</u>	<u>Outstanding Principal Amount</u>	<u>Consents in Principal Amount Received</u>
2012 Series Bonds	\$ 66,930,000	\$ 0
Commercial Paper Reimbursement Obligations	200,000,000	200,000,000*
Series 2024 Bonds	724,780,000	724,780,000
Total:	\$991,710,000	\$924,780,000

Percentage of consents received = $\$924,780,000 / \$991,710,000 \times 100\% = 93.25\%$ (majority)

* The Credit Providers for the Commercial Paper Notes provided consent on behalf of the Owners.

EXHIBIT B

**LIST OF OUTSTANDING OBLIGATIONS
UNDER THE ORIGINAL MASTER INDENTURE**

Series 2024 Bonds
Commercial Paper Notes
Commercial Paper Reimbursement Obligations
2012 Series Bonds

APPENDIX C-2
FORM OF FIFTH SUPPLEMENTAL INDENTURE

FIFTH SUPPLEMENTAL INDENTURE OF TRUST

by and between

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Trustee

Dated as of May 1, 2024

Relating to

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
AIRPORT SENIOR REVENUE BONDS,
2024 SERIES A (NON-AMT), 2024 SERIES B (AMT) AND 2024 SERIES C (TAXABLE)

TABLE OF CONTENTS

	Page
ARTICLE I	AUTHORITY, AMENDMENTS AND DEFINITIONS 2
	Section 1.01. Supplemental Indenture of Trust 2
	Section 1.02. Authority for the Fifth Supplemental Indenture of Trust..... 2
	Section 1.03. Consent to the Amended and Restated Master Indenture 2
	Section 1.04. Definitions 2
	Section 1.05. Interpretation 4
ARTICLE II	THE 2024A BONDS..... 5
	Section 2.01. Principal Amount and Designation; Conditions to Issuance 5
	Section 2.02. Terms of the 2024A Bonds..... 5
	Section 2.03. Application of Proceeds of 2024A Bonds 6
ARTICLE III	THE 2024B BONDS 6
	Section 3.01. Principal Amount and Designation; Conditions to Issuance 6
	Section 3.02. Terms of the 2024B Bonds 6
	Section 3.03. Application of Proceeds of 2024B Bonds 9
ARTICLE IV	THE 2024C BONDS..... 9
	Section 4.01. Principal Amount and Designation; Conditions to Issuance 9
	Section 4.02. Terms of the 2024C Bonds 9
	Section 4.03. Application of Proceeds of 2024C Bonds 10
ARTICLE V	FUNDS AND ACCOUNTS..... 10
	Section 5.01. 2024 Cost of Issuance Fund..... 10
	Section 5.02. 2024 Bonds Construction Fund Accounts 11
	Section 5.03. Capitalized Interest in Senior Debt Service Fund..... 11
	Section 5.04. Senior Debt Service Reserve Fund 13
ARTICLE VI	PROVISIONS RELATING TO INSURANCE POLICY AND RESERVE POLICY 13
	Section 6.01. Provisions Relating to the Insurance Policy 13
	Section 6.02. Provisions Relating to the Reserve Policy 17
ARTICLE VII	TAX MATTERS 18
	Section 7.01. Tax Covenants 18
	Section 7.02. 2024A/B Rebate Account..... 18
ARTICLE VIII	MISCELLANEOUS 19
	Section 8.01. Continuing Disclosure 19
	Section 8.02. Indenture to Remain in Effect 19
	Section 8.03. Electronic Signatures..... 19
	Section 8.04. Counterparts 19
EXHIBIT A	FORM OF 2024 BONDS A-1
EXHIBIT B	FORM OF AMENDED AND RESTATED MASTER INDENTURE..... B-1

FIFTH SUPPLEMENTAL INDENTURE OF TRUST

THIS FIFTH SUPPLEMENTAL INDENTURE OF TRUST, dated as of May 1, 2024 (this “Fifth Supplemental Indenture”), is entered into by and between the Burbank-Glendale-Pasadena Airport Authority, a public entity of the State of California, and The Bank of New York Mellon Trust Company, N.A., a national banking association duly established and existing under and pursuant to the laws of the United States of America (formerly known as The Bank of New York Trust Company, N.A.).

RECITALS

WHEREAS, the Authority (capitalized terms used in this Fifth Supplemental Indenture shall have the meanings given such terms pursuant to Section 1.04 hereof) has been duly established and is duly existing as a joint exercise of powers agency under the Joint Powers Act and the Joint Powers Agreement; and

WHEREAS, the Authority owns and operates the Airport; and

WHEREAS, the Authority is authorized under the Joint Powers Agreement, the Joint Powers Act and other applicable provisions of State law to issue bonds, notes and other obligations payable from the revenues of the Airport to finance the Costs of Capital Improvements to the Airport and to refund such obligations; and

WHEREAS, the Authority and the Trustee previously entered into the Master Indenture of Trust, dated as of May 1, 2005, as previously supplemented and amended in accordance with its terms (as so supplemented and amended, the “Original Master Indenture”), providing for the terms on which Bonds and other Obligations may be issued and secured thereunder when authorized by Supplemental Indentures or other Issuing Instruments; and

WHEREAS, the Authority has determined to issue three Series of Bonds constituting the 2024 Bonds on the terms and conditions set forth in the Original Master Indenture, as supplemented by this Fifth Supplemental Indenture, for the purpose of providing funds to (a) finance, refinance or reimburse itself for its prior payment of the costs for a portion of the Replacement Passenger Terminal Project, including any costs incidental to, or connection with, the Replacement Passenger Terminal Project, (b) pay interest to accrue on the 2024 Bonds to and including April 1, 2027, (c) purchase a debt service reserve surety policy to be credited to the Senior Debt Service Reserve Fund and a bond insurance policy, and (e) pay the Costs of Issuance of the 2024 Bonds (collectively, the “Financing Purposes”); and

WHEREAS, the Authority desires to amend and restate the Original Master Indenture in the form of the Amended and Restated Master Indenture (as defined herein) attached to this Fifth Supplemental Indenture as Exhibit B; and

WHEREAS, pursuant to Section 7.01(a) of the Original Master Indenture, the Original Master Indenture can be amended and restated by the Amended and Restated Master Indenture if the Authority has received the written consent of each Credit Provider and the Authority has filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding; and

WHEREAS, pursuant to Section 1.03 of this Fifth Supplemental Indenture and Section 1.01 of the Amended and Restated Master Indenture, the Amended and Restated Master Indenture will become effective on the Effective Date (as defined in the Amended and Restated Master Indenture), which Effective Date is the date of issuance of the 2024 Bonds, following the issuance of the 2024 Bonds, and on and after the Effective Date, the 2024 Bonds shall be subject to the terms of the Amended and Restated Master Indenture; and

WHEREAS, the Authority has determined that all acts and things which are necessary in connection with the authorization, execution and delivery of this Fifth Supplemental Indenture and the issuance of the 2024 Bonds have been done and performed in due time, form and manner;

**NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS
FIFTH SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:**

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Master Indenture, the mutual covenants herein contained and the purchase and acceptance of the 2024 Bonds by the Owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the 2024 Bonds according to their tenor and effect, and the performance and observance by the Authority of all the covenants and conditions in the Master Indenture, and in the 2024 Bonds, contained on its part to be performed, it is agreed by and between the Authority and the Trustee as follows:

**ARTICLE I
AUTHORITY, AMENDMENTS AND DEFINITIONS**

Section 1.01. Supplemental Indenture of Trust. This Fifth Supplemental Indenture is supplemental to the Original Master Indenture.

Section 1.02. Authority for the Fifth Supplemental Indenture of Trust. This Fifth Supplemental Indenture is entered into (a) pursuant to Article 4 of the Joint Powers Act and the Joint Powers Agreement and (b) in accordance with Article II and Article VII of the Original Master Indenture.

Section 1.03. Consent to the Amended and Restated Master Indenture. By their purchase of the 2024 Bonds, the Owners and Beneficial Owners of the 2024 Bonds (a) are deemed to have irrevocably consented to the Amended and Restated Master Indenture and approved, on behalf of themselves and all subsequent Owners and Beneficial Owners of the 2024 Bonds, the amendments to the Original Master Indenture set forth in the Amended and Restated Master Indenture, (b) pursuant to such consent, have irrevocably directed the Trustee to consent to the Amended and Restated Master Indenture, and (c) have waived, and are deemed to have waived, and to have authorized and directed the Trustee to waive, any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Original Master Indenture in order to implement the Amended and Restated Master Indenture.

Such consent and waiver shall be effective on the date of issuance of the 2024 Bonds, shall be binding on any subsequent Owner and Beneficial Owner of any 2024 Bonds, and may not be revoked after the issuance of the 2024 Bonds.

Pursuant to Section 1.01 of the Amended and Restated Master Indenture, the Amended and Restated Master Indenture will become effective on the Effective Date (as defined in the Amended and Restated Master Indenture), and the Effective Date has occurred on the date of issuance of the 2024 Bonds, following the issuance of the 2024 Bonds. On and after the Effective Date, the 2024 Bonds shall be subject to the terms of the Amended and Restated Master Indenture and all references herein to the Original Master Indenture following such Effective Date shall be references to the Amended and Restated Master Indenture

Section 1.04. Definitions.

(a) (i) In connection with the issuance and delivery of the 2024 Bonds and prior to the Effective Date, except as otherwise defined by this Fifth Supplemental Indenture, all terms which are defined in Section 1.01 of the Original Master Indenture shall have the same meanings, respectively, in this Fifth Supplemental Indenture as such terms are given in said Section 1.01 of the Original Master Indenture; and (ii) on and after the Effective Date, except as otherwise defined by this Fifth Supplemental Indenture, all terms which are defined in Section 1.02 of the Amended and Restated Master Indenture shall have the same meanings, respectively, in this Fifth Supplemental Indenture as such terms are given in said Section 1.02 of the Amended and Restated Master Indenture.

(b) Additional Definitions. The following terms shall, with respect to the 2024 Bonds and for all purposes of this Fifth Supplemental Indenture, have the meanings set forth below:

“2024 Bonds” means the 2024A Bonds, the 2024B Bonds and the 2024C Bonds.

“2024 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of May 1, 2024, between the Authority and the Trustee, as dissemination agent, relating to the 2024 Bonds, as the same may be supplemented or amended.

“2024 Cost of Issuance Fund” means the Fund so designated and established pursuant to Section 5.01.

“2024 Insurance Policy” means the insurance policy issued by the 2024 Insurer guaranteeing the scheduled payment of principal of and interest on the Insured 2024 Bonds when due. The 2024 Insurance Policy shall constitute a Credit Support Instrument for all purposes of the Indenture.

“2024 Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof. The 2024 Insurer shall constitute a Credit Provider for all purposes of the Master Indenture.

“2024 Reserve Policy” means the debt service reserve insurance policy issued by the 2024 Insurer and deposited in the Senior Debt Service Reserve Fund. The 2024 Reserve Policy shall constitute a Reserve Guaranty for all purposes of the Master Indenture.

“2024 Tax Certificate” means that certain Tax Certificate, dated May 30, 2024, with respect to the 2024A Bonds and the 2024B Bonds and signed by an Authorized Authority Representative.

“2024A Bonds” means the Authority’s Airport Senior Revenue Bonds, 2024 Series A (Non-AMT) authorized by Article II.

“2024A Capitalized Interest Account” means the Account so designated and established pursuant to Section 5.03.

“2024A Construction Account” means the “Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series A Construction Account” in the Construction Fund established pursuant to Section 5.02(a).

“2024A Cost of Issuance Account” means the Account so designated and established pursuant to Section 5.01.

“2024A/B Rebate Account” means the “Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series A/B Rebate Account” in the Rebate Fund established pursuant to Section 7.02.

“2024B Bonds” means the Authority’s Airport Senior Revenue Bonds, 2024 Series B (AMT) authorized by Article III.

“2024B Capitalized Interest Account” means the Account so designated and established pursuant to Section 5.03.

“2024B Construction Account” means the “Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series B Account” in the Construction Fund established pursuant to Section 5.02(b).

“2024B Cost of Issuance Account” means the Account so designated and established pursuant to Section 5.01.

“2024C Bonds” means the Authority’s Airport Senior Revenue Bonds, 2024 Series C (Taxable) authorized by Article IV.

“2024C Capitalized Interest Account” means the Account so designated and established pursuant to Section 5.03.

“2024C Cost of Issuance Account” means the Account so designated and established pursuant to Section 5.01.

“Amended and Restated Master Indenture” means the Amended and Restated Master Indenture of Trust, dated as of May 1, 2005 and amended and restated as of May 1, 2024, and effective on the Effective Date, between the Authority and the Trustee, which amends and restates the Original Master Indenture, a form of which is attached as Exhibit B hereto.

“Authorized Denominations” means, with respect to the 2024 Bonds, \$5,000 and any integral multiple thereof.

“Dated Date” means, with respect to the 2024 Bonds, May 30, 2024.

“Effective Date” has the meaning given such term in the Amended and Restated Master Indenture.

“Financing Purposes” has the meaning given such term in the recitals to this Fifth Supplemental Indenture.

“Indenture” means, (a) prior to the Effective Date, the Original Master Indenture, as supplemented by this Fifth Supplemental Indenture, and (b) on and after the Effective Date, the Amended and Restated Master Indenture, as supplemented and amended from time to time by Supplemental Indentures.

“Insured 2024 Bonds” means, collectively, the 2024A Bonds, the 2024B Bonds maturing on July 1 in the years 2039, 2041, 2043, 2049 (bearing interest at 4.375% per annum), and 2054 (bearing interest at 4.50% per annum) and the 2024C Bonds maturing on July 1, 2031.

“Interest Payment Date” means, with respect to the 2024 Bonds, each January 1 and July 1, commencing January 1, 2025.

“Master Indenture” has the same meaning as Indenture.

“Original Master Indenture” means the Master Indenture of Trust, dated as of May 1, 2005, between the Authority and the Trustee, as previously supplemented and amended.

“Terminal Relocation Project” means those Capital Improvements consisting of a portion of the Cost of (a) a 14-gate replacement passenger terminal building at the Airport which will be limited to no more than 355,000 square feet, with a new public parking garage to replace the existing parking structure; (b) associated landside or airside improvements, including but not limited to roadways, employee parking facilities, a replacement air cargo building, a ground service equipment maintenance building, other airline support facilities and associated infrastructure necessary to serve the replacement passenger terminal; and (c) following the opening of the replacement passenger terminal, the demolition of the existing passenger terminal, short-term parking structure, and cargo building at the Airport.

“Rebate Instructions” means those calculations and written directions required to be delivered to the Trustee by the Authority pursuant to Section 7.01.

“Rebate Requirement” means the Rebate Requirement as defined in the 2024 Tax Certificate.

“Record Date” means, with respect to each Interest Payment Date for 2024 Bonds, the fifteenth day of the month, whether or not such day is a Business Day, preceding the month in which such Interest Payment Date falls.

Section 1.05. Interpretation.

(a) Unless the context otherwise indicates, defined terms shall include all variants thereof, words expressed in 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, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) References herein to the Securities Depository, as of any time, shall include both the Securities Depository and any Nominee of the Securities Depository in whose name the 2024 Bonds may then be registered.

(d) Unless otherwise indicated, references herein to Articles and Sections shall be to the Articles and Sections of this Fifth Supplemental Indenture. The words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Fifth Supplemental Indenture as a whole and not to any particular Article, Section or subdivision hereof.

**ARTICLE II
THE 2024A BONDS**

Section 2.01. Principal Amount and Designation; Conditions to Issuance.

(a) Pursuant to the provisions of the Master Indenture and this Fifth Supplemental Indenture and the provisions of Article 4 of the Joint Powers Act and the Joint Powers Agreement, a Series of Bonds (on and after the Effective Date, such Bonds shall constitute Senior Bonds) entitled to the benefit, protection and security of the Master Indenture is hereby authorized in the aggregate principal amount of \$34,680,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series A (Non-AMT).” The 2024A Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2024A Bond.

(b) The 2024A Bonds are issued to provide funds for the Financing Purposes.

(c) All (but not less than all) of the 2024A Bonds shall be executed by the Authority for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order but only upon the satisfaction of the requirements under the Original Master Indenture related to the issuance of the 2024A Bonds under the Original Master Indenture.

Section 2.02. Terms of the 2024A Bonds.

(a) The 2024A Bonds shall be issued as Participating Bonds (on and after the Effective Date, the 2024A Bonds shall constitute Participating Senior Bonds) and the payment of the principal and Redemption Price, if any, of and interest on the 2024A Bonds shall be secured by amounts in the Debt Service Reserve Fund (and on and after the Effective Date, the Senior Debt Service Reserve Fund). The 2024A Bonds shall be issuable as fully registered Bonds without coupons in Authorized Denominations. The 2024A Bonds shall be registered initially in the name of “Cede & Co.,” as Nominee of DTC, the initial Securities Depository, and shall be evidenced by one bond certificate of the 2024A Bonds in the total aggregate principal amount of the 2024A Bonds of such maturity. Registered ownership of the 2024A Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 3.04 of the Master Indenture.

(b) The 2024A Bonds shall be dated the Dated Date.

(c) The 2024A Bonds shall be Current Interest Obligations and mature on July 1 in the following year and in the following principal amount and shall bear interest from the Dated Date at the following rate per annum:

Maturity July 1	Principal Amount	Interest Rate
2054	\$34,680,000	4.000%

(d) The 2024A Bonds shall be Serial Obligations.

(e) Interest on the 2024A Bonds shall be payable on each Interest Payment Date as provided in Section 3.01 of the Master Indenture.

(f) The Trustee shall identify all interest, principal, and Redemption Price payments with respect to the 2024A Bonds (whether made by check or by wire transfer) by the CUSIP number(s) of the applicable 2024A Bonds.

(g) The 2024A Bonds are subject to redemption prior to maturity, at the option of the Authority, from any source of funds, in whole or in part (in such amounts as may be specified by the Authority), on any date on and after July 1, 2034 at a Redemption Price equal to the principal amount of the 2024A Bonds (or portions thereof) to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium.

Section 2.03. Application of Proceeds of 2024A Bonds. The \$33,212,070.71 proceeds of the sale of the 2024A Bonds (representing the principal amount of \$34,680,000.00, less an original issue discount of \$1,179,813.60, less \$79,359.75 to be retained by the underwriters of the 2024A Bonds as the underwriters' discount, less \$86,491.21 wired by the underwriter of the 2024A Bonds, at the request and for the account of the Authority, to the 2024 Insurer as the portion of the premium for the 2024 Reserve Policy applicable to the 2024A Bonds, and less \$122,264.73 wired by the underwriter of the 2024A Bonds, at the request and for the account of the Authority, to the 2024 Insurer as the portion of the premium for the 2024 Insurance Policy applicable to the 2024A Bonds) shall be applied simultaneously with the delivery of the 2024A Bonds, as follows:

(a) There shall be deposited in the 2024A Capitalized Interest Account the sum of \$1,897,028.60, together with the deposit required by Section 4.03(b), for the payment of the Capitalized Interest with respect to the 2024A Bonds;

(b) There shall be deposited in the 2024A Cost of Issuance Account the sum of \$30,776.64; and

(c) The remaining balance of the proceeds of the sale of the 2024A Bonds, in the amount of \$31,284,265.47, shall be deposited in the 2024A Construction Account.

ARTICLE III THE 2024B BONDS

Section 3.01. Principal Amount and Designation; Conditions to Issuance.

(a) Pursuant to the provisions of the Master Indenture and this Fifth Supplemental Indenture and the provisions of Article 4 of the Joint Powers Act and the Joint Powers Agreement, a Series of Bonds (and on and after the Effective Date, such Bonds shall constitute Senior Bonds) entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$642,420,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series B (AMT)." The 2024B Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2024B Bond.

(b) The 2024B Bonds are issued to provide funds for the Financing Purposes.

(c) All (but not less than all) of the 2024B Bonds shall be executed by the Authority for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order but only upon the satisfaction of the requirements under the Original Master Indenture related to the issuance of the 2024B Bonds under the Original Master Indenture.

Section 3.02. Terms of the 2024B Bonds.

(a) The 2024B Bonds shall be issued as Participating Bonds (and on and after the Effective Date, shall constitute Participating Senior Bonds) and the payment of the principal and Redemption Price, if any, of and interest on the 2024B Bonds shall be secured by amounts in the Debt Service Reserve Fund (and on and after the Effective Date, the Senior Debt Service Reserve Fund). The 2024B Bonds shall be issuable as fully registered Bonds without coupons in Authorized Denominations. The 2024B Bonds shall be registered initially in the name of "Cede & Co.," as Nominee of DTC, the initial Securities Depository, and shall be evidenced by one bond certificate for each maturity of the 2024B Bonds in the total aggregate principal amount of the 2024B Bonds of such maturity. Registered ownership of the 2024B Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 3.04 of the Master Indenture.

(b) The 2024B Bonds shall be dated the Dated Date.

(c) The 2024B Bonds shall be Current Interest Obligations and mature on July 1 in the following years and in the following principal amounts and shall bear interest from the Dated Date at the following rates per annum:

Maturity July 1	Principal Amount	Interest Rate
2031	\$ 10,120,000	5.000%
2032	16,350,000	5.000
2033	17,165,000	5.000
2034	18,025,000	5.000
2035	18,925,000	5.000
2036	19,870,000	5.000
2037	20,865,000	5.000
2038	21,910,000	5.000
2039	23,005,000	4.000
2040	23,925,000	5.250
2041	25,180,000	4.125
2042	26,220,000	5.250
2043	27,595,000	4.250
2044	28,770,000	5.250
2049	100,000,000	5.250
2049	66,960,000	4.375
2054	102,535,000	5.250
2054	75,000,000	4.500

(d) The 2024B Bonds maturing in the years 2031 through 2044, inclusive, shall be Serial Obligations, and the 2024B Bonds maturing in 2049 and 2054 shall be Term Obligations.

(e) Interest on the 2024B Bonds shall be payable on each Interest Payment Date as provided in Section 3.01 of the Master Indenture.

(f) The Trustee shall identify all interest, principal, and Redemption Price payments with respect to the 2024B Bonds (whether made by check or by wire transfer) by the CUSIP number(s) of the applicable 2024B Bonds.

(g) The 2024B Bonds maturing on and after July 1, 2035 are subject to redemption prior to maturity, at the option of the Authority, from any source of funds, in whole or in part (in such amounts as may be specified by the Authority), on any date on and after July 1, 2034 at a Redemption Price equal to the principal amount of the 2024B Bonds (or portions thereof) to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium.

(h) The 2024B Term Bonds maturing on July 1, 2049 and bearing interest at 5.250% per annum are subject to mandatory redemption prior to their maturity, or payment at maturity, as the case may be, by the Authority, in part by lot on July 1 of each year on and after July 1, 2045 from and in the amount of the Sinking Fund Installments (which are hereby established) due and payable on the dates and in the amounts as set forth in the following schedule (except that if any such 2024B Term Bonds maturing on July 1, 2049 have been optionally redeemed pursuant to Section 3.02(g) hereof, the amounts of such Sinking Fund Installments shall be reduced in the manner provided in Section 4.03 of the Master Indenture), at the Redemption Price equal to the principal amount of such 2024B Term Bonds maturing on July 1, 2049 to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium:

Year (July 1)	Principal Amount
2045	\$18,005,000
2046	18,955,000
2047	19,950,000
2048	20,995,000
2049*	22,095,000

* Final Maturity.

(i) The 2024B Term Bonds maturing on July 1, 2049 and bearing interest at 4.375% per annum are subject to mandatory redemption prior to their maturity, or payment at maturity, as the case may be, by the Authority, in part by lot on July 1 of each year on and after July 1, 2045 from and in the amount of the Sinking Fund Installments (which are hereby established) due and payable on the dates and in the amounts as set forth in the following schedule (except that if any such 2024B Term Bonds maturing on July 1, 2049 have been optionally redeemed pursuant to Section 3.02(g) hereof, the amounts of such Sinking Fund Installments shall be reduced in the manner provided in Section 4.03 of the Master Indenture), at the Redemption Price equal to the principal amount of such 2024B Term Bonds maturing on July 1, 2049 to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium:

Year (July 1)	Principal Amount
2045	\$12,275,000
2046	12,805,000
2047	13,365,000
2048	13,950,000
2049*	14,565,000

* Final Maturity.

(j) The 2024B Term Bonds maturing on July 1, 2054 and bearing interest at 5.250% per annum are subject to mandatory redemption prior to their maturity, or payment at maturity, as the case may be, by the Authority, in part by lot on July 1 of each year on and after July 1, 2050 from and in the amount of the Sinking Fund Installments (which are hereby established) due and payable on the dates and in the amounts as set forth in the following schedule (except that if any such 2024B Term Bonds maturing on July 1, 2054 have been optionally redeemed pursuant to Section 3.02(g) hereof, the amounts of such Sinking Fund Installments shall be reduced in the manner provided in Section 4.03 of the Master Indenture), at the Redemption Price equal to the principal amount of such 2024B Term Bonds maturing on July 1, 2054 to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium:

Year (July 1)	Principal Amount
2050	\$22,095,000
2051	23,255,000
2052	24,475,000
2053	25,765,000
2054*	6,945,000

* Final Maturity.

(k) The 2024B Term Bonds maturing on July 1, 2054 and bearing interest at 4.500% per annum are subject to mandatory redemption prior to their maturity, or payment at maturity, as the case may be, by the Authority, in part by lot on July 1 of each year on and after July 1, 2050 from and in the amount of the Sinking Fund Installments (which are hereby established) due and payable on the dates and in the amounts as set forth in the following schedule (except that if any such 2024B Term Bonds maturing on July 1, 2054 have been optionally redeemed pursuant to Section 3.02(g) hereof, the amounts of such Sinking Fund Installments shall be reduced in the manner provided in Section 4.03 of the Master Indenture), at the Redemption Price equal to the principal amount of such 2024B Term Bonds maturing on July 1, 2054 to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium:

Year (July 1)	Principal Amount
2050	\$16,360,000
2051	17,100,000
2052	17,870,000
2053	18,670,000
2054*	5,000,000

* Final Maturity.

Section 3.03. Application of Proceeds of 2024B Bonds. The \$668,016,971.63 proceeds of the sale of the 2024B Bonds (representing the principal amount of \$642,420,000, plus a net original issue premium of \$29,481,624.60, less \$1,456,371.61 to be retained by the underwriters of the 2024B Bonds as the underwriters' discount, less \$1,734,724.22 wired by the underwriter of the 2024A Bonds, at the request and for the account of the Authority, to the 2024 Insurer as the portion of the premium for the 2024 Reserve Policy applicable to the 2024B Bonds, and less \$693,557.14 wired by the underwriter of the 2024B Bonds, at the request and for the account of the Authority, to the 2024 Insurer as the portion of the premium for the 2024 Insurance Policy applicable to the 2024B Bonds) shall be applied simultaneously with the delivery of the 2024B Bonds, as follows:

(a) There shall be deposited in the 2024B Capitalized Interest Account the sum of \$42,904,390.38, together with the deposit required by Section 4.03(c) for the payment of the Capitalized Interest with respect to the 2024B Bonds;

(b) There shall be deposited in the 2024B Cost of Issuance Account the sum of \$548,162.98; and

(c) The remaining balance of the proceeds of the sale of the 2024B Bonds, in the amount of \$624,564,418.27, shall be deposited in the 2024B Construction Account.

ARTICLE IV THE 2024C BONDS

Section 4.01. Principal Amount and Designation; Conditions to Issuance.

(a) Pursuant to the provisions of the Master Indenture and this Fifth Supplemental Indenture and the provisions of Article 4 of the Joint Powers Act and the Joint Powers Agreement, a Series of Bonds (and on and after the Effective Date, such Bonds shall constitute Senior Bonds) entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$47,680,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series C (Taxable)." The 2024C Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2024C Bond.

(b) The 2024C Bonds are issued to provide funds for the Financing Purposes.

(c) All (but not less than all) of the 2024C Bonds shall be executed by the Authority for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order but only upon the satisfaction of the requirements under the Original Master Indenture related to the issuance of the 2024C Bonds under the Original Master Indenture.

Section 4.02. Terms of the 2024C Bonds.

(a) The 2024C Bonds shall be issued as Participating Bonds (and on and after the Effective Date, shall constitute Participating Senior Bonds) and the payment of the principal and Redemption Price, if any, of and interest on the 2024C Bonds shall be secured by amounts in the Debt Service Reserve Fund (and on and after the Effective Date, the Senior Debt Service Reserve Fund). The 2024C Bonds shall be issuable as fully registered Bonds without coupons in Authorized Denominations. The 2024C Bonds shall be registered initially in the name of "Cede & Co.," as Nominee of DTC, the initial Securities Depository, and shall be evidenced by one bond certificate for each maturity of the 2024C Bonds in the total aggregate principal amount of the 2024C Bonds of such maturity. Registered ownership of the 2024C Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 3.04 of the Master Indenture.

(b) The 2024C Bonds shall be dated the Dated Date.

(c) The 2024C Bonds shall be Current Interest Obligations and mature on July 1 in the following years and in the following principal amounts and shall bear interest from the Dated Date at the following rates per annum:

Maturity July 1	Principal Amount	Interest Rate
2028	\$13,375,000	5.120%
2029	14,070,000	5.170
2030	14,795,000	5.200
2031	5,440,000	5.150

(d) The 2024C Bonds shall be Serial Obligations.

(e) Interest on the 2024C Bonds shall be payable on each Interest Payment Date as provided in Section 3.01 of the Master Indenture.

(f) The Trustee shall identify all interest, principal, and Redemption Price payments with respect to the 2024C Bonds (whether made by check or by wire transfer) by the CUSIP number(s) of the applicable 2024C Bonds.

Section 4.03. Application of Proceeds of 2024C Bonds. The \$47,435,986.82 proceeds of the sale of the 2024C Bonds (representing the principal amount of \$47,680,000.00, less \$109,031.96 to be retained by the underwriters of the 2024C Bonds as the underwriters' discount, less \$123,100.83 wired by the underwriter of the 2024C Bonds, at the request and for the account of the Authority, to the 2024 Insurer as the portion of the premium for the 2024 Reserve Policy applicable to the 2024C Bonds, and less \$11,880.39 wired by the underwriter of the 2024C Bonds, at the request and for the account of the Authority, to the 2024 Insurer as the portion of the premium for the 2024 Insurance Policy applicable to the 2024C Bonds) shall be applied simultaneously with the delivery of the 2024C Bonds, as follows:

(a) There shall be deposited in the 2024C Capitalized Interest Account the sum of \$6,443,607.28, representing Capitalized Interest with respect to the 2024C Bonds;

(b) There shall be deposited in the 2024A Capitalized Interest Account the sum of \$1,734,000.00, for the payment of a portion of the Capitalized Interest with respect to the 2024A Bonds;

(c) There shall be deposited in the 2024B Capitalized Interest Account the sum of \$39,217,234.38, for the payment of a portion of the Capitalized Interest with respect to the 2024A Bonds;

(d) There shall be deposited in the 2024C Cost of Issuance Account the sum of \$41,145.16.

ARTICLE V FUNDS AND ACCOUNTS

Section 5.01. 2024 Cost of Issuance Fund.

(a) The Trustee shall establish and maintain in trust a separate Fund designated as the "2024 Cost of Issuance Fund," and within the 2024 Cost of Issuance Fund, the Trustee shall establish and maintain in trust separate accounts designated as the "2024A Cost of Issuance Account," the "2024B Cost of Issuance Account" and the "2024C Cost of Issuance Account. Money deposited in said Fund shall be used to pay Costs of Issuance with respect to the 2024 Bonds as provided in this Section.

(b) The Trustee shall make payments from the Accounts within the 2024 Cost of Issuance Fund, except payments and withdrawals pursuant to subsection (e) of this Section, in the amounts, at the times, in the manner and on the other terms and conditions set forth in this subsection. Before any such payment from the Accounts within the 2024 Cost of Issuance Fund shall be made, there shall be filed with the Trustee a requisition therefor, signed by an Authorized Authority Representative. Each such requisition shall state, in respect of the payment to be made (i) the name and address of the Person to whom payment is due, (ii) the amount of such payment, (iii) the Account within the 2024 Cost of Issuance Fund from which such payment is to be drawn, (iv) the particular item of the Cost of Issuance of the 2024 Bonds to be paid and that such payment in the stated amount is a proper charge against the

applicable Account within the 2024 Cost of Issuance Fund and that no Cost of Issuance of the 2024 Bonds previously requisitioned from the Accounts within the 2024 Cost of Issuance Fund is included in such requisition. The Trustee shall promptly issue its check to the Authority or to the Person identified in the requisition in the amount or amounts specified in each such requisition or, if requested pursuant to any such requisition, shall by wire transfer, interbank transfer or other method arrange to promptly make each payment required by such requisition. The Authority shall apply, or cause to be applied, all such moneys received from the Accounts within the 2024 Cost of Issuance Fund to the payment of the Costs of Issuance of the 2024 Bonds identified in the requisition relating to such moneys.

Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(c) Upon the receipt by the Trustee of a certificate of an Authorized Authority Representative requesting the Trustee to close the 2024 Cost of Issuance Fund and the Accounts therein, and after payment from the Accounts within the 2024 Cost of Issuance Fund of all amounts included in requisitions submitted by the Authority pursuant to Section 5.01(b) hereof, the Trustee shall transfer any moneys remaining in the 2024 Cost of Issuance Fund to the 2024 Series A Construction Account or, if directed in writing by an Authorized Authority Representative and the Trustee has received a Favorable Opinion of Bond Counsel in connection with such transfer, to any fund or account established under the Indenture. Upon such transfer the Trustee shall close the 2024 Cost of Issuance Fund and the Accounts therein.

(d) Moneys held in the 2024 Cost of Issuance Fund and Accounts therein may, subject to the 2024 Tax Certificate in the case of the 2024A Cost of Issuance Account and the 2024B Cost of Issuance Account, be invested and reinvested to the fullest extent practicable in any investment in which the Authority can legally invest its funds, which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from the Accounts within the 2024 Cost of Issuance Fund. Any investment earnings on moneys on deposit in the Accounts within the 2024 Cost of Issuance Fund shall be deposited in the related Account within the 2024 Cost of Issuance Fund and be used in the same manner as other amounts on deposit in such Account within the 2024 Cost of Issuance Fund.

(e) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the Accounts within the 2024 Cost of Issuance Fund shall be applied to the payment of Debt Service on Bonds when due.

Section 5.02. 2024 Bonds Construction Fund Accounts.

(a) For purposes of complying with Section 5.02 of the Master Indenture with respect to the 2024A Bonds, the Trustee shall establish and maintain in trust a separate Account in the Construction Fund designated the “Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series A Construction Account.” Amounts on deposit in the 2024A Construction Account shall be applied (as provided in Section 5.02 of the Master Indenture) to the Costs of a portion of the Replacement Passenger Terminal Project, as further limited by the 2024 Tax Certificate.

(b) For purposes of complying with Section 5.02 of the Master Indenture with respect to the 2024B Bonds, the Trustee shall establish and maintain in trust a separate Account in the Construction Fund designated the “Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024B Construction Account” to be held by the Trustee. Amounts on deposit in the 2024B Construction Account shall be applied (as provided in Section 5.02 of the Master Indenture) to the Costs of a portion of the Replacement Passenger Terminal Project, as further limited by the 2024 Tax Certificate.

(c) As provided in Section 5.17(b)(iii) of the Indenture, any such interest or other income on moneys on moneys or investments (1) in the 2024A Construction Account shall be retained in such Account and (2) in the 2024B Construction Account shall be retained in such Account.

Section 5.03. Capitalized Interest in Senior Debt Service Fund. The Trustee shall establish and maintain in trust within the Senior Debt Service Fund under the Indenture separate Accounts designated as the “2024A Capitalized Interest Account,” the “2024B Capitalized Interest Account” and the “2024C Capitalized Interest Account”. Money deposited in said Accounts shall constitute “Capitalized Interest” as defined under the Indenture

and shall be irrevocably deposited and set aside exclusively to be used to pay interest due on the applicable 2024 Bonds as provided in this Section.

The Trustee shall apply the proceeds of the 2024A Bonds and the 2024C Bonds deposited into the 2024A Capitalized Interest Account pursuant to Section 2.03(a) and Section 4.03(b) to pay the amount of interest due on the 2024A Bonds in accordance with the following schedule:

2024A Bonds	
Interest Payment Date	Amount⁽¹⁾
January 1, 2025	\$813,053.33
July 1, 2025	693,600.00
January 1, 2026	693,600.00
July 1, 2026	693,600.00
January 1, 2027	693,600.00
July 1, 2027	346,800.00 ⁽²⁾

(1) Includes interest earnings on amounts held in the 2024A Capitalized Interest Account.
(2) Represents a portion of the interest due on the 2024A Bonds on July 1, 2027. Remainder to be paid from amounts as provided in the Master Indenture.

The Trustee shall apply the proceeds of the 2024B Bonds and the 2024C Bonds deposited into the 2024B Capitalized Interest Account pursuant to Section 3.03(a) and Section 4.03(c) to pay the amount of interest due on the 2024B Bonds in accordance with the following schedule:

2024B Bonds	
Interest Payment Date	Amount⁽¹⁾
January 1, 2025	\$18,388,525.45
July 1, 2025	15,686,893.75
January 1, 2026	15,686,893.75
July 1, 2026	15,686,893.75
January 1, 2027	15,686,893.75
July 1, 2027	7,843,446.88 ⁽²⁾

(1) Includes interest earnings on amounts held in the 2024B Capitalized Interest Account.
(2) Represents a portion of the interest due on the 2024B Bonds on July 1, 2027. Remainder to be paid from amounts as provided in the Master Indenture.

The Trustee shall apply the proceeds of the 2024C Bonds deposited into the 2024C Capitalized Interest Account pursuant to Section 4.03(a) to pay the amount of interest due on the 2024C Bonds in accordance with the following schedule:

2024C Bonds	
Interest Payment Date	Amount⁽¹⁾
January 1, 2025	\$1,442,840.86
July 1, 2025	1,230,859.50
January 1, 2026	1,230,859.50
July 1, 2026	1,230,859.50
January 1, 2027	1,230,859.50
July 1, 2027	615,429.75 ⁽²⁾

(1) Includes interest earnings on amounts held in the 2024C Capitalized Interest Account.
(2) Represents a portion of the interest due on the 2024C Bonds on July 1, 2027. Remainder to be paid from amounts as provided in the Master Indenture.

Interest or other income (net of that which (x) represents a return of accrued interest paid in connection with the purchase of any investment or (y) is required to effect the amortization of any premium paid in connection with the purchase of any investment) earned on any moneys or investments (1) in the 2024A Capitalized Interest Account shall be retained in such Account, (2) in the 2024B Capitalized Interest Account shall be retained in such Account and (3) in the 2024C Capitalized Interest Account shall be retained in such Account, as permitted by Section 5.17(b)(iv) of the Indenture. Any amounts remaining in the 2024A Capitalized Interest Account on July 1, 2027 shall be applied to pay interest on the 2024A Bonds due on such date; any amounts remaining in the 2024B Capitalized Interest Account on July 1, 2027 shall be applied to pay interest on the 2024B Bonds due on such date; and any amounts

remaining in the 2024C Capitalized Interest Account on July 1, 2027 shall be applied to pay interest on the 2024C Bonds due on such date.

Section 5.04. Senior Debt Service Reserve Fund. On the date of delivery of the 2024 Bonds, the Trustee shall credit the 2024 Reserve Policy to the Senior Debt Service Reserve Fund, which 2024 Reserve Policy shall have a policy amount equal to the Senior Debt Service Reserve Requirement calculated immediately after the authentication and delivery of the 2024 Bonds.

ARTICLE VI PROVISIONS RELATING TO INSURANCE POLICY AND RESERVE POLICY

Section 6.01. Provisions Relating to the Insurance Policy. For so long as the Insured 2024 Bonds are Outstanding and the 2024 Insurer is not in default with respect to its obligations with respect to the 2024 Insurance Policy (provided, the 2024 Insurer shall always retain its right to the extent it has become subrogated to holders of any Insured 2024 Bonds), the following provisions shall be effective notwithstanding anything to the contrary in the Indenture:

(a) Rights of the 2024 Insurer to direct or consent to Authority, Trustee or Owner actions under the Indenture shall be suspended during any period in which the 2024 Insurer is in default in its payment obligations under the 2024 Insurance Policy (except to the extent of amounts previously paid by the 2024 Insurer and owing to the 2024 Insurer) and shall be of no force or effect in the event the 2024 Insurance Policy is no longer in effect or the 2024 Insurer asserts that the 2024 Insurance Policy is not in effect or the 2024 Insurer shall have provided written notice that it waives such rights.

(b) The 2024 Insurer shall be deemed to be the sole Owner of the Insured 2024 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Insured 2024 Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies, (ii) the duties and obligations of the Trustee, and (iii) any supplements, amendments or waivers. In furtherance thereof and as a term of the Indenture and each Insured 2024 Bond, each Owner of the Insured 2024 Bonds appoints the 2024 Insurer as its agent and attorney-in-fact with respect to the Insured 2024 Bonds and agrees that the 2024 Insurer may at any time during the continuation of any proceeding by or against the Authority under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner of the Insured 2024 Bonds delegates and assigns to the 2024 Insurer, to the fullest extent permitted by law, the rights of each Owner of the Insured 2024 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Insured 2024 Bonds for the 2024 Insurer's benefit, and agrees to cooperate with the 2024 Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners shall expressly include mandamus.

(c) The prior written consent of the 2024 Insurer shall be a condition precedent to the deposit of any credit instrument provided in substitution of the 2024 Reserve Policy or lieu of a cash deposit into the Senior Debt Service Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Senior Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the 2024 Bonds and any Participating Senior Bonds secured by the Senior Debt Service Reserve Fund.

(d) The maturity of Insured 2024 Bonds shall not be accelerated without the consent of the 2024 Insurer and in the event the maturity of the Insured 2024 Bonds is accelerated, the 2024 Insurer may elect, in its sole discretion, to pay accelerated principal, and interest accrued on such principal, to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the 2024 Insurer's obligations under the 2024 Insurance Policy with respect to such Insured 2024 Bonds shall be fully discharged.

(e) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the 2024 Insurer. No grace period shall be permitted for payment defaults.

(f) The 2024 Insurer is a third-party beneficiary of the Indenture.

(g) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Insured 2024 Bonds to be redeemed shall be subject to the approval of the 2024 Insurer. The exercise of any provision of the Indenture which permits the purchase of Insured 2024 Bonds in lieu of redemption shall require the prior written approval of the 2024 Insurer if any Insured 2024 Bond so purchased is not cancelled upon purchase.

(h) Any amendment, supplement, modification to, or waiver of, the Indenture that requires the consent of Owners or adversely affects the rights and interests of the 2024 Insurer shall be subject to the prior written consent of the 2024 Insurer.

(i) Unless the 2024 Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the 2024A Construction Account and the 2024B Construction Account shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the applicable series of 2024 Bonds.

(j) The rights granted to the 2024 Insurer under the Indenture to request, consent to or direct any action are rights granted to the 2024 Insurer in consideration of its issuance of the 2024 Insurance Policy. Any exercise by the 2024 Insurer of such rights is merely an exercise of the 2024 Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the 2024 Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the 2024 Insurer.

(k) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the 2024 Insurer, pre-refunded municipal obligations rated in the then highest rating category by S&P and Moody's for such obligations, or (5) subject to the prior written consent of the 2024 Insurer, any other type of security or obligation which S&P and Moody's have determined to be permitted defeasance securities, shall be used to effect defeasance of the Insured 2024 Bonds unless the 2024 Insurer otherwise approves.

To accomplish defeasance of the Insured 2024 Bonds, the Authority shall cause to be delivered to the 2024 Insurer (i) other than with respect to a current refunding that is gross funded, a report of either a nationally-recognized verification agent or a firm of independent, nationally-recognized certified public accountants as shall be acceptable to the 2024 Insurer verifying the sufficiency of the escrow established to pay the Insured 2024 Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement or other irrevocable written instructions (which shall be acceptable in form and substance to the 2024 Insurer), (iii) an opinion of nationally-recognized bond counsel to the effect that the Insured 2024 Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Insured 2024 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the Trustee and the 2024 Insurer. The 2024 Insurer shall be provided with final drafts of the above-referenced documentation not less than five (5) Business Days prior to the funding of the escrow. Insured 2024 Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(l) Amounts paid by the 2024 Insurer under the 2024 Insurance Policy shall not be deemed paid for purposes of the Indenture and the Insured 2024 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the 2024 Insurer have been paid in full or duly provided for.

(m) Claims Upon the 2024 Insurance Policy and Payments by and to the 2024 Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Insured 2024 Bonds due on such Payment Date, the Trustee shall give notice to the 2024 Insurer and to its designated agent (if any) (the “2024 Insurer’s Fiscal Agent”) by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured 2024 Bonds due on such Payment Date, the Trustee shall make a claim under the 2024 Insurance Policy and give notice to the 2024 Insurer and the 2024 Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured 2024 Bonds and the amount required to pay principal of the Insured 2024 Bonds, confirmed in writing to the 2024 Insurer and the 2024 Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2024 Insurance Policy.

The Trustee shall designate any portion of payment of principal on Insured 2024 Bonds paid by the 2024 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured 2024 Bonds registered to the then current Owner of the Insured 2024 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Insured 2024 Bond to the 2024 Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Insured 2024 Bond shall have no effect on the amount of principal or interest payable by the Authority on any Insured 2024 Bond or the subrogation rights of the 2024 Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the 2024 Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured 2024 Bond. The 2024 Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the 2024 Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Insured 2024 Bonds referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2024 Insurance Policy in trust on behalf of Owners of the Insured 2024 Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Insured 2024 Bonds in the same manner as principal and interest payments are to be made with respect to the Insured 2024 Bonds under the sections of the Indenture regarding payment of Insured 2024 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Authority agrees to pay to the 2024 Insurer (i) a sum equal to the total of all amounts paid by the 2024 Insurer under the 2024 Insurance Policy (the “2024 Insurer Advances”); and (ii) interest on such 2024 Insurer Advances from the date paid by the 2024 Insurer until payment thereof in full, payable to the 2024 Insurer at the 2024 Insurance Policy Late Payment Rate per annum (collectively, the “2024 Insurer Reimbursement Amounts”). “2024 Insurance Policy Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured 2024 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The 2024 Insurance Policy Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the 2024 Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the 2024 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. The Trustee shall notify the 2024 Insurer of any funds remaining in the Policy Payments Account after the Trustee has made the payments for which a claim was made to the Owners of the Insured 2024 Bonds and shall, at the written direction of the 2024 Insurer, promptly remit such funds remaining to the 2024 Insurer.

(n) The 2024 Insurer shall, to the extent it makes any payment of principal of or interest on the Insured 2024 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2024 Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the 2024 Insurer under the Indenture shall survive discharge or termination of the Indenture.

(o) The Authority shall pay or reimburse the 2024 Insurer any and all charges, fees, costs and expenses that the 2024 Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with the Indenture or the transactions contemplated thereby, other than costs resulting from the failure of the 2024 Insurer to honor its obligations under the 2024 Insurance Policy. The 2024 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture. Amounts payable by the Authority hereunder shall bear interest at the 2024 Insurance Policy Late Payment Rate from the date such amount is paid or incurred by the 2024 Insurer until the date the 2024 Insurer is paid in full. The obligation to reimburse the 2024 Insurer shall survive discharge or termination of the Indenture.

(p) The 2024 Insurer shall be entitled to pay principal or interest on the Insured 2024 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the 2024 Insurance Policy) and any amounts due on the Insured 2024 Bonds as a result of acceleration of the maturity thereof, whether or not the 2024 Insurer has received a Notice of Nonpayment (as such terms are defined in the 2024 Insurance Policy) or a claim upon the 2024 Insurance Policy.

(q) The 2024 Insurer shall be provided with the following information by the Authority or the Trustee, as the case may be:

(i) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, annual audited financial statements within the filing deadline specified in the Authority's continuing disclosure agreement, covenant or undertaking with respect to the 2024 Bonds (together with a certification of the Authority that it is not aware of any default or Event of Default under the Indenture), and, upon request, the Authority's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the 2024 Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Senior Debt Service Reserve Fund within two (2) Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Senior Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds and any Participating Senior Bonds secured by the Senior Debt Service Reserve Fund;

(iii) Notice of any default or Event of Default under the Indenture known to the Trustee or the Authority within five (5) Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Insured 2024 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any Insolvency Proceeding (as defined in Section 6.01(b) above);

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured 2024 Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture;

(ix) All reports, notices and correspondence to be delivered to Owners under the terms of the Indenture; and

(x) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, all information required to be furnished pursuant to a continuing disclosure agreement, covenant or undertaking with respect to the 2024 Bonds.

(r) The 2024 Insurer shall have the right to receive such additional information as it may reasonably request.

(s) The Authority will permit the 2024 Insurer to discuss the affairs, finances and accounts of the Authority or any information the 2024 Insurer may reasonably request regarding the security for the 2024 Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable the 2024 Insurer to have access to the facilities, books and records of the Authority on any Business Day upon reasonable prior notice.

(t) The Trustee shall notify the 2024 Insurer of any known failure of the Authority to provide notices, certificates and other information under the Indenture that are required to be delivered to the Owners of the 2024 Bonds.

(u) Notwithstanding satisfaction of the other conditions to the issuance of Additional Senior Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Senior Debt Service Reserve Fund is fully funded at the Senior Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Senior Bonds, in either case unless otherwise permitted by the 2024 Insurer.

(v) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the 2024 Bonds or the rights of the Owners, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no 2024 Insurance Policy.

Section 6.02. Provisions Relating to the Reserve Policy. For so long as the Insured 2024 Bonds are Outstanding and the 2024 Insurer is not in default with respect to its obligations with respect to the 2024 Reserve Policy (provided, the 2024 Insurer shall always retain its right to reimbursement to the extent of any claims paid under the 2024 Reserve Policy), the following provisions shall be effective notwithstanding anything to the contrary in the Indenture:

(a) The Authority shall repay any draws under the 2024 Reserve Policy and pay all related reasonable expenses incurred by the 2024 Insurer and shall pay interest thereon from the date of payment by the 2024 Insurer at the 2024 Reserve Policy Late Payment Rate. "2024 Reserve Policy Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then-applicable highest rate of interest on the Participating Senior Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The 2024 Reserve Policy Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2024 Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2024 Insurer, with the same force and effect as if the Authority had specifically designated such extra sums to be so applied and the 2024 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the 2024 Reserve Policy Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the 2024 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2024 Insurer on account of principal due, the coverage under the 2024 Reserve Policy will be increased by a like amount, subject to the terms of the 2024 Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on the Trust Estate (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Senior Debt Service Reserve Fund shall be transferred to the Senior Debt Service Fund for payment of debt service on Participating Senior Bonds before any drawing may be made on the 2024 Reserve Policy or any other Reserve Guaranty credited to the Senior Debt Service Reserve Fund in lieu of cash (herein, a "Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the 2024 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Senior Debt Service Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Senior Debt Service Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Authority shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the 2024 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Senior Bonds or (ii) remedies which would adversely affect owners of the Senior Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to the 2024 Insurer shall have been paid in full. The Authority's obligation to pay such amounts shall expressly survive payment in full of the 2024 Bonds.

(d) The Authority shall include any Policy Costs then due and owing the 2024 Insurer in the calculation of the additional bonds test and the rate covenant in the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the 2024 Reserve Policy in accordance with the provisions of subparagraph (a) hereof and provide notice to the 2024 Insurer in accordance with the terms of the 2024 Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Participating Senior Bonds. Where deposits are required to be made by the Authority with the Trustee to the Senior Debt Service Fund more often than semi-annually, the Trustee shall give notice to the 2024 Insurer of any failure of the Authority to make timely payment in full of such deposits within two Business Days of the date due.

ARTICLE VII TAX MATTERS

Section 7.01. Tax Covenants. The Authority shall at all times do and perform all acts and things reasonably within its control which are necessary or desirable in order to assure that interest paid on the 2024A Bonds and the 2024B Bonds will be excluded from gross income for federal income tax purposes and shall take no action reasonably within its control that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the 2024 Tax Certificate. This covenant shall survive payment in full or defeasance of the 2024A Bonds and the 2024B Bonds.

Section 7.02. 2024A/B Rebate Account. For purposes of complying with tax covenants contained herein and in the Master Indenture, there is hereby established an Account in the Rebate Fund designated the "Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series A/B Rebate Account" to be held by the Trustee. Amounts on deposit in the 2024A/B Rebate Account shall be applied as provided in Section 7.01.

**ARTICLE VIII
MISCELLANEOUS**

Section 8.01. Continuing Disclosure. The Authority hereby covenants and agrees to comply with the 2024 Continuing Disclosure Agreement as it may from time to time hereafter be amended or supplemented. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the requirements of the 2024 Continuing Disclosure Agreement, as it may from time to time hereafter be amended or supplemented, shall not be considered an Event of Default and the Trustee shall have no right to accelerate amounts due under the Indenture as a result thereof; provided, however, that the Trustee and the Owners of not less than 25% in principal amount of the Outstanding 2024 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations in this Section with respect to the 2024 Continuing Disclosure Agreement.

Section 8.02. Indenture to Remain in Effect. Save and except as supplemented by this Fifth Supplemental Indenture, the Master Indenture, except as amended and restated by the Amended and Restated Master Indenture on and after the Effective Date, shall remain in full force and effect.

Section 8.03. Electronic Signatures. Each of the parties hereto agrees that the transaction consisting of this Fifth Supplemental Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Fifth Supplemental Indenture using an electronic signature, it is signing, adopting, and accepting this Fifth Supplemental Indenture and that signing this Fifth Supplemental Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Fifth Supplemental Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Fifth Supplemental Indenture in a usable format.

Section 8.04. Counterparts. This Fifth Supplemental Indenture may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Burbank-Glendale-Pasadena Airport Authority has caused these presents to be signed in its name and on its behalf by the President of the Commission and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the date first above written.

BURBANK-GLENDALE-PASADENA AIRPORT
AUTHORITY

By: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2024 BONDS

[language in brace brackets applies only to 2024 Bonds
to be registered in the name of CEDE & CO.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
AIRPORT SENIOR REVENUE BOND
2024 SERIES [A/B/C] [(NON-AMT)][(AMT)][(TAXABLE)]**

No. R-___ \$ _____

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
%	May 30, 2024	July 1, ____	

Registered Owner: [CEDE & CO.]

Principal Amount:

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY (herein called the “Authority”), a joint exercise of powers agency of the State of California, acknowledges itself indebted to, and for value received, hereby promises to pay (but only out of the Net Revenues (capitalized terms used herein shall have the meanings given such terms pursuant to the Indenture mentioned below) and other funds pledged therefor pursuant to the Indenture) to the Registered Owner specified above or registered assigns, on the Maturity Date specified above (unless this Bond shall have been previously called for redemption in whole or in part and payment of the Redemption Price shall have been duly made), the Principal Amount specified above, in lawful money of the United States of America and to pay interest thereon (but only from said Net Revenues and other funds pledged therefor pursuant to the Indenture) in like lawful money until payment of such principal sum shall be discharged as provided in the Indenture, at the rate per annum set forth above, payable on each Interest Payment Date.

The term “Interest Payment Date” means, with respect to the 2024[A/B/C] Bonds, each January 1 and July 1, commencing January 1, 2025. The term “Record Date” means, with respect to each Interest Payment Date for 2024[A/B/C] Bonds, the fifteenth day of the month (whether or not such day is a Business Day) preceding the month in which such Interest Payment Date falls.

This Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (i) this Bond is authenticated on an Interest Payment Date, in which event from such Interest Payment Date; and (ii) unless this Bond is authenticated after a Record Date and before the next succeeding Interest Payment Date for this Bond, in which event from such Interest Payment Date; provided, however, that if the date of authentication of this Bond shall be prior to December 15, 2024, this Bond shall bear interest from the Dated Date specified above. Notwithstanding the foregoing, if the Authority shall default in the payment of interest, then this Bond shall bear

interest from the date to which interest has been paid or if no interest has been paid, from the Dated Date specified above.

The principal or, if applicable, the Redemption Price hereof, is payable upon surrender hereof at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), in Los Angeles, California (together with any successor trustee as provided in the Indenture, the “Trustee”) or such other place as designated by the Trustee or at the designated office of a successor Trustee. Interest hereon is payable by check mailed on each Interest Payment Date to the Owner hereof as of the applicable Record Date at the address appearing on the Bond Register maintained by the Trustee; provided Owners of at least \$1,000,000 aggregate principal amount of 2024[A/B/C] Bonds may, at any time prior to a Record Date, give the Trustee written instructions for payment of such interest on each succeeding Interest Payment Date for such 2024[A/B/C] Bonds by wire transfer or by deposit to any account in the United States. Notwithstanding the foregoing provisions of this paragraph, if this Bond is a Book-Entry Bond, this Bond and the interest hereon will be payable in accordance with the Representation Letter with the Securities Depository for this Bond.

This Bond is one of a duly authorized issue of bonds of the Authority designated as “Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds” (the “Bonds”) and of a Series of the Bonds designated as “Burbank-Glendale-Pasadena Airport Authority Airport Senior Revenue Bonds, 2024 Series [A/B/C] [(Non-AMT)][(AMT)][(TAXABLE)]” (the “2024[A/B/C] Bonds”). The 2024[A/B/C] Bonds have been issued in the aggregate principal amount of \$_____. The 2024[A/B/C] Bonds are issued pursuant to Article 4 of the Joint Powers Act. The 2024[A/B/C] Bonds are issued under, and, together with all other Senior Bonds issued and Outstanding under the Indenture, are equally and ratably secured by the Trust Estate and entitled to the protection given by, the Master Indenture of Trust, dated as of May 1, 2005 between the Authority and the Trustee, as amended and supplemented, including as supplemented by the Fifth Supplemental Indenture of Trust, dated as of May 1, 2024 (the “Fifth Supplemental Indenture”) between the Authority and the Trustee. The Master Indenture of Trust, as amended and supplemented, including as supplemented by the Fifth Supplemental Indenture, is being amended and restated effective on the Effective Date (as defined in the Fifth Supplemental Indenture) by the Amended and Restated Master Indenture (as defined in the Fifth Supplemental Indenture) and is hereinafter called the “Indenture”. In addition, the 2024[A][B] Bonds are Participating Senior Bonds and are secured, together with all other Participating Senior Bonds, by amounts in the Senior Debt Service Reserve Fund established by the Indenture.

As provided in the Indenture, Bonds of the Authority may be issued thereunder from time to time pursuant to Supplemental Indentures in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. The aggregate principal amount of Bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge of the Trust Estate and the covenants made therein, except as otherwise expressly provided in or permitted by the Indenture.

Copies of the Indenture are on file at the principal office of the Authority and at the Principal Office of the Trustee and reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority, the Trustee and the Owners of the Bonds and the terms upon which the Bonds are secured under the Indenture, the rights and remedies of the Owners of the Bonds, the limitations on such rights and remedies and the terms and conditions upon which Bonds are issued and may be issued thereunder. The Indenture provides that Senior Obligations other than Bonds, secured by a first priority pledge of the Net Revenues and amounts in the Revenue Fund on a parity with the Bonds, may be issued or incurred by the Authority on the terms set forth therein. By acceptance of this Bond, the Registered Owner accepts and agrees to the terms of the Indenture.

This Bond is a special obligation of the Authority and the principal of, Redemption Price, if any, and interest on this Bond are payable solely from the Trust Estate and shall not constitute a charge against the general credit of the Authority. This Bond is not secured by a legal or equitable pledge of, or lien or charge upon, any property of the Authority or any of its income or receipts except the pledge of the Trust Estate pursuant to the Indenture which pledge is subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Neither the faith and credit nor the taxing power of the State of California, the Authority, any member of the Authority or any other public agency is pledged to the payment of the principal or Redemption Price of, or interest on, this Bond. The issuance of this Bond shall not directly, indirectly or contingently obligate the

Authority or any member of the Authority to levy or pledge any form of taxation or to make any appropriation for the payment of this Bond. The payment of the principal, Redemption Price or interest on this Bond does not constitute a debt, liability or obligation of the State of California, any member of the Authority or any public agency (other than the special obligation of the Authority as provided in the Indenture). Neither the members of the Commission of the Authority, nor any person executing this Bond, nor any officer or employee of the Authority shall be individually liable for the principal or Redemption Price of, or interest on, this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond or in respect of any undertakings by the Authority under the Indenture.

The 2024[A/B/C] Bonds are subject to optional and mandatory redemption as provided in the Indenture.

The Indenture may be amended or supplemented as provided in the Indenture.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner and that the 2024[A/B/C] Bonds, together with all other indebtedness of the Authority, comply in all respects with the applicable laws of the State of California and the Joint Powers Agreement.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of the President of the Authority and attested by the manual or facsimile signature of the Assistant Secretary of the Authority, as of the Dated Date specified above.

**BURBANK-GLENDALE-PASADENA AIRPORT
AUTHORITY**

ATTEST: _____
ASSISTANT SECRETARY

BY: _____
PRESIDENT

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 2024[A/B/C] Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication: _____

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

BY: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within Bond of the Burbank-Glendale-Pasadena Airport Authority and does hereby irrevocably constitute and appoint

_____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. (“AGM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on the 2024A Bonds, the 2024B Bonds maturing on July 1 in the years 2039, 2041, 2043, 2049 (bearing interest at 4.375% per annum), and 2054 (bearing interest at 4.50% per annum), and the 2024C Bonds maturing on maturing on July 1, 2031 (the “Insured Bonds”), to The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, or its successor, as paying agent for the Insured Bonds (the “Trustee”). Said Policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

EXHIBIT B

FORM OF AMENDED AND RESTATED MASTER INDENTURE

[See APPENDIX C-1: "FORM OF AMENDED AND RESTATED MASTER INDENTURE"]

APPENDIX D-1

SUMMARY OF CERTAIN PROVISIONS OF THE EXISTING AIRPORT USE AGREEMENTS

The following is a summary of certain provisions of the Existing Airport Use Agreement between each Signatory Airline and the Authority, as amended, except for the AUA Amendment (as defined in the forepart under “INTRODUCTION – Airport Use Agreements”). A separate summary of certain provisions of the AUA Amendment is in Appendix D-2. The headings or titles used in this Appendix are solely for convenience of reference. This summary does not purport to be complete or definitive. Reference should be made to the Existing Airport Use Agreement for a full and complete statement of its provisions.

DEFINITIONS

“2022 Amendment” means the amendment to the Agreement, dated February 7, 2022, by and between Authority and applicable airline.

“Act” means the Joint Exercise of Powers Act, commencing with Section 6500 of the Government Code of the State.

“Affiliate” means any Air Transportation company that: (i) has been designated as an Affiliate for purposes of the Agreement by a Signatory Airline, which designation has not been rescinded by such Signatory Airline in accordance with the Agreement; (ii) has in full force and effect an executed operating permit with the Airport; (iii) (a) has a common parent with or is a subsidiary of the Signatory Airline designating such Air Transportation company as its Affiliate and does not sell tickets for departures at the Airport or (b) otherwise operates under the same or a similar trade name at the Airport as the Signatory Airline designating such Air Transportation company as its Affiliate and does not sell tickets for departures at the Airport; (iv) is not a Signatory Airline; and (v) has not, within the five years immediately preceding its designation as an Affiliate, been a major airline (as such term is defined by the FAA).

“Agency” means any federal, state, regional, municipal or local governmental agency.

“Agreement” means the Airport Use Agreement, between the Authority and the applicable airline, as amended and supplemented, including by the 2022 Amendment.

“Aircraft Arrivals” means any aircraft arrivals at the Airport (including, without limitation, scheduled flights, charters, sight-seeing flights, test flights, ferry, courtesy flights, inspection flights or any other flights). Aircraft Arrivals do not include any flight that immediately returns to the Airport after departure due to mechanical, meteorological or other precautionary reasons.

“Airfield Area” means those portions of the Airport, including the Apron Area, as they may be modified, changed, or developed, as provided in the Agreement, which provide for the landing and takeoff, handling, servicing, loading and unloading, and other operations of aircraft and related support facilities (e.g., field lighting, navigational aides and cart roads).

“Airfield Area Requirement” has the meaning set forth in the Agreement.

“Airline” means, with respect to a particular Agreement, the Signatory Airline that is a party to such Agreement and any corporate successor to such corporation and any permitted assignee or other transferee under the Agreement.

“Airline Party” means Airline and its shareholders, partners, directors, officers, employees, agents, representatives and contractors.

“Airport Cost Centers” means the following cost centers, more fully described in the Agreement, as the same may be amended, modified or supplemented from time to time:

(a) “Airfield Cost Center” refers to the revenues received and expenses, including Coverage on Bonds, incurred in connection with the operation, maintenance and improvement of the Airfield Area.

(b) “Authority Areas Cost Center” refers to the revenues received and expenses incurred in connection with the operation, maintenance and improvement of the Authority Areas.

(c) “Other Buildings and Areas Cost Center” refers to the revenues received and expenses, including Coverage on Bonds, incurred in connection with the operation, maintenance, and improvement of those portions of the Airport not included in any other Airport Cost Center, including the facilities, installations and improvements thereon.

(d) “Parking and Roadway Cost Center” refers to the revenues received and expenses, including Coverage on Bonds, incurred in connection with the operation, maintenance and improvement of (i) access roads to the Terminal Building and (ii) those portions of the Airport devoted to automobile parking.

(e) “Terminal Building Cost Center” refers to the revenues received and expenses, including Coverage on Bonds, incurred in connection with the operation, maintenance and improvement of the Terminal Building.

“Airport Engineer” means the Authority’s Director of Engineering and Planning or his or her designee.

“Airport Expense” means all costs and expenses of operating the Airport or incidental to, or arising out of, the operation of the Airport, including but not limited to, Coverage on Bonds and the costs of defending, settling or satisfying any litigation which relates to the Airport, or any aspect thereof.

“Airport Layout Plan” means the Airport Layout Plan attached to the Agreement.

“Airport Manager” means the person or organization designated by the Authority to exercise functions with respect to the rights and obligations of the Authority under the Agreement. The term also includes any person expressly designated by the Authority to exercise functions with respect to rights and obligations of the Airport Manager under the Agreement or such other person, division, department, bureau or agency as may from time to time exercise functions equivalent or similar to those exercised by Airport Manager.

“Airport Purpose” means any action or undertaking by the Authority reasonably related to (i) the development and preservation of the Airport as a destination for air commerce and as an industrial or commercial site or (ii) the operation and preservation of the Authority.

“Airport Revenue” has the meaning of the term “Revenues” as defined in any Bond Resolution.

“Air Transportation” means the carriage of passengers, personal property, cargo and mail by aircraft.

“Alterations” has the meaning assigned to such term in the provisions of the Agreement described under “ALTERATIONS AND IMPROVEMENTS” below.

“Annual Budget” means the capital and operating budgets prepared by the Airport Manager and approved by a resolution of the Authority.

“Approved Alterations” has the meaning assigned to such term in the provisions of the Agreement described under “ALTERATIONS AND IMPROVEMENTS” below.

“Apron Area” means the aircraft parking and maneuvering areas adjacent to the Terminal Building.

“Authority” means the Burbank-Glendale-Pasadena Airport Authority, a public entity formed under a joint exercise of powers agreement among the cities of Burbank, Glendale and Pasadena, California, pursuant to the Act, or its successors.

“Authority Areas” means those areas, designated in the Agreement, and shall include any property or improvements acquired by the Authority after the date of the Agreement with either (i) funds other than Airport Revenue or (ii) Airport Revenue allocable to the Authority Areas Cost Center.

“Authority Parties” means the Authority, Airport Manager and the cities of Burbank, Glendale and Pasadena, California, and their respective commissioners, officials, directors, officers, employees, agents, representatives, contractors, successors and assigns.

“Bond Resolution” means the indenture, trust agreement, resolution or similar instrument, howsoever denominated, pursuant to which bonds, notes or other evidences of indebtedness of the Authority have been or shall be issued, as originally executed or as the same may be amended, modified or supplemented from time to time pursuant to the provisions thereof.

“Bonds” means notes, revenue bonds and other evidences of indebtedness issued by the Authority for any Airport Purpose pursuant to a Bond Resolution.

“CFR” means the Code of Federal Regulations.

“Capital Improvement” means any item charged to a capital account of the Airport in the Authority’s financial statements.

“Claims” means any and all demands, claims, actions, causes of action, proceedings, judgments, damages, awards, penalties, fines, losses, liabilities, obligations, costs and expenses, including, without limitation, interest, court costs and attorneys’ fees.

“Contamination” means any spilling, discharging, releasing or disposing of Hazardous Substances on, in, under or about the Airport, or any other contamination or deterioration of groundwater, subsoil or soil in, on, under or originating from the Airport.

“Cost” means, with respect to any Capital Improvement, all costs and expenses of planning, designing, acquiring, constructing, installing and financing such Capital Improvement, placing such Capital Improvement in operation, disposing of such Capital Improvement, and obtaining governmental approvals, certificates, permits and licenses with respect thereto, paid or incurred by the Authority. Payment of any Cost shall include the reimbursement to the Authority for any of the costs included in this definition and paid by the Authority but which have not previously been reimbursed to the Authority and which are not reimbursed from contributions in aid of construction. The term Cost includes, but not be limited to, funds required for:

(a) Costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies, and the securing of regulatory approvals, as well as costs for land and land rights, engineering and contractors’ fees, labor, materials, equipment, utility services and supplies, legal fees and financing expenses.

(b) Working capital and reserves therefor in such amounts as shall be determined by the Authority.

(c) Interest accruing in whole or in part on Bonds prior to and during construction of a Capital Improvement or any portion thereof, and for such additional period as the Authority determines.

(d) Proceeds of Bonds deposited in any fund or account required by a Bond Resolution.

(e) The payment of principal, premium, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption or otherwise) of any note or other evidence of indebtedness the proceeds of which were applied to any of the costs of a Capital Improvement described in the Agreement.

(f) Training and testing costs which are properly allocable to the acquisition, placing in operation, or construction of a Capital Improvement.

(g) All costs of insurance applicable to the period of construction and placing a Capital Improvement in operation.

(h) All costs relating to injury and damage claims arising out of the acquisition or construction of a Capital Improvement less proceeds of insurance.

(i) Legally required or permitted federal, state and local taxes and payments in lieu of taxes applicable to the period of construction and placing a Capital Improvement in operation.

(j) Amounts payable with respect to capital costs for the expansion, reinforcement, enlargement or other improvement of facilities determined by the Authority to be necessary in connection with the utilization of a Capital Improvement and the costs associated with the removal from service or reductions in service of any facilities as a result of the expansion, reinforcement, enlargement or other improvement of such facilities or the construction of a Capital Improvement.

(k) Costs of issuance of any Bonds.

(l) Fees and expenses pursuant to any lending or credit facility or agreement applicable to the period for construction and placing a Capital Improvement in operation.

(m) All other costs incurred by the Authority and properly allocable to the acquisition, construction, or placing in operation of a Capital Improvement or any portion thereof.

“Coverage” for any series of Bonds means a given percentage, specified in the corresponding Bond Resolution, of the Maximum Annual Debt Service (as such term is defined in such Bond Resolution) and also means the dollar amount computed by applying said percentage to said Maximum Annual Debt Service.

“CUPPS” means the Common Use Passenger Processing System certified by IATA and described in the Agreement.

“Disability Equipment” means equipment for use in boarding and unloading of passengers in accordance with the specifications set forth in the FAA Advisory Circular dated March 17, 2000, as the same may be amended, modified or supplemented from time to time.

“Disability Laws” means the provisions of 49 U.S.C. 1374(c), 14 CFR 382.23 and 49 CFR 27.71, as the same may be amended, modified or supplemented from time to time.

“Effective Date” means the effective date of the Agreement, as specified in the Agreement.

“Environmental Law” means any federal, state or local law, statute, ordinance, code, judgment, order or regulation pertaining to the environment, Hazardous Substances, pollutants, occupational safety and health, industrial hygiene or the environmental conditions on, under or about the Airport.

“Equipment” means the equipment particularly described in the Agreement (including certain equipment pertaining to baggage conveyor and claim carousels, battery charger system, Common Use Passenger Processing System hardware, and others).

“Equipment Maintenance Agreement” means that agreement for the maintenance of certain common use Airport equipment and facilities entered into by the Signatory Airlines and any other passenger airlines that, with the prior written approval of the Authority, agree to be bound by the provisions of such Equipment Maintenance Agreement, as the same may be amended, modified or supplemented from time to time with the prior written consent of the Authority.

“Event of Default” has the meaning set forth in the Agreement.

“Exclusive Use Space” means the premises in the Terminal Building leased by the Authority to Airline as described in the Agreement.

“Expiration Date” means the Stated Expiration Date, unless extended or earlier terminated pursuant to the Agreement.

“FAA” means the Federal Aviation Administration created under the Federal Aviation Act of 1958 or any federal agency succeeding to its jurisdiction.

“Fiscal Year” means the fiscal year of the Authority, as established from time to time, which, as of the date of the Agreement, is the twelve month period commencing on July 1 of any year and ending on June 30 of the succeeding year.

“Hazardous Substances” means any hazardous or toxic substance, material or waste which is or shall become regulated by any Agency acting in its governmental capacity. The term “Hazardous Substances” includes, without limitation, any material or substance which is (i) defined or listed as a “hazardous waste,” “extremely hazardous waste,” “restrictive hazardous waste” or “hazardous substance” or considered a waste, condition of pollution or nuisance under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos or asbestos-containing materials; (iv) flammable or explosive substances; (v) mold, mold spores or fractions thereof; and/or (vi) substances designated by any Agency to cause cancer and/or reproductive toxicity.

“IATA” means the International Air Transport Association, its successors and assigns.

“Joint Use Fees” mean Airline’s share of the fees payable by the Signatory Airlines for the license to use the Joint Use Space, which share shall be calculated and paid by Airline pursuant to the Agreement.

“Joint Use Formula” means a formula which equally allocates among those Signatory Airlines using the Joint Use Space in question 20% of the fees for the use of the Joint Use Space and allocates 80% of such fees among such Signatory Airlines according to the ratio of the number of each such Signatory Airline’s enplaning passengers at the Airport during each month of the Fiscal Year to the total number of enplaning passengers of all such Signatory Airlines (with the number of enplaning passengers determined as provided in the Agreement) or such other formula as may be agreed upon by such Signatory Airlines and the Authority.

“Joint Use Space” means the premises in the Terminal Building available to Airline and the other Signatory Airlines for the uses specified in the Agreement and described in the Agreement.

“Landing Fees” means the amount payable as such pursuant to the Agreement.

“Landing Fee Rate” means the rate set forth in the Agreement for Landing Fees as from time to time adjusted as provided in the Agreement.

“Law” means any federal, state, county, municipal or local statute, rule, regulation or ordinance or any order, restriction or requirement of any Agency having jurisdiction over the Airline, the Airport or the Authority, as the case may be.

“Majority-In-Interest” means, as of any date, a numerical majority of Signatory Airlines, which numerical majority shall have landed more than seventy-five percent (75%) of the Total Landed Weight at the Airport during the immediately preceding Fiscal Year.

“Maximum Gross Landing Weight” means, with respect to an aircraft, the certified maximum weight of such aircraft, as recited in the flight manual governing that aircraft.

“Noise Abatement Rules” mean the Burbank-Glendale-Pasadena Airport Authority Noise Abatement Rules as the same may be amended, modified or supplemented by the Authority from time to time.

“Non-Airline Revenue” means revenue received by the Authority from sources other than the Signatory Airlines, including PFCs.

“Non Storm Water Discharge” means any discharge to storm sewer systems that is not entirely composed of storm water. “Non Storm Water Discharge” includes “Unauthorized Non Storm Water Discharges” and “Authorized Non Storm Water Discharges” as defined by the California Environmental Protection Agency State Water Resources Control Board National Pollutant Discharge Elimination System General Permit for Discharges for Storm Water Associated with Industrial Activities Excluding Construction Activities.

“PFC” means passenger facility charges, as defined in 14 CFR Section 158.3, levied or imposed by the Authority at the Airport pursuant to the PFC Laws.

“PFC Laws” mean all federal statutes and regulations applicable to the Authority’s PFC program.

“Premises” mean any Exclusive Use Space and Joint Use Space; provided, however, that in the case of Joint Use Space, such areas shall only constitute “Premises” during the period of time for which Airline has a license to use such areas.

“Proposed Action” means any contemplated material amendment, modification or supplement to a Bond Resolution.

“Public Areas” mean those Terminal Building areas made available by the Authority from time to time for use by Authority, Airline, Airline Parties, passengers and other members of the general public.

“Rental” means the amounts payable as such pursuant to the Agreement.

“Reports” mean the reports prepared annually by the Authority pursuant to the provisions of the Agreement described under “ADJUSTMENT OF RENTAL, JOINT USE FEES AND LANDING FEES – Reports by Authority.”

“Rules and Regulations” mean those rules and regulations promulgated by the Authority for the orderly use of the Airport or its facilities by both the Signatory Airlines and other tenants and users utilizing the same pursuant to agreements with the Authority as the same may be amended, modified or supplemented from time to time.

“Security Deposit” has the meaning given such term under the caption “SECURITY DEPOSIT.”

“Security Requirements” has the meaning given such term under the caption “PERMISSIBLE USES – Airport Security.”

“Signatory Airlines” mean airlines providing scheduled transportation of persons or property by air to and from the Airport which have executed agreements with the Authority granting certain rights and privileges in connection with such airline’s use and occupancy of the Airport, substantially similar to the Agreement.

“Special Funds” mean any and all funds or accounts permitted by, established under, or identified in a Bond Resolution, held and administered by the Trustee or the Authority, and such other funds as the Authority may from time to time establish as provided in the Agreement.

“State” means State of California.

“Stated Expiration Date” means June 30, 2025.

“Storm Water” means storm water runoff, snowmelt runoff, and storm water surface runoff and drainage.

“Sub-Contractor” means the independent contractor hired to maintain and repair Equipment pursuant to the Equipment Maintenance Agreement.

“Terminal Building” means the terminal building, as shown on the Airport Layout Plan attached to the Agreement, as the same may be modified or improved from time to time.

“Terminal Building Requirement” is the amount of Rental and Joint Use Fees sufficient to provide for the expenses of the Terminal Building Cost Center, as provided in the Agreement.

“Total Landed Weight” means the sum of the Maximum Gross Landing Weights for all of Airline’s and Airline’s Affiliates’ Aircraft Arrivals over a stated period of time.

“Total Landed Weight of the Signatory Airlines” means the sum of the Maximum Gross Landing Weights for all of the Aircraft Arrivals of the Signatory Airlines (inclusive of their respective Affiliates) over a stated period of time.

“Trustee” means the entity designated by a Bond Resolution to act in a fiduciary capacity, either as a trustee or as a fiscal agent, with respect to the issuance of Bonds.

“TSA” means the Transportation Security Administration created under the Aviation and Transportation Security Act of 2001 or any federal agency succeeding to its jurisdiction.

“U.S.C.” means the United States Code.

TERM; TERMINATION

Term. The term of each Airport Use Agreement became effective on its execution by the Authority and the Airline.

Termination by Airline.

Thirty Day Termination. (a) Airline may terminate the Agreement and all of its future obligations under the Agreement (those not accrued as of the date of termination) at any time that Airline is not in default in its payments or other obligations to the Authority under the Agreement, by giving the Authority 30 days’ advance written notice, upon or after the happening of any one of the following events:

(1) Any lawful action of the FAA or any Agency having jurisdiction over the operations of Airline at the Airport prohibiting Airline from or refusing to permit Airline to operate such aircraft as Airline may reasonably need to operate into, from or through the Airport and the remaining in force of such prohibition or refusal for a period of at least 30 days; provided such notice of termination may only be given to the Authority if such action of the FAA or Agency has been, and continues to be, in effect for at least 30 days.

(2) The inability of Airline to use the Premises for a period exceeding 30 days due to (i) any defect or unsafe operating condition existing at the Airport, (ii) any Law, or (iii) war or other casualty beyond the control of Airline; provided such notice of termination may only be given to the Authority if the event or Law described under this paragraph (a) has been, and continues to be, in effect for at least 30 days.

(3) The erection of any obstacle on or in the vicinity of the Airport which would cause the cancellation, termination or modification of Airline’s air carrier operating certificate or similar authorization establishing minimum safety standards for the operation of Airline.

Sixty Day Termination. (b) Airline may terminate the Agreement, and terminate all of its future obligations under the Agreement (those not accrued as of the date of termination) at anytime that Airline is not in default in its current payments or obligations under the Agreement, by giving the Authority 60 days' advance written notice, upon or after the lawful termination or suspension of Airline's right to operate into, from or through the Airport.

Payments. (c) In the event Airline elects to terminate the Agreement pursuant to the terms of the Agreement described under paragraph (a) or (b) above, Airline will, upon termination, immediately pay to the Authority an amount equal to either (i) the total of Airline's Rental which would otherwise become due and payable under the Agreement between the date of such termination and the Stated Expiration Date, or (ii) such other sum as may be agreed to by the Authority and Airline. In any calculation of Airline's Rental, the charges per square foot in effect as of the date of termination shall be used, without adjustment for future escalations under the Agreement and without discounting future payments to their present value. Furthermore, said calculations of Rental shall be based upon the amount of the Exclusive Use Space leased by Airline as of either the date of termination or the Effective Date, whichever is greater.

Termination by the Authority. The Authority shall have the right to terminate the Agreement upon the occurrence of an Event of Default under the Agreement.

Surrender of the Premises. No notice to quit possession on the Expiration Date shall be given by the Authority, and Airline covenants and agrees that upon such Expiration Date it shall peaceably surrender possession of the Premises in good condition, reasonable wear and tear, acts of God, fire and other casualties excepted, and the Authority shall have the right to take possession thereof. Airline shall have the right, upon termination and within 60 days thereafter, to remove all trade fixtures and equipment and other personal property installed or placed by it at its expense, in, on or about the Airport, subject, however, to any valid lien which the Authority may have thereon for unpaid rents or fees; provided, however, Airline shall not abandon any of its property on the Premises. Any and all property not removed by Airline within said 60-day period will, at the option of Authority, thereupon become a part of the land on which it is located, and title thereto shall thereupon vest in the Authority. All Authority property damaged by or as the result of the removal of Airline's property shall be restored by Airline, at its own expense, to the condition existing prior to such damage.

Holdover by Airline. Absent the written consent of the Authority, Airline has no right to possess or occupy any of the Premises after the Expiration Date. Absent the written consent of the Authority, during any holdover period by Airline, Airline shall be subject to all charges which are charged to non-Signatory Airlines at the Airport, including landing and fuel charges. In the event that Airline shall possess or occupy the Premises after the Expiration Date with the written consent of the Authority, such holding over or use, in the absence of a written agreement on the subject to the contrary, shall be deemed to have created, with respect to the Exclusive Use Space, a tenancy from month to month, and, with respect to the Joint Use Space a license, terminable on 30 days' written notice by either party to the other. Subject to such conditions as shall be contained in the written consent of the Authority, such period of holdover and/or use shall be otherwise subject to the same provisions as contained in the Agreement. The provisions described in this paragraph shall survive termination of the Agreement.

GRANT OF RIGHTS TO USE AIRPORT AND FACILITIES

Grant of Rights to Use. The Authority grants to Airline the right to conduct activities on the Airport directly connected with its business of Air Transportation, upon the terms and subject to the conditions set forth in the Agreement.

Exclusive Use Space. Authority leases to Airline, and Airline leases from the Authority, the Exclusive Use Space.

Joint Use Space. The Authority grants to Airline a non-exclusive license to use, in common with others and subject to the direction of the Authority, the Joint Use Space, upon the terms and subject to the conditions set forth in the Agreement. The Authority shall have the right, at any time or from time to time during the term of the Agreement and in the Authority's sole and absolute discretion, to (i) terminate Airline's license to use some or all of the Joint Use Space, (ii) reduce, expand or otherwise modify the Joint Use Space, (iii) grant to others a license to use the Joint Use

Space, and/or (iv) grant to Airline a non-exclusive license to use, in common with others and subject to the direction of the Authority, other areas of the Joint Use Space.

Other Areas and Facilities. Airline may operate pursuant to a non-exclusive license to use, consistent with federal law and Authority policy and procedure, in common with others and subject to the exclusive control and management of the Authority, other areas, facilities, equipment, improvements and services at the Airport for use in connection with Airline's business of Air Transportation. In addition, the Authority has the right, at any time and from time to time during the term of the Agreement, to terminate or modify any rights granted to Airline pursuant to this paragraph.

Reservations to the Authority. Airline accepts the Premises subject to any and all existing easements and encumbrances. The Authority reserves the right, without obligation, to install, lay, construct, maintain and repair utilities and appurtenances necessary or convenient in connection therewith in, over, upon, through, across, under and along the Premises or any part thereof, and to enter the Premises for any and all such purposes. The Authority also reserves the right to grant franchises, licenses, easements, rights of way and permits in, over, upon, through, across, under and along any and all portions of the Premises. No right reserved by the Authority described in this paragraph shall be so exercised as to interfere unreasonably with Airline's operations under the Agreement.

Authority's Right of Access. The Authority shall have access to the Premises at all times in cases of emergency. The Authority shall also have access to the Premises at any time for the purpose of examining the same to ascertain if they are in good repair, inspecting any work in progress, making repairs which the Authority may be required or permitted to make under the Agreement, or exhibiting the same to prospective purchasers or airlines or other prospective or actual tenants, licensees or other users of the Airport. Such entry shall be made in a manner which shall not unreasonably interfere with Airline's use of the Premises, except in case of emergency.

PERMISSIBLE USES

Use of Airport and Facilities.

Principal Use of Airport. Airline acknowledges that the principal use of the Airport consists of the operation of a public airport and that all other businesses and operations which are permitted by the Authority to be conducted on or at the Airport, including Airline's business and operations pursuant to the Agreement, must be at all times compatible with and subordinate to such principal use, as the Authority, in its sole and absolute discretion, shall determine.

Permissible Uses.

(1) *Exclusive Use Space.* Airline shall use the Exclusive Use Space solely for the purposes described in the Agreement in connection with Airline's business of Air Transportation.

(2) *Joint Use Space.* Airline shall use the Joint Use Space solely for the sale of Air Transportation, handling, ticketing, billing and manifesting of passengers and for purposes of taxiing, servicing, loading, unloading and parking of Airline's aircraft and storage of a reasonable amount of equipment required with respect thereto in connection with Airline's business of Air Transportation. In the event that the Authority grants to Airline the right to use other areas of the Joint Use Space pursuant to the Agreement, Airline shall use such other areas of the Joint Use Space solely for the purposes set forth in this paragraph.

(3) *Airport Areas.* Airline shall use all areas and/or facilities, equipment, improvements and services at the Airport made available to Airline pursuant to the Agreement, solely for the purposes relating to Airline's Air Transportation specified by the Authority and subject to the limitations set forth in the Agreement.

Conduct of Airline's Business. Airline shall comply with the provisions of the Agreement pertaining to Airline's conduct of business at the Airport.

Compliance with Laws. Airline shall comply with all applicable Laws in the conduct of Airline's business and operations at the Airport.

Compliance With FAA Grant Assurances. Airline acknowledges and understands that the Authority is obligated to comply with the provisions in the Agreement in connection with FAA grant assurances. Airline agrees that it shall not do anything that shall cause or contribute to the violation by the Authority of any of such provisions.

Agreements With and Rights of United States. The Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Authority and the United States, or any lawful requirement of the United States, relative to the development, operation or maintenance of the Airport. The Agreement and all the provisions thereof shall be subject to whatever right the United States Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport, or the exclusive or nonexclusive use of the Airport, by the United States during the time of war or national emergency or otherwise.

CAPITAL IMPROVEMENTS

Review of Capital Improvements.

Report. If the Authority decides to undertake a Capital Improvement, the cost of which is to be funded by the inclusion of (i) the purchase price, (ii) the construction cost, (iii) the annual debt service on Bonds therefor or (iv) the Signatory Airlines' lease payments, fees for use of the Joint Use Space or Landing Fees during any subsequent Fiscal Year or Fiscal Years, then the Authority shall submit a report on said Capital Improvement to each of the Signatory Airlines. Said report shall be submitted at least 60 days prior to the expiration of the then current Fiscal Year.

Approval. Except as described in this paragraph and in paragraph under the subheading "*Additional Exceptions*" below, Capital Improvements shall be approved by the Signatory Airlines as described below. Approval by the Signatory Airlines shall not be required in the case of a Capital Improvement, the portion of the total Cost of which to be borne by the Authority does not exceed \$1,000,000; provided, however, the total Cost to be borne by the Authority of Capital Improvements not approved by the Signatory Airlines shall not exceed \$2,000,000 in any Fiscal Year. Capital Improvements described in paragraph under the subheading "*Additional Exceptions*" below shall not be included in making any such computation. It is understood that building and construction costs change from time to time. Each year the limits specified in this paragraph may be adjusted based on any change in such costs.

First Meeting. Within a reasonable time, but no sooner than 30 days after distribution of the report described above, the Authority shall convene a meeting of the Signatory Airlines for the purpose of discussing and obtaining the Signatory Airline's approval of any proposed Capital Improvement requiring such approval and to the means of financing its Cost. The Capital Improvement shall be deemed approved unless approval is specifically withheld, in writing, by a Majority-In-Interest of the Signatory Airlines within 30 days of said meeting.

Second Meeting. If the Capital Improvement is not approved at the first meeting, the Authority shall have the option to convene a second meeting of the Signatory Airlines. Said second meeting shall be held within 45 days after the first meeting, upon notice by the Authority. At the second meeting, the Authority shall respond to questions raised during the first meeting and shall ask for reconsideration of the Capital Improvement. Upon reconsideration, the proposed Capital Improvement shall be deemed approved, unless approval is specifically withheld, in writing, by a Majority-In-Interest of the Signatory Airlines within 30 days of said meeting. If approval is so withheld, said Capital Improvement shall thereupon be deferred until the next Fiscal Year. In such subsequent Fiscal Year, if the Authority remains desirous of proceeding with said Capital Improvement, the process set forth in this paragraph and paragraph immediately above shall be repeated. In the event approval of a Capital Improvement is not specifically withheld by a Majority-In-Interest of the Signatory Airlines in the manner specified as described in such paragraphs, the Authority may include the Cost for such Capital Improvement in the Signatory Airlines' Landing Fee Rate and Rental.

Additional Exceptions. Notwithstanding the absence of approval by any Signatory Airline to any proposed Capital Improvement, the Authority may include the Cost of such Capital Improvement in the succeeding Fiscal Year's calculation for the Landing Fee Rate and each Signatory Airline's Rental, if the Authority determines that such Capital Improvement is necessary or prudent to: (1) ensure compliance with a Law of any Agency (exclusive of the Authority); or (2) permit the continued operation, maintenance and development of the Airport for any of its intended purposes; or (3) maintain or create functional capability at the Airport at a level which is required (i) by public health, safety or welfare or (ii) by the Trustee for the security of any Bonds; or (4) satisfy judgments against the Authority rendered by

a court of competent jurisdiction; or (5) repair or replace Airport property damaged by casualty to a condition appropriate for the continued use of such Airport property for its intended purpose; or (6) acquire land to preserve the Airport or its operations.

RENTALS, CHARGES AND FEES

Rental. Airline shall pay to the Authority as rent for the Exclusive Use Space during the term of the Agreement, without notice or demand and without deduction or setoff, the amounts set forth in the Agreement (“Rental”). Said Rental shall be payable monthly, in advance, on or before the first day of each month at the rates per square footage set forth in the Agreement, and shall be subject to adjustment as provided in the Agreement.

Joint Use Fees. Airline shall pay to the Authority Airline’s share of the Joint Use Fees (which is determined based on the rates per square footage set forth in the Agreement) for the license to use the Joint Use Space during the term of the Agreement. The Joint Use Fees, calculated in accordance with the Agreement, shall be payable on a monthly basis. Not later than the last day of each month during the term of the Agreement and the month following the termination of the Agreement, the Authority shall deliver to Airline an invoice setting forth the Joint Use Fees and Airline’s share of such Joint Use Fees for such month. The Joint Use Fees for each month shall be allocated among the Signatory Airlines according to the Joint Use Formula using the Signatory Airlines’ respective passenger enplanement statistics for such month set forth in the respective reports delivered by airlines. The Joint Use Fees for each month are to be paid by Airline to the Authority within 15 days following the delivery to the Airline of the Authority’s written invoice therefor, without deduction or set off.

Landing Fees. Airline shall pay the Authority, without notice or demand and without deduction or setoff, fees for the use of the facilities of the Airport, other than the Exclusive Use Space and the Joint Use Space, monthly landing fees (the “Landing Fees”). The Landing Fee Rate shall be the rate set forth in the Agreement, subject to adjustment from time to time as described under “ADJUSTMENT OF RENTAL, JOINT USE FEES AND LANDING FEES” below. The Airline’s Landing Fees for a month shall be the product of the then applicable Landing Fee Rate multiplied by Airline’s and any Affiliates’ Total Landed Weight for the month. Airline shall furnish to the Authority on or before the 20th day of each month (including the month following the Effective Date and including the month following the Expiration Date) an accurate report of Airline’s and any Affiliate’s operations at the Airport during the preceding month, setting forth the Landing Fees owed and other information required by the Agreement for such month. The Landing Fees for each month shall be paid by Airline to the Authority on the first day of the second month following the month of Aircraft Arrivals to which the Landing Fees relate.

Passenger Facility Charge. Airline agrees to the imposition by the Authority of a PFC at the Airport. Airline agrees to comply with the Airport’s PFC program and all PFC Laws. Without limiting the generality of the foregoing, Airline issuing an air travel ticket or whose ticket stock is used in issuing such ticket by an agent shall collect from its passengers the funds required by the Airport PFC program and shall remit to the Authority said funds in accordance with the Airport’s PFC program and the PFC Laws.

Additional Rental. The Authority, after due notice to Airline, may, but is not obligated to, cure any default of Airline. Airline shall pay all amounts paid or costs incurred by the Authority to cure any such default and any amounts levied or assessed by the Authority for violations by Airline of the Noise Abatement Rules or the Rules and Regulation shall be payable with the next succeeding installment of monthly Rental due under the Agreement.

Taxes. Airline shall pay all taxes (including any possessory interest tax or personal property tax), assessment, and charges, if any, which at any time during the term of the Agreement may be levied against Airline or become a lien by virtue of any levy, assessment or charge against Airline by any Agency, including the federal government, the State, any municipal corporation or any other tax or assessment levying body, in whole or in part, upon or in respect of the Premises or such facilities of the Airport as are made available for use by Airline under the Agreement, or in respect to or upon any personal property belonging to Airline situated on the Premises or any of the other facilities of the Airport under the Agreement. Payment of such taxes, assessments and charges, when and if levied or assessed, shall be made by Airline directly to the taxing or assessing authority charged with collection thereof.

Affiliates. Airline may at any time, by written notice to the Authority, designate an Air Transportation company as its Affiliate; provided that at the time of such designation such Air Transportation company satisfies the requirement for

an Affiliate contained in the definition of "Affiliate." Airline may designate more than one Affiliate. An Air Transportation company may be designated as an Affiliate by more than one Signatory Airline.

ADJUSTMENT OF RENTAL, JOINT USE FEES AND LANDING FEES

Reports by Authority.

(a) At least 120 days prior to the end of each Fiscal Year, Airline shall submit to the Authority, in writing, their composite Maximum Gross Landing Weight forecast for the succeeding Fiscal Year. If all Signatory Airlines have timely submitted such forecasts, at least 60 days prior to the end of such Fiscal Year, the Authority shall submit to the Signatory Airlines the Reports required under the Agreement (including proposed Annual Budget, schedule relating to Bonds, schedule relating to proposed Capital Improvements, and preliminary calculation of the Joint Use Fees and Landing Fee Rate for the succeeding Fiscal Year).

(b) Within 30 days after receipt of each Report, a meeting shall be held among the Authority and the Signatory Airlines, at which time Airline may present objections which it may have to the items within the applicable Report. The Authority shall give due consideration to any suggestions, comments or requests of Airline but shall retain full authority to make all final decisions with respect to the Reports.

(c) Before the beginning of the Fiscal Year, the Authority shall adopt an Annual Budget which shall include any revisions made as a result of the Authority's discussions with Airline regarding the Reports relating to such Fiscal Year and as a result of the Authority's budget process. The Authority shall promptly furnish Airline with a copy of such approved Annual Budget together with the calculation of the Rental, Joint Use Fees and Landing Fee Rate which shall be effective from and after the beginning of the Fiscal Year.

(d) If an Annual Budget for a Fiscal Year is not adopted by the Authority prior to commencement of such Fiscal Year, the Rental, Joint Use Fees and Landing Fee Rate in effect at the end of the preceding Fiscal Year shall remain in effect until (i) the new Annual Budget has been adopted by the Authority and (ii) the Authority has calculated the Rental, Joint Use Fees and Landing Fee Rate in accordance therewith. The new Rental, Joint Use Fees and Landing Fee Rate shall then be effective retroactively to the beginning of such Fiscal Year; provided, however, in the event that all Signatory Airlines submit timely forecasts as required above with respect to a Fiscal Year and the Authority does not submit to the Signatory Airlines the Reports at least 60 days prior to the beginning of such Fiscal Year, the new Rental, Joint Use Fees and Landing Fee Rate shall only be effective retroactively to the date that the Authority does submit the Reports or the start of the Fiscal Year, whichever is later.

Adjustments of Rental and Joint Use Fees. The Rental and Joint Use Fees then in effect shall be subject to adjustment by the Authority in connection with the adoption of each Annual Budget during the term of the Agreement to amounts sufficient to provide for the expenses of the Terminal Building Cost Center (the "Terminal Building Requirement") for the Fiscal Year to which such Annual Budget relates. Whenever adjustment calculation involves an estimate, the estimate of the Authority shall be used.

(a) The Terminal Building Requirement for a Fiscal Year shall be calculated by totaling the following amounts:

(1) The estimated amounts for maintenance, operating and administrative expenses, capital outlays, replacements and renewals of the Terminal Building Cost Center for the Fiscal Year, as reflected in the Authority's Annual Budget, plus

(2) An amount equal to 1.25 times the principal and interest payments due for the Fiscal Year on Bonds allocable to the Terminal Building Cost Center, plus

(3) The estimated expense of services, if any, to be provided by the cities of Burbank, Glendale and Pasadena, California, to the Terminal Building Cost Center for the Fiscal Year, plus

(4) An amount determined by the Authority but not to exceed 25% of the estimated deficit resulting from actual operations of the Parking and Roadway Cost Center for the Fiscal Year, plus

(5) Any Airport Expense, assessment or charge for the Fiscal Year allocable to the Terminal Building Cost Center, plus

(6) Any adjustment pursuant to the provisions of the Agreement described under "CAPITAL IMPROVEMENTS" above, plus

(7) Any deficit resulting from actual operations of the Terminal Building during the preceding Fiscal Year.

(b) The Terminal Building Requirement for a Fiscal Year shall be net of the following amounts:

(1) The total estimated Non-Airline Revenue from the Terminal Building Cost Center for the Fiscal Year, plus

(2) An amount determined by the Authority but not to exceed 50% of the estimated Parking and Roadway Cost Center net revenue for the Fiscal Year

Adjustment of Landing Fee Rate. The Landing Fee Rate then in effect shall be subject to adjustment by the Authority in connection with the adoption of each Annual Budget during the term of the Agreement to an amount sufficient to provide for the expenses of the Airfield Cost Center (the "Airfield Area Requirement") for the Fiscal Year to which such Annual Budget relates. Whenever the adjustment calculation involves an estimate, the estimate of the Authority shall be used.

(a) The Airfield Area Requirement for a Fiscal Year shall be calculated by totaling the following amounts:

(1) The estimated maintenance expenses, operating and administrative expenses, capital outlays, replacements, and renewals of the Airfield Cost Center for the Fiscal Year, as reflected in the Authority's Annual Budget, plus

(2) An amount equal to 1.25 times the interest and principal payments due for the Fiscal Year on Bonds allocable to the Airfield Cost Center, plus

(3) The estimated expense of services, if any, to be provided by the cities of Burbank, Glendale and Pasadena, California, to the Airfield Cost Center for the Fiscal Year, plus

(4) An amount determined by the Authority but not to exceed 25% of the estimated deficit resulting from actual operations of the Parking and Roadway Cost Center for the Fiscal Year, plus

(5) Any Airport Expense, assessment or charge for the Fiscal Year allocable to the Airfield Cost Center, plus

(6) Any deficiency in any Special Fund of the Authority, plus

(7) Any adjustment pursuant to Section 5.01(e), plus

(8) Any deficit resulting from actual operations of the Airfield Area during the preceding Fiscal Year.

(b) The Airfield Area Requirement for a Fiscal Year shall be net of the following amounts:

(1) Estimated Non-Airline Revenue from the Airfield Cost Center for the Fiscal Year.

- (2) Estimated Other Buildings and Area Cost Center net revenue (deficit) for the Fiscal Year.
- (3) An amount determined by the Authority but not to exceed 50% of the estimated Parking and Roadway Cost Centers net revenue for the Fiscal Year.
- (4) The amount by which the total Rental and Joint Use Fees for the preceding Fiscal Year exceeded the Terminal Building Requirement for such Fiscal Year, as such Terminal Building Requirement was adjusted pursuant to “Adjustment to Rental and Joint Use Fees” above.

The adjusted Landing Fee Rate for a Fiscal Year shall be calculated by dividing the Airfield Area Requirement for such Fiscal Year by the estimated composite Maximum Gross Landing Weight of all Aircraft Arrivals of all Signatory Airlines during such Fiscal Year, as estimated by the Authority, based upon estimates of use provided by the Signatory Airlines; provided, however, the Landing Fee Rate shall not be less than zero cents per thousand pounds.

Authority Areas Cost Center. Except as otherwise provided in the Agreement, Airline shall not be liable for any cost or expense incurred in connection with the development, operation and maintenance of the Authority Areas, and said costs and expenses shall not be a factor in any calculation or adjustment of Rental, Joint Use Fees or the Landing Fee Rate.

Extraordinary Adjustments of Landing Fee Rate. Notwithstanding any other provision of the Agreement, if at any time during the term of the Agreement, Airport Revenue is insufficient to pay, when due, all items included in the Reports, or to pay any other Airport Expense, the Authority may, upon notice to Airline, immediately increase the Landing Fee Rate to such amount as is sufficient to assure that all such items, expenses and costs shall be paid in full solely from Airport Revenue.

Notwithstanding any other provisions of the Agreement described under “ADJUSTMENT OF RENTAL, JOINT USE FEES AND LANDING FEES,” in the event that total Landing Fees of all Signatory Airlines for any quarter vary by more than ten percent from the projected total Landing Fees for such quarter, the Landing Fee Rate will, in the event that adjustment is deemed necessary by the Authority, be adjusted for the balance of such Fiscal Year by an amount equal to the difference (between projected and actual total Landing Fees) divided by the estimated Maximum Gross Landing Weight of Aircraft Arrivals during the balance of such Fiscal Year.

Notwithstanding any other provisions of the Agreement described under “ADJUSTMENT OF RENTAL, JOINT USE FEES AND LANDING FEES,” in the event that actual Airport Expenses exceed the projected Airport Expenses used to calculate the Landing Fee Rate for a Fiscal Year, or if actual Airport Revenue is less than projected Airport Revenue, Airline’s proportionate share of the difference shall be charged to Airline’s Landing Fee over the remaining billing periods in the Fiscal Year.

BOND RESOLUTION

The Agreement is made subject and subordinate to each Bond Resolution. In conflicts between the Agreement and any Bond Resolution, such Bond Resolution shall govern.

MAINTENANCE OF AIRPORT FACILITIES AND PUBLIC AREAS

Airline’s Responsibilities. Airline will, at its sole cost and expense and in a manner acceptable to the Authority, perform all of the following:

- (a) Maintain the Premises in a neat, clean and orderly condition, free from litter, debris, refuse, petroleum products or grease that may result from activities of Airline or the Airline Parties.
- (b) Remove all oil and grease spillage or other damage which is attributable to Airline’s aircraft and other equipment.

(c) Perform ordinary preventative maintenance and ordinary upkeep of all facilities, personal property and equipment, including, but not limited to, fixtures, doors, baggage conveyors and belts, floor coverings, ticket counters, and baggage examination and inspection facilities and other facilities within the Premises; provided, however, the Authority, at its own cost and expense, shall maintain the exterior portions of the walls and roof of the Premises and all central mechanical distribution systems in good repair and condition.

(d) Immediately repair any damage occasioned by the fault or negligence of Airline or the Airline Parties.

(e) Promptly remove Airline's damaged or disabled aircraft from any area of the Airport (including, without limitation, any runways, taxiways, the aprons and gate positions) to such storage areas as may be designated by the Authority, following approval by the National Transportation Safety Board, the FAA or other government agency having jurisdiction with respect to such removal. Airline may store such damaged or disabled aircraft only for such length of time and upon such terms and conditions as may be established by the Authority. Should Airline fail to remove its damaged or disabled aircraft in accordance with this Section, the Authority may, but shall not be obligated to, cause the removal and/or storage of such damaged or disabled aircraft, and Airline agrees to reimburse the Authority for all costs of such removal and/or storage.

Authority's Responsibilities. The Authority shall use reasonable efforts to keep, or make appropriate arrangements to keep, the Public Areas of the Terminal Building adequately and attractively supplied, equipped, furnished and decorated, clean and presentable. Except as otherwise provided in the Agreement, the Authority shall provide and supply in the Public Areas of the Terminal Building and other areas of the Airport not otherwise subject to the exclusive use of the Airline or other Signatory Airlines, adequate signage, heat, electricity, light, power, air-conditioning, sewage, water and janitorial services (including waste removal). The Authority also shall provide field lighting, adequate to meet FAA standards, for all landing, taxiing and ramp areas and also for all vehicular parking areas. The Authority's undertakings described in this paragraph are not intended to relieve any Airline Party or users of the Airport, including Airline, of any of their respective duties, obligations or responsibilities to maintain any property or facilities at the Airport or any such Airline Parties' or users' respective duties, obligations or responsibilities to use due care in using the Public Area, Joint Use Space or other areas of the Airport.

Waiver. Airline expressly agrees that the Authority shall not be liable to any Airline Party for loss or damage occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief, civil authority or any other cause beyond the reasonable control of the Authority.

ALTERATIONS AND IMPROVEMENTS

Construction. Airline shall not, without in each instance obtaining the prior written consent of the Authority, which consent may be granted or withheld in the Authority's sole and absolute discretion, construct, install or make any modifications, alterations, improvement, or additions ("Alterations") in, on or to the Premises. Airline shall have no right to construct, install or make any Alterations in any areas of the Airport, other than Airline's rights described in the preceding sentence.

Authority's Property. Except for personal property and trade fixtures not permanently affixed to the Premises, all Approved Alterations made by or on behalf of Airline under "--Construction" above, upon the Expiration Date, shall become the Authority's property and shall be surrendered with the Premises, unless the Authority shall elect otherwise not less than 15 days prior to the Expiration Date. In the event of such election, such Approved Alterations made by or on behalf of Airline in the Premises, as the Authority may select, shall be removed by Airline, at its sole cost and expense prior to the Expiration Date, and the Premises shall be restored and repaired to the condition existing as of the Effective Date, subject to reasonable wear and tear, casualty and damage by the elements.

ASSIGNMENT OR SUBLEASE

Unless previously agreed to in writing by the Authority, the Airline shall not voluntarily assign, transfer, sublease, convey, mortgage, grant a security interest in, hypothecate or otherwise encumber all or any part of Airline's rights

or interest in or to the Premises or the Agreement or take any action which results in any of the foregoing by operation of law. Any attempted assignment, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest in, or other encumbrance in violation of this Section shall be wholly void. For purposes of this Section, if Airline is a corporation, any assignment, transfer, conveyance, mortgage, hypothecation, grant of a security interest in or other encumbrance or other event which results, or upon foreclosure would result, in the reduction of the interest of the present shareholders of record to less than a majority of any class of voting stock of Airline, or if Airline is a partnership, any assignment, transfer, conveyance, mortgage, hypothecation, grant of security interest in partnership interest or other encumbrance or other event which results, or upon foreclosure would result, in the reduction of the profit and loss participation of the present general partners to less than 51%, or if Airline is a corporation, partnership, trust or other entity, any change in the direct or indirect power to direct or cause the direction of the management and policies of such business or entity, shall be deemed to be a prohibited assignment, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest or other encumbrance under this Section.

DAMAGE OR DESTRUCTION

Repairable Damage. Should the Premises, or any portion thereof, be damaged by fire or other casualty not caused by any Airline Party, and if the damage is repairable within a reasonable time from the date of the occurrence, the space shall be repaired with due diligence by the Authority; provided, however, the Authority shall exert its reasonable effort to provide Airline with temporary substitute space, if available, until such time as the repairs are completed.

Complete Destruction. Should the Premises, or any portion thereof, be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot, in the opinion of the Authority, be repaired within a reasonable time after the occurrence, the Authority shall have the option to terminate the Agreement to the extent that it applies to the affected building, rooms or other space. In the event that the terms of the Agreement described in this paragraph shall become applicable, the Authority shall advise Airline within 30 days after the happening of any such damage whether the Authority has elected to continue the Agreement in effect as to the space damaged or destroyed or to terminate it. If the Authority shall fail to notify Airline of its election within said 30 day period, the Authority shall be deemed to have elected to terminate the Agreement as to the space damaged or destroyed, and the Agreement shall automatically terminate as to such space 90 days after the occurrence of the damage. If the Authority shall elect to continue the Agreement in effect with respect to such damaged space, it shall commence and prosecute with due diligence any work necessary to restore or repair the space; provided, however, the Authority will exert its reasonable efforts to provide Airline with temporary substitute space, if available.

Waiver by Airline. Airline waives the provisions of Sections 1932, 1933, and 1941 through 1942, inclusive, of the California Civil Code and of any other Law which is contrary to the obligations of Airline under the Agreement or which relieves Airline therefrom, or which places upon the Authority obligations in addition to those provided for in this Article of the Agreement.

INSURANCE

At all times during the term of the Agreement and at its sole cost and expense, Airline shall maintain in effect the insurance coverage and limits of liability as provided in the Agreement, including comprehensive airline liability insurance, FAA insurance (pertaining to certain war risks so long as offered by the FAA), automobile liability insurance, workers' compensation and employer's liability insurance, property insurance and business interruption insurance).

INDEMNIFICATION

General. In addition to any other claim or indemnity under the Agreement, or by operation of law to which the Authority is entitled, to the fullest extent permitted by law, Airline shall defend, indemnify and hold harmless the Authority Parties from and against any and all Claims arising out of, resulting from, relating to or in connection with the Agreement, the conduct of Airline's Air Transportation business or operations at the Airport, or Airline's use of the Premises or other areas of the Airport by Airline or any Airline Party, including but not limited to, any breach or violation of, or failure to comply with, any provision of the Noise Abatement Rules, Security Requirements, Rules

and Regulations or Disability Laws or arising out of, resulting from or relating to any Approved Alteration or other improvement, alteration or facility constructed, installed or made by Airline on the Premises.

War Risk Indemnification. During the period that the FAA makes available to Airline war risk insurance coverage as described in the Agreement, to the fullest extent permitted by law, Airline shall release, indemnify, defend and hold harmless the Authority Parties from and against any and all Claims, which in any way arise out of or result from flight activities of Airline, the screening, ticketing, boarding or transporting of passengers by Airline, the use or occupancy by Airline of any space or facilities at the Airport or the performance of services by the Authority for the use or benefit of Airline, including but not limited to injury to or death of any person, damage to or destruction of any property, real or personal (including but not limited to property owned, leased or under the control of Airline), and liability or obligations under or with respect to any violation of federal, state and local laws, regulations, rules, codes and ordinances, but in all cases, only to the extent that (i) such Claims are not covered by other insurance of the Authority and (ii) coverage in the form of war risk insurance under the Airline's insurance policies as required by the Agreement. Airline's indemnification obligations under the Agreement shall apply regardless of whether or not the damage, loss or injury complained of arises out of or relates to the negligence (whether active, passive or otherwise) of, or was caused in part by, an Authority Party. Airline's indemnification obligations under this paragraph shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits paid or payable by Airline under Workers' Compensation Acts, disability benefits acts or other employee benefit laws or regulations.

Exculpation of the Authority from Liability. Airline, on behalf of itself and the Airline Parties, waives any and all Claims against the Authority Parties, and the Authority Parties shall not be liable for any Claim arising out of, resulting from, relating to or in connection with any cause whatsoever, including, but not limited to: (i) latent or patent defects in the construction or condition of the Airport, including, without limitation, any Contamination; (ii) fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Airport; (iii) flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief, civil authority or any other cause beyond the reasonable control of the Authority; (iv) breakage, leakage, obstruction or other defects of the pipes, wires, appliances, plumbing, heating, ventilation and air conditioning systems, or lighting fixtures of or serving the Airport; (v) the use of the Airport by any Airline Party, whether said damage or injury results from conditions arising upon the Airport, or from other sources; or (vi) any damage or loss arising from any negligent acts or omissions or willful misconduct of any other tenant, licensee, concessionaire or customer of the Airport or any other person or entity; except to the extent any of the foregoing arises from the gross negligence or willful misconduct by the Authority.

EMINENT DOMAIN

Entire or Substantial Taking. In the event that the Premises or any other portion of the Airport, or so much thereof as to make the balance not reasonably adequate for the conduct of Airline's business of Air Transportation, is taken under the power of eminent domain, the Agreement automatically shall terminate as of the date of the vesting of title in such condemning entity.

Partial Taking. In the event of any taking under the power of eminent domain which does not result in a termination of the Agreement pursuant to immediately preceding paragraph, the Authority and Airline shall each, at its own expense, promptly restore the remaining portion or the Premises for which they are obligated under the Agreement to repair to as near its former condition as is reasonably possible, and the Agreement shall continue in full force and effect.

Awards. Any award for any taking of all or any part of the Premises or any other areas of the Airport under the power of eminent domain shall be the property of the Authority, whether or not such award shall be made as compensation for diminution in value for the taking of the fee. Nothing contained in the Agreement, however, shall be deemed to preclude Airline from obtaining, or giving the Authority any interest in, any award to Airline for loss of or damage to Airline's trade fixtures and removable personal property or damages for cessation or interruption of Airline's business, provided, however, that in determining the value of Airline's business, all goodwill attributable to the location of the business shall belong to the Authority and Airline's business shall be valued based solely upon its operating results.

EVENTS OF DEFAULT; REMEDIES

Event of Default. Each of the following shall constitute an Event of Default under the Agreement:

(a) (i) The voluntary or involuntary appointment of a receiver, trustee or liquidator to take possession of all or substantially all of the assets of Airline when such appointment is not dismissed, terminated or vacated in 60 days; or (ii) a general assignment by Airline for the benefit or protection of creditors; or (iii) Airline's admission of its inability to pay its debts as they become due; or (iv) any action taken against or suffered by Airline under any federal, state or other statute relating to insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution or other relief for debtors; unless, in the case of an involuntary petition filed against Airline to have Airline adjudged a bankrupt or for reorganization or arrangement, the petition is dismissed within 60 days.

(b) Any attachment, execution, distraint, judicial seizure or other process of law pursuant to which Airline's rights or interest in the Premises or the Agreement may be taken, occupied or used by anyone other than Airline, when such attachment, execution, distraint, judicial seizure or other process of law shall not be released, dismissed or stayed within 90 days.

(c) An attempted or purported assignment, sublease, transfer, conveyance, mortgage, grant of security interest, hypothecation or other encumbrance of all or any part of Airline's rights or interests under the Agreement or in the Premises in violation of the provisions of the Agreement described under "ASSIGNMENT OR SUBLEASE."

(d) Vacation or abandonment of the Premises or of possession of the Premises, except in conjunction with the exercise by Airline of any express right of Airline to terminate the Agreement.

(e) The failure by Airline to cure a violation of the Security Requirements within 30 days of Airline's receipt of the Authority's written notice of such violation.

(f) The failure by Airline to pay any amount when due and payable under the Agreement, where such failure to pay continues for ten days following the date that such amount was due.

(g) Any violation by Airline of a provision of the Agreement relating to insurance.

(h) The failure by Airline to obtain and/or maintain in effect all licenses, permits, approvals, authorizations and registrations required by applicable Laws in connection with the conduct of Airline's business.

(i) The failure by Airline to comply with the Authority's Rules and Regulations within 30 days of Airline's receipt of the notice in accordance with the Agreement.

(j) Any violation by Airline of the Noise Abatement Rules and failure by Airline to cure such default in a timely fashion as described in the Agreement.

(k) Any violation by Airline or any of its agents or employees of any Hazardous Substances laws, rules, or regulations as described in "ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION" above.

(l) The failure by Airline to replenish the Security Deposit required by the Agreement within 10 days of Airline's receipt of written notice described in the Agreement regarding necessary replenishment after a draw down or collection to restore to the required amount.

(m) (i) The occurrence of any non-curable default in the keeping or performance of any provision of the Agreement to be kept and performed by Airline other than those described in (a) through (l) above, or (ii) the failure to remedy any curable default in the keeping or performance of any other provision of the Agreement to be kept and performed by Airline, other than those described in (a) through (l) above, (A) within a period of 30 days after the delivery to Airline of written notice of such default (or, in the event such curable default is of such a nature as to reasonably require more than 30 days to cure, if Airline shall fail to commence said cure within said time or thereafter fails diligently to prosecute the same to completion), or (B) immediately in the event of an emergency.

(n) The occurrence and continuation of any default, breach or non-performance by Airline under the Agreement or any other written agreement between the Authority and Airline, or by Airline or Sub-Contractor under the Equipment Maintenance Agreement, after giving effect to any applicable grace period, notice requirement or opportunity to cure such default, breach or non-performance.

Remedies. Upon the occurrence and continuance of any Event of Default by Airline, the Authority may at any time, upon notice and demand, and without limiting the exercise of any other right or remedy which the Authority may have by reason of such default or breach:

(a) Terminate Airline's right to possession of the Premises by notice to Airline in which case the Agreement shall terminate and Airline shall immediately surrender possession of the Premises to the Authority. In such event, the Authority shall be entitled to recover from Airline: (i) the unpaid amounts (including late charges and interest) payable by Airline under the Agreement which have accrued to the date of termination; (ii) the worth at the time of termination of the Rental which would have accrued under the Agreement from the date of termination until the Scheduled Expiration Date less the worth at the time of termination of the amount of such Rental loss that Airline proves could have been reasonably avoided; and (iii) any other amount necessary to compensate the Authority for all damages and losses proximately caused by Airline's failure to perform its obligations under the Agreement including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting (including advertising), brokerage commissions and fees, costs of putting the Premises in good order, condition and repair, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, court costs, all costs for maintaining the Premises, all costs incurred in the appointment of and performance by a receiver to protect the Premises or the Authority's interest under the Agreement and any other reasonable cost. The "worth at the time of termination" of an amount shall be computed by discounting such amount at one percentage point above the discount rate of the Federal Reserve Bank of San Francisco at the time of termination.

(b) Pursue any other remedy available to the Authority under the laws of the State, including, without limitation, the remedy provided in California Civil Code Section 1951.4, to continue the Agreement in effect and enforce all rights and remedies under the Agreement, including the right to recover amounts payable by Airline under the Agreement as it becomes due, even though Airline has breached the Agreement and abandoned the Premises or failed to take possession of the Premises upon tender thereof by the Authority. In the event Airline fails to take possession of the Premises and commence payment of amounts payable by Airline under the Agreement, the Authority shall have all of the rights and be entitled to recover from Airline all of the damages described in this Section.

(c) If the Authority terminates the Agreement pursuant to subsection (a) above, unless and until removed in accordance with the provisions of the Agreement described under "TERM; TERMINATION – Surrender of the Premises," take exclusive possession of all of Airline's fixtures, furniture, equipment, improvements, additions, alterations and other personal property on the Premises or other areas of the Airport, and to use the same, without rent or charge, until all defaults are cured, or, at its option, at any time during the term of the Agreement, to require Airline to forthwith remove to same.

Default by the Authority. The Authority shall not be deemed to be in default in the performance of any obligation required to be performed by it under the Agreement unless and until it has failed to perform such obligation for 30 days following the delivery by Airline to the Authority of written notice specifying the obligation the Authority has failed to perform; provided, however, in the event that the nature of the Authority's obligation is such that more than 30 days are required for its performance, the Authority shall not be deemed to be in default if it shall commence such performance within such 30 day period and thereafter diligently prosecutes the same to completion. In the event of the Authority's default under the Agreement, subject to the notice and cure provisions described in the Agreement, Airline's sole remedy shall be to terminate the Agreement with no further obligation or liability by either party.

ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

Hazardous Substances and Environmental Compliance. Airline agrees that it shall abide by all Hazardous Substances laws, rules and regulations, relating to hazardous substances including, but not limited to, 49 CFR, Part 171, et seq. Airline agrees it shall carry no Hazardous Substances onto the Airport which are not permitted by law to be carried by passenger aircraft except those items required to maintain Airline's aircraft.

Airline shall comply with all Environmental Laws and shall not engage in any activity on or about the Airport that violates any Environmental Law. In conducting its operations and maintenance on the Airport under the Agreement, Airline shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including Storm Water discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, regardless of whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

Airline shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental Agency or Environmental Law for clean-up and removal of any Contamination caused by Airline or an Airline Party. In conducting a clean-up of a Hazardous Substance release, Airline shall comply with applicable Environmental Laws.

Airline shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Storm Water drainage system unless authorized by Environmental Law and the Airport's Storm Water discharge permit. Airline shall not allow or cause the entry of any unauthorized Non-Storm Water Discharge that is under its control into the Storm Water drainage system of the Airport or into the Storm Water drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the Authority for that purpose, and Airline complies with recommendations made by the State and/or federal Environmental Protection Agency and the Airport's Storm Water discharge permit requirements. Airline shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by Environmental Law.

Airline shall provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code §§25249, et seq. Airline shall provide prompt written notice to the Authority within five days of receipt of all written notices of violation of any Environmental Law received by Airline.

Environmental Indemnification. To the fullest extent authorized by law, the Airline shall indemnify, defend and hold harmless the Authority Parties and their respective officers and employees, from and against any and all Environmental Law Claims arising out of any actions by the Airline, the Airline's operations at the Airport or any action arising from and which involve any Airline Party. However, Airline's indemnity obligation shall not apply in the event of any claims for any loss, damage or expense arising from the sole or active negligence or willful misconduct of the Authority or agents, servants or independent contractors who are directly responsible to the Authority.

In the event that a monetary judgment is awarded against the Authority and the Airline because of the concurrent negligence of the Authority and the Airline or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. The rights and obligations of the parties as described under "ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION" shall survive the termination of the Agreement.

SUBORDINATION

The Agreement is subject and subordinate to all mortgages, deeds of trust, bond indentures, liens, encumbrances and other security interests affecting the Premises or any other areas of the Airport, and to all renewals, modifications, replacements, consolidations and extensions thereof.

QUIET ENJOYMENT

Upon payment of all the amounts due under the Agreement and the observance and performance by Airline of all the provisions on Airline's part to be observed and performed pursuant to the Agreement, Airline may peaceably and quietly enjoy the Exclusive Use Space, subject to the provisions of the Agreement and to any mortgages, deeds of trust, bond indentures, security interests, liens and other encumbrances secured by the Airport or its revenues.

COVENANT NOT TO GRANT MORE FAVORABLE TERMS

Authority Covenant. The Authority covenants and agrees not to enter into any lease, contract or any other agreement with any other certificated air carrier containing more favorable terms than the Agreement, or to grant to any certificated air carrier engaged in Air Transportation, rights, privileges or concessions with respect to the Airport which are not accorded Airline under the Agreement, unless the same rights, terms and privileges are concurrently made available to Airline; provided, however, this covenant shall not extend to Exclusive Use Space, or any leases, contracts or other agreements in effect as of the Effective Date of the Agreement with any other certificated air carrier or to any leases, contracts or other agreements with any carrier operating only aircraft of less than 30,000 pounds gross weight.

Agreement with Other Aircraft Operator. In the event that any aircraft operator shall undertake any operation at the Airport for Air Transportation, the Authority shall require, to the extent legally permissible, such other aircraft operator to execute and deliver an agreement, permit, lease or contract with the Authority providing for:

(a) The payment of landing fees at rates and on such other terms and conditions as are not less than those rates or terms and conditions currently in effect for the Signatory Airlines;

(b) The payment of rental for any space leased from the Authority in the Terminal Building at rates not less than those rates then payable by the Signatory Airlines for similar space or, if space has been constructed by the Authority for such operator, then at rates that compensate the Authority for the cost of providing, maintaining, operating and administering such space over the term of the agreement with such operator; and

(c) The payment for the use by such aircraft operator for all jointly leased areas and operating costs of all baggage handling or passenger service systems, calculated and billed to such operator as in the case of the Signatory Airlines.

AIRLINES COMMITTEE

Airline Representative. With respect to all matters required or permitted under the Agreement to be approved by the Signatory Airlines or a Majority-In-Interest, and further with respect to any other matter arising pursuant to the Agreement, Airline appoints and will continue to permit a representative to act in its behalf. Such person is and shall be Airline's designated representative on the Airlines/Airport Affairs Committee established by the Agreement to cooperate with the Authority in matters related to the planning, development, operating and financing of the Airport.

Approval. Whenever in the Agreement approval of an act, thing or document is required or permitted by a Majority-In-Interest of the Signatory Airlines, such act may be taken, such thing may be done or such document shall be considered approved for the purposes of the Agreement if a Majority-In-Interest, as certified by the then Chairman of the Airlines/Airport Affairs Committee, has not objected in writing, and the Authority, Signatory Airlines and all affected third parties may rely upon such approval as conclusively binding on Airline.

SECURITY DEPOSIT

Airline shall deposit with the Authority on the Effective Date an irrevocable letter of credit, surety bond or cash ("Security Deposit") in an amount set forth in the Agreement (equal to three times the estimated monthly Rent and Landing Fees due under the Agreement) to guarantee the faithful performance by Airline of its obligations under the Agreement and the payment of all rentals, fees and charges due under the Agreement. Authority may use the Security Deposit as provided in the Agreement. If Airline shall have fully performed all terms and conditions of the Agreement, any cash constituting the Security Deposit shall be paid to Airline no later than 30 days after the Expiration Date, without interest, except in cases specified in the Agreement.

MAINTENANCE AND REPAIR OF EQUIPMENT

Airline agrees that it shall enter into and maintain in full force and effect during the term of the Agreement, the Equipment Maintenance Agreement to assume responsibility and provide for all labor, material and equipment for

the maintenance and repair of all Equipment throughout the term of the Agreement, including all costs associated with the maintenance and repair of the Equipment. The Authority, in its sole discretion, may upon reasonable notice, add, delete, shift or adjust the Equipment without amending the Agreement. The Authority shall not pay for any work performed on the Equipment. A Sub-Contractor acceptable to the Authority may be hired by Airline to generally maintain and repair the Equipment. Any Sub-Contractor so hired shall not have any possessory rights in Airport facilities but may, in a nonexclusive and non-possessory manner, enter the Airport for the purpose of performing the obligations set forth in the Equipment Maintenance Agreement. Airline agrees that the Equipment Maintenance Agreement shall include the terms and conditions set forth in the Agreement.

MISCELLANEOUS PROVISIONS

Governing Law. The Agreement shall be governed by and construed pursuant to the Law of the State, including any choice of law principles which would result in use of other states' law.

Amendment; Modification. No change or modification of the terms or provisions of the Agreement shall be valid unless in writing and signed by both parties.

Nonliability of Individuals. No commissioner, councilman, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of the Agreement or because of any breach thereof or because of its or their execution or attempted execution.

Relationship Between Parties. Nothing contained in the Agreement shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties to the Agreement, other than the relationship of landlord and tenant and licensor and licensee. Neither the Authority nor Airline are the legal representatives or agents of the other party for any purpose whatsoever and neither party shall have the power or authority to assume or create, in writing or otherwise, any obligation or responsibility of any kind, express or implied, to transact business, to make any warranty or otherwise to act in any manner in the name of or on behalf of the other party. The Agreement shall not be construed as constituting or creating a partnership between the Authority and Airline or as creating any other form of legal association between the Authority and Airline which would impose liability upon one party for the act or the failure to act of the other party.

Successors and Assigns. The provisions contained in the Agreement shall bind and inure to the benefit of the Authority, Airline and, except as otherwise provided in the Agreement, their respective successors and assigns.

CERTAIN PROVISIONS OF 2022 AMENDMENT

Term. The Stated Expiration Date shall mean June 30, 2025. The term of the Agreement shall continue from the Effective Date through the Stated Expiration Date unless earlier terminated pursuant to the provisions of the Agreement.

Air Quality Improvement Plan. Airline shall comply with the provisions of the 2022 Amendment pertaining to the Authority's Ground Support Equipment Emissions Policy and Clean Construction Policy.

Replacement Passenger Terminal Program ("RPT Program"). Upon the Authority's award of a progressive design build contract for the RPT Program, Airline shall participate in good faith in meetings with the selected design builder and the Authority with regard to design and cost of the RPT Program. The Authority shall in good faith endeavor to incorporate provisions in the design builder's contract as reasonably requested by Airline. Airline acknowledges that, if the Signatory Airlines cease support for the RPT Program (whether such cessation occurs prior to or after GMP determination), then all non-capitalized expenses and interim financing costs associated with the RPT Program (including expenses incurred prior to Guaranteed Maximum Price ("GMP") determination) are within the scopes of the Terminal Building Requirement and the Landing Fee Requirement. Airline acknowledges that it and/or its consultant representing the Airline Airport Affairs Committee ("AAAC") shall be an active participant with the Authority, the Authority's Program Manager, and the selected design builder in the design and development of the RPT Program and that any such non-capitalized expenses shall be factored into the adjustment of Rental, Joint Use

Fees, and Landing Fees pursuant to the Agreement. The Authority agrees not to implement full recovery of such expenses in a single year and shall meet with the AAAC to reach an agreement on a reasonable term for recovery based on the magnitude of any such expenses.

Authority JPA. The Supermajority Vote requirements of the Authority's governing Amended and Restated Joint Exercise of Powers Agreement, which apply to certain decisions of the Authority Commission, are incorporated by reference.

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APPENDIX D-2

SUMMARY OF CERTAIN PROVISIONS OF AMENDMENT TO AIRPORT USE AGREEMENT

The following is a summary of certain provisions of the AUA Amendment (as defined in the forepart under “INTRODUCTION – Airport Use Agreements”) which, when executed by the Authority and a Signatory Airline, will amend the Signatory Airline’s Existing Airport Use Agreement, as previously amended (the “Agreement”). The headings used in this Appendix are solely for convenience of reference. This summary does not purport to be complete or definitive. Reference should be made to the AUA Amendment for a full and complete statement of its provisions.

Capitalized Terms. Capitalized terms not otherwise defined in the AUA Amendment have the meanings given to such terms in the Agreement.

Additional Defined Terms. The Agreement is amended by adding “Design-Build Agreement,” “Replacement AUA,” “Replacement AUA Commencement Date” and “RPT 1st FY Annual Budget” definitions to read as follows:

“‘Design-Build Agreement’ shall mean the Design-Build Agreement, dated December 19, 2022, between the Authority and Holder, Pankow, TEC – A Joint Venture, as the design-builder of the RPT Program.

‘Replacement AUA’ shall mean the Airport Use Agreement to be executed by Airline and Authority, substantially consistent with the template approved by the Authority Commission on March 4, 2024.

‘Replacement AUA Commencement Date’ shall mean the ‘Commencement Date’ as such term is defined in the Replacement AUA.

‘RPT 1st FY Annual Budget’ shall mean the Annual Budget for the Fiscal Year during which the Replacement AUA Commencement Date will occur.”

Amendment to “Stated Expiration Date.” The Agreement is amended by revising the “Stated Expiration Date” definition to read as follows:

“‘Stated Expiration Date’ shall mean the earlier of: (i) the Replacement AUA Commencement Date; or (ii) June 30, 2030. The target date for the Replacement AUA Commencement Date is October 13, 2026.”

RPT Program Financing Acknowledgements.

A. Airline affirms that it has participated, and it shall continue to participate, in good faith in meetings with the Authority and the RPT Program design-builder with regard to design and cost. After acceptance the GMP (as defined in the Design-Build Agreement) by the Authority, a Majority-In-Interest approval, in writing, will be required for any modification (other than a modification required by an Agency (other than the Authority), a court ruling or applicable law) to the scope of the RPT Program that would necessitate a change order to amend the then-approved GMP amount.

B. Airline acknowledges that sources of funds to finance the RPT Program will include proceeds from Bonds to be issued by the Authority. Notwithstanding any other provision of the Agreement, without obtaining approval from any Signatory Airline, the Authority may take the following actions as the Authority deems necessary or appropriate for financing the cost of the RPT Program: (i) enter into any Bond Resolution, and (ii) execute any amendment or supplement to Bond Resolutions.

C. The RPT 1st FY Annual Budget (which will be prepared and adopted before the Replacement AUA Commencement Date) will take into account the rates and provisions that will become effective pursuant to the Replacement AUA.

D. From the effective date of this Amendment to the Replacement AUA Commencement Date, the Authority shall continue to calculate Rental, fees and charges in accordance with the provisions of the Agreement, unless the Authority determines that adjustment is necessary for any of the following reasons: (i) to meet the Bond Resolution

requirements, including requirements relating to rate covenant and requirements for issuance of Bonds to finance the RPT Program, (ii) for payment of cost incurred for the RPT that cannot be capitalized; or (iii) to adjust for any significant drop in Airport activity resulting in Authority revenue decrease.

Effective Date. Subject to satisfaction of the condition precedent stated below, the AUA Amendment shall be effective upon execution.

Condition Precedent. Effectiveness of the AUA Amendment is contingent upon execution, by Airline and the Authority, of the Replacement AUA.

Preservation of Agreement. Except as expressly modified by the AUA Amendment, all of the provisions of the Agreement (as amended by the Prior Amendments) shall remain unaltered and in full force and effect. In the event of a conflict between the provisions of the AUA Amendment and the provisions of the Agreement (as amended by the Prior Amendments), the provisions of the AUA Amendment shall control.

APPENDIX D-3

SUMMARY OF CERTAIN PROVISIONS OF REPLACEMENT AIRPORT USE AGREEMENT

The following is a summary of certain provisions of the Replacement Airport Use Agreement (the "Agreement"). The headings or titles used in this Appendix are solely for convenience of reference. This summary does not purport to be complete or definitive. Reference should be made to the Existing Airport Use Agreement for a full and complete statement of its provisions.

DEFINITIONS

AAAC: Airline Airport Affairs Committee.

Agency: any federal, state, or local government agency, other than the Authority, with jurisdiction over the Airport.

Affiliate: as specified in the provisions of the Agreement described under "PERMISSIBLE USES – Affiliates."

AIP Requirements: FAA Airport Improvement Program requirements, as set forth in the Agreement.

Air Transportation: carriage of passengers, personal property, cargo, or mail by aircraft.

Aircraft Arrivals: aircraft arrivals at the Airport (including scheduled, charter, sight-seeing, test, ferry, courtesy, and inspection flights). Aircraft Arrivals do not include a flight that immediately returns to the Airport after departure due to mechanical, meteorological, or other precautionary reasons or that is diverted to the Airport from its intended destination because of mechanical, medical, or other precautionary reasons other than meteorological reasons.

Airfield Area: portions of the Airport that provide for the landing and takeoff, handling, servicing, loading and unloading, and other operations of aircraft. Airfield Area includes support airfield-related facilities (e.g., field lighting, navigational aids, and service roads).

Airfield Area Requirement: as specified in the provisions of the Agreement described under "RENTAL, CHARGES, AND FEES – Landing Fees."

Airline: with respect to a particular Agreement, the Signatory Airline that is the party to such Agreement, and its successors. Airline includes any assignee or other transferee, to the extent permitted under Agreement.

Airline Parties: Airline and its Affiliates, if any, and their respective directors, officers, employees, agents, representatives, and contractors. If Airline enters into any Wet Lease for operations at the Airport, Airline Parties shall include the Wet Lease lessor and its directors, officers, employees, agents, representatives, and contractors.

Airport Cost Centers: the following cost centers, more fully described in the Agreement.

Airfield Cost Center: revenues received and expenses (including Coverage on Bonds) incurred in connection with the operation, maintenance, and improvement of the Airfield Area.

Authority Areas Cost Center: revenues received and expenses (including Coverage on Bonds) incurred in connection with the operation, maintenance, and improvement of the Authority Areas.

Other Buildings and Areas Cost Center: revenues received and expenses (including Coverage on Bonds) incurred in connection with the operation, maintenance, and improvement of those portions of the Airport not included in any other cost center.

Parking and Roadway Cost Center: revenues received and expenses (including Coverage on Bonds) incurred in connection with the operation, maintenance, and improvement of access roads to the Replacement Passenger Terminal and those portions of the Airport devoted to automobile parking.

Replacement Passenger Terminal Cost Center: revenues received and expenses (including Coverage on Bonds) incurred in connection with the operation, maintenance, and improvement of the Replacement Passenger Terminal.

Airport Daily Operating Requirement: as specified in as specified in in the provisions of the Agreement described under “RENTAL, CHARGES, AND FEES – Landing Fees.”

Airport Engineer: Burbank-Glendale-Pasadena Airport Authority Director of Engineering and Maintenance or such person’s designee.

Airport Expense: all costs and expenses of operating the Airport or incidental to, or arising out of, the operation of the Airport. Airport Expense includes Coverage on Bonds and the costs of defending, settling, or satisfying Airport-related litigation.

Airport Layout Plan: Airport Layout Plan set forth in the Agreement.

Airport Manager: person designated by the Authority to exercise functions with respect to the rights and obligations of the Authority under the Agreement. As of the execution of the Agreement, the Airport Manager is TBI Airport Management, Inc. a Delaware corporation.

Airport Purpose: any action or undertaking by the Authority reasonably related to: (i) the development, operation, and preservation of the Airport as a destination for air commerce and as an industrial or commercial site; or (ii) the operation and preservation of the Authority.

Airport Revenue: “Revenues” as specified in any Bond Resolution.

Airport Rules and Regulations: July 1, 2023 Airport Rules and Regulations or any successor adopted by the Authority Commission.

Alterations: as specified in the provisions of the Agreement described under “ALTERATIONS AND IMPROVEMENTS” below.

Annual Budget: annual capital and operating budgets prepared by the Airport Manager and approved by the Authority Commission.

Approved Alterations: as specified in the provisions of the Agreement described under “ALTERATIONS AND IMPROVEMENTS” below.

Apron Area: aircraft parking and maneuvering areas adjacent to the Replacement Passenger Terminal, as more particularly described in the Agreement.

Authority: Burbank-Glendale-Pasadena Airport Authority and its successors.

Authority Areas: areas so designated in the Agreement and any property or improvements subsequently acquired by the Authority with either: (i) funds other than Airport Revenue; or (ii) Airport Revenue allocable to the Authority Areas Cost Center.

Authority Commission: Burbank-Glendale-Pasadena Airport Authority Commission.

Authority Parties: the Authority, the Airport Manager, the Cities of Burbank, Glendale, and Pasadena, California, and their respective commissioners, officials, directors, officers, employees, agents, successors, and assigns.

Bond Resolution: indenture, trust agreement, resolution, or similar instrument, however denominated, pursuant to which bonds, notes, or other evidences of indebtedness of the Authority have been or will be issued, as originally executed or as the same may be amended or supplemented.

Bonds: notes, revenue bonds, and other evidences of indebtedness previously or subsequently issued by the Authority for an Airport Purpose pursuant to a Bond Resolution.

BTMO: Burbank Transportation Management Organization.

Capital Improvement: an item charged to a capital account in the Authority's financial statements.

Claims: any and all demands, claims, actions, causes of action, proceedings, judgments, damages, awards, penalties, fines, losses, liabilities, obligations, costs, and expenses including interest, court costs, and reasonable attorney fees.

Commencement Date: as specified in the provisions of the Agreement described under "EFFECTIVE DATE, AIRPORT USE PERIOD, AND TERMINATION – Airport Use Period."

Common Use Fees: Airline's share of the fees payable by Signatory Airlines for the license to use the Common Use Space.

Common Use Formula: a formula that: (i) equally allocates among all Signatory Airlines 20% of the fees for the use of the Common Use Space; and (ii) allocates 80% of such fees among all Signatory Airlines according to the ratio of (A) the number of each Signatory Airline's enplaning passengers at the Airport during each month of the Fiscal Year to (B) the total number of enplaning passengers of all Signatory Airlines for that month.

Common Use Space: Replacement Passenger Terminal space licensed to Airline and other Signatory Airlines for the uses specified in the provisions of the Agreement described under "PERMISSIBLE USES – Use of Airport and Facilities," and as more particularly described in the Agreement.

Contamination: any spilling, discharging, releasing, or disposing of Hazardous Substances on, in, under, or about the Airport, or any other contamination or deterioration of groundwater, subsoil, or soil in, on, under, or originating from the Airport.

Cost: costs and expenses of planning, designing, acquiring, constructing, installing, and financing a Capital Improvement, placing a Capital Improvement in operation, or disposing of a Capital Improvement, and obtaining requisite governmental approvals. Payment of any Cost shall include reimbursement to the Authority for any of the costs included in this definition and paid by the Authority but which have not previously been reimbursed to the Authority and which are not reimbursed from contributions in aid of construction. Cost includes funds required for the following:

- (1) Costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies, and the securing of regulatory approvals.
- (2) Costs for land and land rights, engineering and contractors' fees, labor, materials, equipment, utility services and supplies, legal fees, and financing expenses.
- (3) Working capital and reserves in such amounts as shall be determined by the Authority.
- (4) Interest accruing in whole or in part on Bonds prior to and during construction of a Capital Improvement, and for such additional period as the Authority determines.

- (5) Proceeds of Bonds deposited in any fund or account required by a Bond Resolution.
- (6) Payment of principal, premium, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption or otherwise) of any note or other evidence of indebtedness the proceeds of which were applied to any of the costs of a Capital Improvement.
- (7) Training and testing costs allocable to the acquisition, placing in operation, or construction of a Capital Improvement.
- (8) Costs of insurance applicable to the period of construction and placing a Capital Improvement in operation.
- (9) Costs relating to injury and damage claims arising out of the acquisition or construction of a Capital Improvement less proceeds of insurance.
- (10) Taxes, and payments in lieu of taxes, applicable to the period of construction and placing a Capital Improvement in operation.
- (11) Amounts payable with respect to capital costs for the expansion, reinforcement, or other improvement of facilities determined by the Authority to be necessary in connection with the utilization of a Capital Improvement, and the costs associated with the removal from service or reductions in service of any facilities as a result of the expansion, reinforcement, or other improvement of such facilities or the construction of a Capital Improvement.
- (12) Costs of issuance of any Bonds.
- (13) Fees and expenses pursuant to any lending facility, credit facility, or agreement applicable to the period for construction and placement of a Capital Improvement in operation.
- (14) All other Authority-incurred costs allocable to the acquisition, construction, or placement of a Capital Improvement in operation.

Coverage: a percentage, specified in the corresponding Bond Resolution, of the Debt Service or Accrued Debt Service (as such terms are defined in the Bond Resolution), in connection with the rate covenant set forth in the Bond Resolution. Coverage also means the dollar amount computed by applying such percentage to Debt Service.

CUPPS: IATA-certified common use passenger processing system.

CUSS: IATA-certified common use self-service system.

Default Event: as specified in the provisions of the Agreement described under “DEFAULTS AND REMEDIES – Default Events.”

Design-Build Agreement: the Design-Build Agreement, dated December 19, 2022, between the Authority and Holder, Pankow, TEC - A Joint Venture, as the design-builder of the RPT Program.

Disability Equipment: equipment for use in boarding and unloading of mobility-impaired passengers.

Disability Law: any applicable law or court order pertaining to access to Airport facilities, Airport services, or aircraft by disabled persons.

Environmental Law: any applicable law or court order pertaining to the environment, Hazardous Substances, pollutants, occupational safety and health, industrial hygiene, or environmental conditions on, under, or about the Airport.

Equipment: particularly described in the Agreement (including certain equipment pertaining to baggage conveyor and claim carousels, battery charger system, Common Use Passenger Processing System hardware, and others).

Exclusive Use Space: Replacement Passenger Terminal space leased by the Authority to Airline, and as more particularly described in the Agreement.

Executive Director: Burbank-Glendale-Pasadena Airport Authority Executive Director.

Expiration Date: as specified in the provisions of the Agreement described under “EFFECTIVE DATE, AIRPORT USE PERIOD, AND TERMINATION – Airport Use Period.”

FAA: Federal Aviation Administration.

Fiscal Year: period beginning on July 1 of any year and ending on June 30 of the following year.

GMP: guaranteed maximum price.

GSE: ground support equipment.

Hazardous Substances: any hazardous or toxic substance, material, or waste that is or shall become regulated by an Agency. Hazardous Substances includes any material or substance that is: (i) defined or listed as a “hazardous waste,” “extremely hazardous waste,” “restrictive hazardous waste,” or “hazardous substance;” (ii) considered a waste, condition of pollution, or nuisance under Environmental Law; (iii) petroleum or a petroleum product or fraction thereof; (iv) asbestos or asbestos-containing materials; (v) flammable or explosive substances; (vi) mold, mold spores, or fractions thereof; or (vii) substances designated by an Agency to cause cancer or reproductive toxicity.

IATA: International Air Transport Association.

Landing Fees: as specified in the provisions of the Agreement described under “RENTAL, CHARGES, AND FEES – Landing Fees.”

Landing Fee Rate: as specified in the provisions of the Agreement described under “RENTAL, CHARGES, AND FEES – Landing Fees,” and as adjusted pursuant to the provisions of the Agreement described under “ADJUSTMENT OF RENTAL, COMMON USE FEES, AND LANDING FEE RATE; YEAR-END RECONCILIATION.”

Major Airline: An airline that is a “Group III” carrier under 14 C.F.R. 241.04.

Majority-In-Interest: a numerical majority of Signatory Airlines, which numerical majority shall have landed more than 75% of the Total Landed Weight at the Airport during the immediately preceding Fiscal Year.

Maximum Gross Landing Weight: certified maximum weight of an aircraft as certified by the aircraft manufacturer.

MUFIDS: IATA-certified multi-use flight information display and paging system.

Noise Abatement Rules: Noise Abatement Rules reaffirmed, clarified, and restated by Authority Commission Resolution No. 471.

Non-Airline Revenue: revenue received by the Authority from sources other than Signatory Airlines. Non-Airline Revenue includes PFC revenue.

Non-Storm Water Discharge: discharge to storm sewer systems that is not entirely composed of storm water.

Operating Permit: Airport Use and Facilities Operating Permit issued by the Authority to non-Signatory Airlines.

PFC: passenger facility charge (as defined in 14 C.F.R. Section 158.3) imposed by the Authority.

PFC Law: any applicable law or court ruling pertaining to the Authority's PFC program.

Premises: collectively, the Exclusive Use Space and the Common Use Space. Common Use Space areas shall only constitute "Premises" during the period of time for which Airline has a license to use such areas.

Prior Use Agreement: the Airport Use Agreement (as amended) previously executed by the Authority and Airline.

Public Areas: Replacement Passenger Terminal space made available by the Authority for use by the Authority Parties, the Airline Parties, passengers, and other members of the general public.

Rental: as specified in the provisions of the Agreement described under "RENTAL, CHARGES, AND FEES – Rental," and as adjusted pursuant to the provisions of the Agreement described under "ADJUSTMENT OF RENTAL, COMMON USE FEES, AND LANDING FEE RATE; YEAR-END RECONCILIATION."

Replacement Passenger Terminal: Replacement Passenger Terminal that is to be constructed in the northeast quadrant of the Airport and is designated "future" on the Airport Layout Plan in effect as of the execution of the Agreement.

Replacement Passenger Terminal Requirement: as specified in the provisions of the Agreement described under "ADJUSTMENT OF RENTAL, COMMON USE FEES, AND LANDING FEE RATE; YEAR-END RECONCILIATION – Adjustments of Rental and Common Use Fees."

RPT Base Rate: as applicable to each Fiscal Year, a dollar amount per square foot (calculated by the Authority before the commencement of the Fiscal Year) that equals the estimated Replacement Passenger Terminal Requirement (calculated as described under "ADJUSTMENT OF RENTAL, COMMON USE FEES, AND LANDING FEE RATE; YEAR-END RECONCILIATION – Adjustments of Rental and Common Use Fees") divided by the sum of: (i) the aggregate square feet of Exclusive Use Space leased to all Signatory Airlines; and (ii) the square feet of Common Use Space.

RPT Program: the Authority's Replacement Passenger Terminal Program. The RPT Program generally consists of: (i) construction of a Replacement Passenger Terminal; (ii) construction of ancillary improvements including aircraft apron, roads (entrance, loop, and secondary), parking facilities, a replacement airline cargo building, and a GSE maintenance building; and (iii) demolition of the Terminal Building.

Security Deposit: as specified in the provisions of the Agreement described under "SECURITY DEPOSIT."

Signatory Airlines: passenger airlines providing scheduled transportation of persons or property by air to and from the Airport that have executed an Airport Use Agreement with the Authority substantially similar to the Agreement and lease Exclusive Use Space in the Replacement Passenger Terminal pursuant to such agreement. Signatory Airlines includes Airline.

Special Funds: funds or accounts permitted by, established under, or identified in a Bond Resolution, held and administered by the Trustee or the Authority, and such other funds as the Authority may from time to time establish.

State: State of California.

Storm Water: storm water runoff, snowmelt runoff, and storm water surface runoff and drainage.

Terminal Building: terminal building that is located in the southeast quadrant of the Airport and is designated “demolish” on the Airport Layout Plan in effect as of the execution of the Agreement.

Total Landed Weight: sum of the Maximum Gross Landing Weights for all Aircraft Arrivals of Airline over a stated period of time.

Total Landed Weight of the Signatory Airlines: sum of the Maximum Gross Landing Weights for all Aircraft Arrivals of Signatory Airlines over a stated period of time.

Trustee: entity designated by a Bond Resolution to act in a fiduciary capacity, either as a trustee or as a fiscal agent, with respect to the issuance of Bonds.

TSA: Transportation Security Administration.

TSA Regulations: 49 C.F.R. Parts 1542 and 1544.

Wet Lease: a lease between Airline, as lessee, and an FAA-certificated aircraft operator, as lessor, under which the lessor provides aircraft, crew and maintenance, and lessee provides fuels, airport fees, duties, taxes and other charges.

EFFECTIVE DATE, AIRPORT USE PERIOD, AND TERMINATION

Effective Date. Effectiveness of the Agreement is contingent upon the parties’ execution of the amendment to the Prior Use Agreement, the template of which was approved by the Authority Commission on March 4, 2024. Subject to satisfaction of the foregoing condition precedent, the Agreement shall be effective and binding on the parties upon execution.

Airport Use Period.

Designation. The period during which Airline may use the Airport pursuant to the Agreement shall begin on the Commencement Date and shall end on the Expiration Date.

Commencement Date. The Commencement Date for the Agreement is the date on which the Authority provides Airline beneficial occupancy of the Replacement Passenger Terminal. Beneficial occupancy occurs on the date that the Authority, pursuant to a City of Burbank-issued occupancy permit (including a temporary certificate of occupancy), allows Airline to use space in the Replacement Passenger Terminal for revenue-generating operations, at which time the Terminal Building will close.

Expiration Date. Subject to extension as provided in this paragraph, the Expiration Date for the Agreement is June 30, 2035. The Expiration Date shall be June 30, 2040 if both of the following conditions are satisfied: (i) no later than June 30, 2034 the Authority delivers to Airline a duly executed Extension Request in the form set forth in the Agreement; and (ii) no later than August 15, 2034 Airline delivers to the Authority a duly executed Extension Acceptance Certificate in the form set forth in the Agreement.

Termination by Airline.

Thirty Day Termination. (a) If Airline is not in default in its payments or other obligations to the Authority, Airline may terminate the Agreement on 30-days written notice upon the occurrence of any of the following events:

- (1) An Agency prohibits Airline from operating such aircraft as Airline may reasonably need to operate into, from, or through the Airport and such prohibition has remained in force for 30 days.
- (2) Airline has been unable to use the Premises for 30 days due to a defect or unsafe operating condition existing at the Airport.

(3) Airline has been unable to use the Premises for 30 days due to war or other casualty beyond the control of Airline.

(4) An obstacle has been erected on or in the vicinity of the Airport that would cause the cancellation, termination, or modification of Airline's air carrier operating certificate or similar authorization establishing minimum safety standards for the operation of Airline.

Sixty Day Termination. (b) If Airline is not in default in its payments or other obligations to the Authority, Airline may terminate the Agreement on 60-days written notice upon the FAA's termination or suspension of Airline's right to operate into, from, or through the Airport.

Termination Payments. (c) Upon termination of the Agreement pursuant to paragraph (a) or (b) above, Airline will do one of the following:

(1) Pay the Authority a lump sum, due on the termination date, equal the total Rental that would otherwise become due and payable under the Agreement between the termination date and the Expiration Date. In any calculation of Rental, the charges per square foot in effect as of the termination date shall be used, without adjustment for future escalations under the provisions described in the Agreement under "ADJUSTMENT OF RENTAL, COMMON USE FEES, AND LANDING FEE RATE; YEAR-END RECONCILIATION – Adjustments of Rental and Common Use Fees" and without discounting future payments to their present value. Furthermore, such calculations of Rental shall be based upon the amount of the Exclusive Use Space leased by Airline as of either the termination date or the Commencement Date, whichever is greater.

(2) Continue to pay the monthly Rental on the Exclusive Use Space and Common Use Fees, calculated as if Airline continues to use its Exclusive Use Space pursuant to the Agreement until the earlier of: (A) the Expiration Date, or (B) such time as the entirety of such Exclusive Use Space is leased to one or more Signatory Airlines (provided that, for any month during which another air carrier leases a portion of such Exclusive Use Space, Airline's obligation for the monthly Rental and Common Use Fees shall be calculated based on the unleased portion).

(3) Pay to the Authority an alternative sum agreed to by the parties.

Survival. Airline's obligations described above regarding termination payments shall survive the termination of the Agreement.

Termination by the Authority. The Authority may terminate the Agreement upon the occurrence of a Default Event pursuant to the provisions of the Agreement described under "DEFAULT AND REMEDIES."

Surrender of the Premises. No notice to quit possession on the Expiration Date shall be given by the Authority. Upon the Expiration Date, Airline shall peaceably surrender possession of the Premises in good condition (reasonable wear and tear, acts of God, fire, and other casualties excepted) and the Authority shall have the right to take possession. Airline shall have 60 days from expiration or termination of the Agreement to remove trade fixtures, equipment, and other personal property installed or placed by it in, on, or about the Airport subject, however, to any valid lien that the Authority may have for unpaid rents or fees. Airline shall not abandon any of its property on the Premises. Property not removed by Airline within such 60-day period shall, at the option of the Authority, become a part of the land on which it is located and title shall vest in the Authority. Authority property damaged by or as the result of the removal of Airline's property shall be restored by Airline, at Airline's expense, to the condition existing prior to such damage.

Holdover by Airline. Airline has no right to possess or occupy the Premises after the Expiration Date without written authorization from the Executive Director. During any holdover period, Airline shall be subject to conditions imposed by the Executive Director, the Agreement, and all charges that are charged to non-Signatory Airlines, including landing fees and fuel charges. Such holdover shall be deemed to have created: (i) with respect to the Exclusive Use Space, a month-to-month tenancy; and (ii) with respect to the Common Use Space a license, terminable on 30 days' written notice by either party to the other. Holdover consent shall not require Authority Commission approval and may be unilaterally issued by the Executive Director.

GRANT OF RIGHTS TO USE AIRPORT

Grant of Rights to Use.

General. The Authority grants to Airline the right to conduct activities on the Airport directly connected with Airline's business of Air Transportation upon the terms and subject to the conditions set forth in the Agreement.

Exclusive Use Space Lease.

(1) The Authority leases to Airline, and Airline leases from the Authority, the Exclusive Use Space for Airline's exclusive use, subject to the Agreement.

(2) The Authority may provide Airline with access to the Exclusive Use Space prior to the Commencement Date and, in such event, such early occupancy shall be subject to all the terms and conditions of the Agreement except those related to the payment of Rental.

(3) No earlier than 180 days before and no later than 90 days before the fifth anniversary of the Commencement Date, Airline may give the Authority notice of Airline's intent to reduce the Exclusive Use Space by up to 25% of the square footage. In such event, the parties shall execute a new memorandum to describe the modified Exclusive Use Space. The reduction of Exclusive Use Space shall become effective as of the fifth anniversary of the Commencement Date. If the Authority reasonably incurs costs to make the surrendered Exclusive Use Space suitable for rent to another tenant, then Airline shall pay such costs within 30 days of receipt of an invoice from the Authority.

Common Use Space License. The Authority grants to Airline a non-exclusive license to use the Common Use Space in common with others, subject to the Agreement and the direction of the Authority. At any time the Authority may: (i) reduce, expand, or otherwise modify the Common Use Space; and (ii) grant to others a license to use the Common Use Space.

Reservations to the Authority. Airline accepts the Premises subject to any and all existing easements and encumbrances. The Authority reserves the right (without obligation) to install, lay, construct, maintain, and repair necessary or convenient utilities and appurtenances in, over, upon, through, across, under, and along the Premises and to enter the Premises for any and all such purposes. The Authority also reserves the right to grant franchises, licenses, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of the Premises. No right reserved by the Authority in this subsection shall be so exercised as to interfere unreasonably with Airline's operations, and the Authority shall, upon completion of any work authorized under this provision, restore the condition of the Premises as nearly as possible to that existing before exercise of rights reserved by this Section.

Authority's Right of Access. The Authority shall have access to the Premises at all times in cases of emergency. The Authority shall also, after providing Airline notice at least 24 hours in advance, have access to the Premises at all times for the purpose of examining the same to ascertain if they are in good repair, inspecting any work in progress, making repairs that the Authority may be required or permitted to make, or exhibiting the same to prospective or actual purchasers, tenants, licensees, or other users of the Airport. Such entry shall be made in a manner that will not unreasonably interfere with Airline's use of the Premises, except in case of emergency.

Common Use.

Gate and Space Allocations. The Authority shall assign all Replacement Passenger Terminal gates and terminal space (except dedicated airline ticket offices, baggage service offices, and administrative spaces) to Signatory Airlines on a common use basis, pursuant to the Authority's Joint and Common Use Facilities Policy (as updated from time to time). Any unused gates will be Authority-controlled on a common use basis.

Technology. The Authority shall incorporate a CUPPS and other common use passenger processing technology throughout the Replacement Passenger Terminal. The Common Use Formula shall apply to fees associated with the CUPPS and other common use passenger processing technology.

PERMISSIBLE USES

Use of Airport and Facilities.

Principal Use of Airport. Airline acknowledges that the principal use of the Airport consists of the operation of a public airport. Airline also acknowledges that all other businesses conducted on or at the Airport, including Airline's business of Air Transportation, must at all times be compatible with and subordinate to such principal use as determined by the Authority in its sole and absolute discretion.

Permissible Uses.

(1) Exclusive Use Space. Airline shall use the Exclusive Use Space solely for the purposes described in the Agreement in connection with Airline's business of Air Transportation.

(2) Common Use Space. Airline shall use the Common Use Space solely for: (i) sale of Air Transportation, handling, ticketing, billing, and manifesting of passengers; and (ii) storage of a reasonable amount of equipment required in connection with Airline's business of Air Transportation.

(3) Airport Areas. Airline shall use all Airport areas, facilities, equipment, improvements, and services solely for purposes relating to Airline's business of Air Transportation including taxiing, servicing, loading, unloading, and parking of Airline's aircraft and subject to the limitations set forth in the Agreement.

Conduct of Airline's Business. Airline shall comply with the provisions of the Agreement pertaining to Airline's conduct of business at the Airport.

Wet Leases. Airline may enter into one or more Wet Leases for its operations at the Airport, subject to all of the following with respect to each Wet Lease:

(a) Airline shall be responsible for complying with all applicable law with respect to the Wet Lease arrangement.

(b) The Wet Lease shall impose no liability or obligation on the Authority, unless otherwise agreed to in writing by the Authority.

(c) For purposes of the Agreement, all actions of (or inaction by) the Wet Lease lessor at or related to the Airport shall be deemed to be those of Airline, regardless of any arrangement between the lessor and Airline.

(d) Airline shall remain fully liable for all Airline obligations, liabilities and duties under the Agreement (and the Authority shall not be bound by the delegation of any such obligation, liabilities or duties under the Wet Lease).

Affiliates. Airline may designate another FAA-certificated aircraft operator to be an "Affiliate" of Airline under the Agreement, subject to the following requirements:

(a) The designation shall be in writing and shall be given to the Authority no later than 30 days before becoming effective.

(b) The Affiliate shall either: (i) be a parent or subsidiary of Airline; (ii) share an IATA code with Airline at the Airport (code-sharing partner); or (iii) otherwise operate under essentially the same trade name as Airline at the Airport and use essentially the same livery as Airline. Notwithstanding the preceding, no Major Airline that is a mainline air carrier shall be classified as an Affiliate of another Major Airline unless the relationship between such airlines satisfies either clause (i) or (iii). Furthermore, the Affiliate's passenger tickets shall be sold in the name of Airline, and not in the Affiliate's own name.

(c) While an aircraft operator is Airline's Affiliate, the Affiliate may operate at the Airport as if it is part of Airline and, for all purposes of the Agreement, the Authority shall treat the Affiliate as part of Airline (for example, the calculation of Airlines' Landing Fees shall include the Affiliate's Total Landed Weight, and Airline's monthly reports relating to Landing Fees (described below under "RENTAL, CHARGES, AND FEES – Landing Fees") shall include the information for the Affiliate). Airline shall be responsible for all reporting and submissions to the Authority, and compliance with all provisions of the Agreement, related to the Affiliate's activities at or pertaining to the Airport.

(d) Without limiting the foregoing, all actions of (or inaction by) the Affiliate at or related to the Airport shall be deemed to be those of Airline, regardless of any arrangement between the Affiliate and Airline; and the Authority shall have the right to enforce any violation by the Affiliate as if the violation was committed by Airline.

(e) Airline shall notify the Authority in writing of the cessation of any Affiliate designation at least 45 days in advance; provided that any obligation or liability incurred before such cessation date shall survive.

Compliance with Laws. Airline shall comply with all applicable laws in the conduct of its business of Air Transportation at the Airport.

AIP Requirements. Airline shall comply with the AIP Requirements in the conduct of its business of Air Transportation at the Airport. In the event of a conflict between the AIP Requirements and the provisions of the Agreement, the AIP Requirements shall control.

Agreements With and Rights of United States. The Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Authority and the United States Government, or any lawful requirement of the United States Government, relative to the development, operation, or maintenance of the Airport. The Agreement shall be subject to whatever right the United States Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or nonexclusive use of the Airport, by the United States Government during the time of war or national emergency or otherwise.

CAPITAL IMPROVEMENTS

Review of Capital Improvements.

Report. If the Authority decides to undertake a Capital Improvement, the Cost of which is to be funded by the inclusion of (i) the purchase price, (ii) the construction cost, (iii) the annual debt service on Bonds, or (iv) Signatory Airlines' lease payments, fees for use of the Common Use Space, or landing fees during any subsequent Fiscal Year(s), then the Authority shall submit a report on such Capital Improvement to Signatory Airlines. Such report shall be submitted at least 60 days prior to the expiration of the then current Fiscal Year.

Approval Requirement. Except as provided below, Capital Improvements identified in the report specified in the paragraph above shall be subject to approval by Signatory Airlines as provided in the paragraph below under the subheading "Approval Process."

Approval Process. In the event approval of a Capital Improvement is not withheld by a Majority-In-Interest of Signatory Airlines in accordance with this paragraph, the Authority may include the Cost for such Capital Improvement in the Rental and the Landing Fee Rate of Signatory Airlines.

(1) **First Meeting.** Within a reasonable time, but no sooner than 30 days after distribution of the report, the Authority shall convene a meeting of Signatory Airlines for the purpose of discussing and obtaining Signatory Airline's approval. The Capital Improvement shall be deemed approved unless approval is withheld in writing by a Majority-In-Interest of Signatory Airlines within 30 days of such meeting.

(2) **Second Meeting.** If the Capital Improvement is not approved at the first meeting, the Authority shall have the option to convene a second meeting of Signatory Airlines. Such second meeting shall be

held within 45 days after the first meeting, upon notice by the Authority. At the second meeting, the Authority shall respond to questions raised during the first meeting and shall ask for reconsideration of the Capital Improvement. Upon reconsideration, the proposed Capital Improvement shall be deemed approved, unless approval is withheld in writing by a Majority-In-Interest of Signatory Airlines within 30 days of such meeting. If approval is so withheld, such Capital Improvement shall be deferred that Fiscal Year. The Authority may seek Signatory Airlines' approval of such Capital Improvement in a future Fiscal Year by repeating the process set forth in this paragraph.

Small Project Exception. Approval by Signatory Airlines shall not be required in the case of a Capital Improvement if the Cost to be borne by the Authority does not exceed \$1,000,000; provided, however, the total Cost to be borne by the Authority of Capital Improvements not approved by the Signatory Airlines shall not exceed \$2,000,000 in any Fiscal Year. Capital Improvements described in paragraph under the subheading "*Additional Exceptions*" below shall not be included in making any such computation.

Additional Exceptions. Approval by Signatory Airlines shall not be required in the case of a Capital Improvement, and the Authority may include the Cost of such Capital Improvement in the succeeding Fiscal Year's Rental and Landing Fee Rate for Signatory Airlines, if the Authority shall determine that such Capital Improvement is necessary or prudent to: (1) ensure compliance with a requirement of an Agency; (2) permit the continued operation, maintenance, and development of the Airport; (3) maintain or create functional capability at the Airport at a level that is required (i) by public health, safety or welfare or (ii) by the Bond Resolution for the security of Bonds; (4) satisfy judgments against the Authority rendered by a court of competent jurisdiction; (5) repair or replace Airport property damaged by casualty to a condition appropriate for the continued use of such property for its intended purpose, or (6) acquire land to preserve the Airport or its operations.

Set-Aside. Beginning with the first full Fiscal Year after the Commencement Date, the Authority shall set aside a fund equal to \$3 million in annual general purposes account deposits to allow for routine capital expenditures and other expenditures deemed necessary by the Executive Director. The amount of this set-aside fund shall be increased by 3% each Fiscal Year. This discretionary account shall be replenished up to the then-current cap amount and the funds necessary to do so shall be included in the rate base for Signatory Airlines each year. Expenditures from this fund shall not otherwise be included in Airline rates and charges. No approval from the Signatory Airlines shall be required for expenditures from this fund, notwithstanding the paragraphs above.

RENTALS, CHARGES AND FEES

Rental.

Requirement. As rent for the lease of the Exclusive Use Space, Airline shall pay the amounts set forth below ("Rental").

Monthly Rental. The monthly Rental will equal the following: the number of square feet of space (regardless of type of use) leased to Airline, multiplied by the then-current RPT Base Rate, and then divided by 12 (i.e., the number of months in a year).

Payment. Rental shall be paid to the Authority monthly in advance, on or before the first day of each month, without notice or demand and without deduction or setoff.

Common Use Fees.

Requirement. As compensation for the license to use the Common Use Space, Airline shall pay its share of the amounts set forth in below ("Common Use Fees").

Calculation.

(1) Not later than the last day of each month (including the month following expiration or termination of the Agreement), the Authority shall deliver to Airline an invoice setting forth the Common Use Fees and Airline's share of such Common Use Fees for such month.

(2) The Common Use Fees for any month will equal: the total number of square feet of the Common Use Space, multiplied by the then current RPT Base Rate, and then divided by 12 (i.e., the number of months in a year).

(3) The Common Use Fees for each month shall be allocated among Signatory Airlines according to the Common Use Formula for such month set forth in the respective reports delivered by Airline pursuant to the provisions of the Agreement described below under the subheading "*Landing Fees*," and by other Signatory Airlines pursuant to their respective agreements with the Authority.

Payment. The Common Use Fees shall be paid to the Authority on a monthly basis, without deduction or set-off, within 15 days following the delivery of the invoice.

Landing Fees.

Requirement. For the use of the facilities of the Airport other than the Exclusive Use Space and the Common Use Space, Airline shall pay monthly landing fees ("*Landing Fees*").

Landing Fee Rate.

(1) For each Fiscal Year, the Authority shall determine the Landing Fee Rate before the commencement of such Fiscal Year, in connection with the adoption of the related Annual Budget. The projected Landing Fees to be collected by the Authority based on this rate shall be sufficient to provide for the estimated expenses of the Airfield Cost Center (the "Airfield Area Requirement") for the Fiscal Year.

(2) The Airfield Area Requirement for a Fiscal Year shall be calculated by totaling the following amounts:

(A) The estimated maintenance expenses, operating and administrative expenses, capital outlays, replacements, and renewals of the Airfield Cost Center for the Fiscal Year, as reflected in the Authority's Annual Budget.

(B) All amounts required by Bond Resolutions to be paid or set-aside (e.g., interest and principal payments on Bonds, debt service reserve fund deposits, operating reserve deposits) during the Fiscal Year that are allocable to the Airfield Cost Center.

(C) The estimated expense of services, if any, to be provided by the Cities of Burbank, Glendale, and Pasadena to the Airfield Cost Center for the Fiscal Year.

(D) Any Airport Expense, assessment, or charge for the Fiscal Year allocable to the Airfield Cost Center.

(E) Any deficiency in any Special Fund of the Authority, including for the accumulation to, and maintenance of, an amount of unencumbered cash (or cash equivalents) equal to 540 days of the Airport Daily Operating Requirement. Airport Daily Operating Requirement means the dollar amount necessary for the Authority to maintain operation of the Airport for one full day, assuming no revenue.

(F) Any adjustment pursuant to the provisions of the Agreement described above under "CAPITAL IMPROVEMENTS."

(3) The Airfield Area Requirement for a Fiscal Year shall be net of the following amounts:

(A) Estimated Non-Airline Revenue (i.e., revenue received by the Authority from sources other than Signatory Airlines) from the Airfield Cost Center for the Fiscal Year.

(B) Estimated Other Buildings and Area Cost Center net revenue (deficit) for the Fiscal Year.

(4) The Landing Fee Rate for a Fiscal Year shall be calculated by dividing the Airfield Area Requirement for such Fiscal Year by the estimated composite Maximum Gross Landing Weight of all Aircraft Arrivals of all Signatory Airlines during such Fiscal Year, as estimated by the Authority, based upon estimates of use provided by the Signatory Airlines; provided, however, the Landing Fee Rate shall not be less than \$0.50 per 1,000 pounds.

Calculation. Airline's Landing Fees for a month shall be the product of the then applicable Landing Fee Rate multiplied by Airline's Total Landed Weight for the month. Airline shall furnish to the Authority on or before the 20th day of each month (including the month following expiration or termination of the Agreement) an accurate report of Airline's operations at the Airport during the preceding month, setting forth the Landing Fees owed and other information required by the Agreement for such month.

Payment. Airline shall pay Landing Fees to the Authority, without notice or demand and without deduction or setoff, no later than the first day of the second month following the month of Aircraft Arrivals to which the Landing Fees relate. For purposes of illustration, the Landing Fees for the month of January are due and payable by the following March 1.

Passenger Facility Charge. Airline agrees to the Authority's imposition of a PFC at the Airport. Airline shall collect from its passengers the funds required by the Authority's PFC program and shall remit the same to the Authority in accordance with PFC Law and the Authority's PFC program.

Additional Rental. The Authority, after reasonable notice to Airline, may cure any default of Airline. Airline shall reimburse all amounts paid or costs incurred by the Authority to cure any such default. Any amounts levied or assessed by the Authority for violations by Airline of the Noise Abatement Rules or the Airport Rules and Regulation shall be payable with the next succeeding installment of monthly Rental due under the Agreement.

Taxes. Airline shall pay all taxes (including any possessory interest tax or personal property tax), assessments, and charges that may be levied against Airline or become a lien by virtue of any levy, assessment, or charge against Airline by any Agency upon or in respect of the Premises or such Airport facilities as are made available for use by Airline, or in respect to or upon any personal property belonging to Airline situated on the Premises or any of the other Airport facilities. Payment of such taxes, assessments, and charges shall be made by Airline directly to the Agency with jurisdiction. Airline may, at its own expense, contest the amount or validity of any tax or assessment, or the inclusion of the Premises as taxable or assessable property, directly against the taxing or assessing Agency. Upon expiration or termination of the Agreement, all lawful taxes then levied, or that constitute a lien upon any of the Premises or such facilities of the Airport as are made available for use by Airline or any taxable interest therein, shall be paid in full by Airline.

ADJUSTMENT OF RENTAL, COMMON USE FEES AND LANDING FEE RATE; YEAR-END RECONCILIATION

Reports by Authority.

(a) At least 120 days prior to the end of each Fiscal Year, Airline shall submit to the Authority, in writing, Airline's composite Maximum Gross Landing Weight forecast for the succeeding Fiscal Year.

(b) If all Signatory Airlines have timely submitted such forecasts, at least 60 days prior to the end of such Fiscal Year, the Authority shall submit to the Signatory Airlines the Reports required under the Agreement (including proposed Annual Budget, a schedule relating to Bonds, a schedule relating to proposed Capital Improvements, and a preliminary calculation of the Joint Use Fees and Landing Fee Rate for the succeeding Fiscal Year).

(c) Within 30 days after receipt of each report, a meeting shall be held among the Authority and Signatory Airlines, at which time Airline may present objections which it may have to the items within the applicable report (except objections within the scope of the provisions of the Agreement described under “CAPITAL IMPROVEMENT” above). The Authority shall give due consideration to any suggestions, comments, or requests of Airline but shall retain absolute discretion to make all final decisions with respect to the reports.

(d) Before the beginning of the Fiscal Year, the Authority shall adopt an Annual Budget which shall include any revisions made as a result of the Authority’s discussions with Airline regarding the reports relating to such Fiscal Year and as a result of the Authority’s budget process. The Authority shall promptly furnish Airline with a copy of such approved Annual Budget together with the calculation of the Rental, Common Use Fees, and the Landing Fee Rate which shall be effective upon commencement of the Fiscal Year.

(e) If an Annual Budget for a Fiscal Year is not adopted by the Authority prior to commencement of such Fiscal Year, the Rental, Common Use Fees, and Landing Fee Rate in effect at the end of the preceding Fiscal Year shall remain in effect until: (i) the new Annual Budget has been adopted by the Authority; and (ii) the Authority has calculated the new Rental, Common Use Fees, and Landing Fee Rate. The new Rental, Common Use Fees, and Landing Fee Rate shall then be effective retroactively to the beginning of such Fiscal Year; provided, however, in the event that all Signatory Airlines submit timely forecasts as required by paragraph (a) above and the Authority does not submit to Signatory Airlines the reports listed in paragraph (b) above at least 60 days prior to the beginning of such Fiscal Year, the new Rental, Common Use Fees, and the Landing Fee Rate shall only be effective retroactively to the date that the Authority does submit the reports or to the start of the Fiscal Year, whichever is later.

Adjustments of Rental and Common Use Fees.

(a) The Rental and Common Use Fees then in effect shall be subject to adjustment by the Authority in connection with the adoption of each Annual Budget to amounts sufficient to provide for the expenses of the Replacement Passenger Terminal Cost Center (the “Replacement Passenger Terminal Requirement”) for the Fiscal Year to which such Annual Budget relates. Whenever the adjustment calculation involves an estimate, the estimate of the Authority shall be used.

(b) The Replacement Passenger Terminal Requirement for a Fiscal Year shall be calculated by totaling the following amounts:

(1) The estimated amounts for maintenance, operating and administrative expenses, capital outlays, replacements, and renewals of the Replacement Passenger Terminal Cost Center for the Fiscal Year, as reflected in the Authority’s Annual Budget;

(2) All amounts required by Bond Resolutions to be paid or set-aside (e.g., interest and principal payments on Bonds, debt service reserve fund deposits, operating reserve deposits) during the Fiscal Year that are allocable to the Replacement Passenger Terminal Cost Center;

(3) The estimated expense of services, if any, to be provided by the Cities of Burbank, Glendale, and Pasadena to the Replacement Passenger Terminal Cost Center for the Fiscal Year;

(4) An amount determined by the Authority, equal to the total estimated deficit (or, if there is an estimated surplus, the total estimated surplus as a credit) resulting from actual operations of the Parking and Roadway Cost Center for the Fiscal Year; and

(5) Any Airport Expense, assessment, or charge for the Fiscal Year allocable to the Replacement Passenger Terminal Cost Center; and

(6) Any adjustment pursuant to the provisions of the Agreement described under “CAPITAL IMPROVEMENTS” above.

(c) The Replacement Passenger Terminal Requirement for a Fiscal Year shall be net of the total estimated Non-Airline Revenue from the Replacement Passenger Terminal Cost Center for the Fiscal Year.

Authority Areas Cost Center. Except as expressly provided, Airline shall not be liable for any cost or expense incurred in connection with the development, operation, and maintenance of the Authority Areas, and such costs and expenses shall not be a factor in any calculation or adjustment of Rental, Common Use Fees, or the Landing Fee Rate.

Extraordinary Adjustments of Landing Fee Rate.

(a) If, at any time Airport Revenue is insufficient to pay, when due, all items included in the reports prepared pursuant to this Article, or to pay any other Airport Expense, the Authority may, upon notice to Airline, immediately increase the Landing Fee Rate to such amount as is sufficient to assure that all such items, expenses, and costs shall be paid in full solely from Airport Revenue.

(b) In the event that total Landing Fees of all Signatory Airlines for any quarter vary by more than 10% from the projected total Landing Fees for such quarter, the Landing Fee Rate shall, if deemed necessary by the Authority, be adjusted for the balance of such Fiscal Year by an amount equal to the difference (between projected and actual total Landing Fees) divided by the estimated Maximum Gross Landing Weight of Aircraft Arrivals during the balance of such Fiscal Year.

(c) In the event that actual Airport Expenses exceed the projected Airport Expenses used to calculate the Landing Fee Rate for a Fiscal Year, or if actual Airport Revenue is less than projected Airport Revenue, Airline's proportionate share of the difference shall be charged to Airline's Landing Fee over the remaining billing periods in the Fiscal Year.

Year-End Reconciliation.

(a) After the end of each Fiscal Year, the Authority shall: (i) recalculate the Replacement Passenger Terminal Requirement and the Airfield Area Requirement, based on such Fiscal Year actual operating results and (ii) determine the total Rental ("Recalculated Rent"), total Common Use Fees ("Recalculated Common Use Fees") and total Landing Fees ("Recalculated Landing Fees") that Airline would have paid during such Fiscal Year according to such recalculation.

(b) The term "Recalculated Total" refers to the sum of Recalculated Rent, Recalculated Common Use Fees and Recalculated Landing Fees. The term "Total Received" refers to the sum of Rent, Common Use Fees and Landing Fees actually paid by Airline during such Fiscal Year.

(c) No later than the November 15th following the end of such Fiscal Year, the Authority shall provide Airline a statement ("Year-End Statement"), specifying the amounts of the Recalculated Rent, the Recalculated Common Use Fees, the Recalculated Landing Fees, and the Recalculated Total, as well as the Total Received.

(d) If the Recalculated Total is greater than the Total Received, then Airline shall pay the difference no later than 30 days after the Authority's delivery of the Year-End Statement and an associated invoice.

(e) If the Total Received is greater than the Recalculated Total, the Authority shall issue a credit memo to Airline in the amount of the difference. Airline may use the balance evidenced by the credit memo on any payment within the 12 months after the credit memo was issued.

MAINTENANCE

Airline's Responsibilities. Airline shall, at its sole cost and expense and in a manner acceptable to the Authority, perform all of the following:

(a) Maintain the Premises in a neat, clean, and orderly condition free from litter, debris, refuse, petroleum products, or grease that may result from activities of Airline or the Airline Parties.

(b) Remove all oil and grease spillage or other damage that is attributable to Airline's aircraft and other equipment.

(c) Except as otherwise set forth in the Agreement, perform ordinary preventative maintenance and ordinary upkeep of all facilities within the Exclusive Use Space, Airport personal property used by Airline, and equipment including fixtures, doors, baggage conveyors and belts, floor coverings, ticket counters, and baggage examination and inspection facilities and other facilities used by Airline within the Premises; provided, however, the Authority, at its own cost and expense, shall maintain the floor slab, the exterior portions of the walls and roof of the Premises and all central mechanical distribution systems in good repair and condition.

(d) Promptly repair any damage occasioned by the fault or negligence of Airline Parties.

(e) Promptly remove Airline's damaged or disabled aircraft from any area of the Airport (including any runways, taxiways, aprons, and gate positions) to such storage areas as may be designated by the Authority, following approval by the National Transportation Safety Board, the FAA, or other Agency having jurisdiction. Airline may store such damaged or disabled aircraft only for such length of time and upon such terms and conditions as may be established by the Authority. Should Airline fail to remove its damaged or disabled aircraft in accordance with this Section, the Authority may cause the removal and storage of such damaged or disabled aircraft, and Airline shall reimburse the Authority for all costs of such removal and storage.

Authority's Responsibilities.

(a) The Authority shall use reasonable efforts to keep, or make appropriate arrangements to keep, Public Areas adequately and attractively supplied, equipped, furnished and decorated, clean and presentable. Except as otherwise expressly provided, the Authority shall provide and supply in Public Areas and other areas of the Airport not otherwise subject to the exclusive use of the Airline or other Signatory Airlines, adequate signage, heat, electricity, light, power, air-conditioning, sewage, water and janitorial services (including waste removal). The Authority also shall provide field lighting, adequate to meet FAA standards, for all landing, taxiing, and ramp areas and also for all vehicular parking areas.

(b) The undertakings by the Authority under this Section shall not relieve any Airline Party or users of the Airport, including Airline, of any of their respective duties, obligations or responsibilities to maintain any property or facilities at the Airport or any such Airline Parties' or users' respective duties, obligations or responsibilities to use due care in using Public Areas, Common Use Space, or other areas of the Airport.

Consortium Responsibilities.

(a) Upon the Authority's prior written approval, Signatory Airlines shall establish a consortium to perform the following tasks at no less than IATA Level of Service "C" requirements:

(1) Operation and maintenance of the Equipment, baggage makeup areas and the inline explosive detection system (portion of which is not maintained by the TSA and subject to funding by TSA to include such system in the Replacement Passenger Terminal).

(2) Operation and maintenance of the CUPPS, CUSS, baggage scales and the electrical charging system for ground equipment that serves the Replacement Passenger Terminal.

(3) Construction, operation, and maintenance of MUFIDS.

(b) Consortium responsibilities shall include: operations; preventative maintenance; repair; replacement; cleaning; spare parts management; and on-call response and service

Waiver. The Authority shall not be liable to any Airline Party for loss or damage occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles,

smoke, vandalism, malicious mischief, civil authority or any other cause beyond the reasonable control of the Authority.

ALTERATIONS AND IMPROVEMENTS

Construction. Airline shall not, without in each instance obtaining the prior written consent of the Authority, which consent may be granted or withheld in the Authority's sole and absolute discretion, construct, install or make any modifications, alterations, improvement, or additions ("Alterations") in, on or to the Premises.

Authority's Property. Upon the Expiration Date, except for personal property and trade fixtures not permanently affixed to the Premises, all Approved Alterations made by or on behalf of Airline shall become the Authority's property and shall be surrendered with the Premises, unless the Authority shall elect otherwise as a condition of approval for the Alterations approved by the Authority ("Approved Alterations"). In the event of such election, such Approved Alterations made by or on behalf of Airline in the Premises, as the Authority may select, shall be removed by Airline, at its sole cost and expense prior to the Expiration Date, and the Premises shall be restored and repaired to the condition existing as of the Effective Date, subject to reasonable wear and tear, casualty and damage by the elements.

ASSIGNMENT OR SUBLEASE

(a) Except for any Wet Lease permitted under the Agreement, use of the Premises by Affiliates on 30 days' notice to the Authority, or unless previously agreed to in writing by the Authority, Airline shall not voluntarily assign, transfer, sublease, convey, mortgage, grant a security interest in, hypothecate, or otherwise encumber all or any part of Airline's rights or interest in or to the Premises or the Agreement or take any action which results in any of the foregoing by operation of law. Any attempted assignment, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest in, or other encumbrance in violation of this Section shall be wholly void.

(b) The occurrence of any of the following shall be deemed to be a prohibited assignment, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest or other encumbrance under this Section.

(1) If Airline is a corporation, any assignment, transfer, conveyance, mortgage, hypothecation, grant of a security interest in or other encumbrance or other event that results, or upon foreclosure would result, in the reduction of the interest of the present shareholders of record (as of the execution of the Agreement) to less than a majority of any class of voting stock of Airline.

(2) If Airline is a partnership, any assignment, transfer, conveyance, mortgage, hypothecation, grant of security interest in partnership interest or other encumbrance or other event that results, or upon foreclosure would result, in the reduction of the profit and loss participation of the present general partners (as of the execution of the Agreement) to less than 51%.

(3) If Airline is a corporation, partnership, trust or other entity, any change in the direct or indirect power to direct or cause the direction of the management and policies of such business or entity.

DAMAGE OR DESTRUCTION

Repairable Damage. Should the Premises be damaged by fire or other casualty not caused by any Airline Party, and if the damage is repairable within a reasonable time from the date of the occurrence, the space shall be repaired with due diligence by the Authority; provided, however, the Authority will exert its reasonable effort to provide Airline with temporary substitute space, if available, until such time as the repairs are completed.

Complete Destruction. Should the Premises be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot, in the opinion of the Authority, be repaired within a reasonable time after the occurrence, the Authority shall have the option to terminate the Agreement to the extent that it shall apply to the affected building, rooms or other space. In the event that this Section shall become applicable, the Authority shall advise Airline within 60 days after the happening of any such damage whether the Authority has

elected to continue the Agreement in effect as to the space damaged or destroyed or to terminate it. If the Authority shall fail to notify Airline of its election within such 60 day period, the Authority shall be deemed to have elected to terminate the Agreement as to the space damaged or destroyed, and the Agreement shall automatically terminate as to such space 90 days after the occurrence of the damage. If the Authority shall elect to continue the Agreement in effect with respect to such damaged space, it shall commence and prosecute with due diligence any work necessary to restore or repair the space; provided, however, the Authority will exert its reasonable efforts to provide Airline with temporary substitute space, if available.

Waiver by Airline. Airline waives the provisions of Civil Code Sections 1932, 1933, and 1941 through 1942, and of any other law that is contrary to or relieves the obligations of Airline under the Agreement, or that places upon the Authority obligations in addition to those provided for in this Article of the Agreement.

INSURANCE

Airline shall maintain in effect the insurance coverage and limits of liability as provided in the Agreement, including comprehensive airline liability insurance, FAA insurance (pertaining to certain war risks so long as offered by the FAA), automobile liability insurance, workers' compensation and employer's liability insurance, property insurance and business interruption insurance).

INDEMNIFICATION

General. In addition to any other claim or indemnity under the Agreement, or by operation of law to which the Authority is entitled to, to the fullest extent permitted by law, Airline shall defend, indemnify, and hold harmless the Authority Parties from and against any and all Claims arising out of, resulting from, relating to, or in connection with the Agreement, the conduct of Airline's Air Transportation business or operations at the Airport, or Airline's use of the Premises or other areas of the Airport by Airline or any Airline Party, including any violation of the Noise Abatement Rules, TSA Regulations, Airport Rules and Regulations, or Disability Law or arising out of, resulting from or relating to any Approved Alteration or other improvement, alteration or facility constructed, installed or made by Airline on the Premises.

War Risk Indemnification. During the period that the FAA makes available to Airline war risk insurance coverage as described in Section 12.02(b), to the fullest extent permitted by law but not more than the limits of such insurance, Airline shall release, indemnify, defend, and hold harmless the Authority Parties from and against any and all Claims, which in any way arise out of or result from flight activities of Airline, the screening, ticketing, boarding or transporting of passengers by Airline, the use or occupancy by Airline of any space or facilities at the Airport or the performance of services by the Authority for the use or benefit of Airline, including injury to or death of any person, damage to or destruction of any property, real or personal (including property owned, leased, or under the control of Airline), and liability or obligations under or with respect to any violation of law, but in all cases only to the extent that: (i) such Claims are not covered by other insurance of the Authority; and (ii) coverage in the form of war risk insurance under the Airline's insurance policies as required by the Agreement. Airline's indemnification obligations under this paragraph shall apply regardless of whether or not the damage, loss or injury complained of arises out of or relates to the negligence (whether active, passive or otherwise) of, or was caused in part by, an Authority Party. Airline's indemnification obligations shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits paid or payable by Airline under workers' compensation laws, disability benefits acts or other employee benefit laws or regulations.

Exculpation of the Authority from Liability. Airline, on behalf of itself and the Airline Parties, waives any and all Claims against the Authority Parties, and the Authority Parties shall not be liable for any Claim arising out of, resulting from, relating to, or in connection with any cause whatsoever, including: (i) latent or patent defects in the construction or condition of the Airport, including any Contamination; (ii) fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Airport; (iii) flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief, civil authority or any other cause beyond the reasonable control of the Authority; (iv) breakage, leakage, obstruction or other defects of the pipes, wires, appliances, plumbing, heating, ventilation and air conditioning systems, or lighting fixtures of or serving the Airport; (v) the use of the Airport by any Airline Party, whether such damage or injury results from conditions arising upon the Airport, or from other sources; or (vi) any damage or loss arising from any negligent acts

or omissions or willful misconduct of any other tenant, licensee, concessionaire or customer of the Airport or any other person or entity; except to the extent any of the foregoing arises from the gross negligence or willful misconduct by the Authority.

EMINENT DOMAIN

Entire or Substantial Taking. In the event that the Premises or any other portion of the Airport, or so much thereof as to make the balance not reasonably adequate for the conduct of Airline's business of Air Transportation, shall be taken under the power of eminent domain, the Agreement automatically shall terminate as of the date of the vesting of title in such condemning entity.

Partial Taking. In the event of any taking under the power of eminent domain which does not result in a termination of the Agreement pursuant to immediately preceding paragraph, the Authority and Airline shall each, at its own expense, promptly modify the Premises or remaining portion of the Airport for which they are obligated under the Agreement, so that it will as much as reasonably possible serve the same function as before, and the Agreement shall continue in full force and effect.

Awards. Any award for any taking of all or any part of the Premises or any other areas of the Airport under the power of eminent domain shall be the property of the Authority, whether or not such award shall be made as compensation for diminution in value for the taking of the fee. This Section shall not be deemed to preclude Airline from obtaining, or as giving the Authority any interest in, any award to Airline for loss of or damage to Airline's trade fixtures and removable personal property or damages for cessation or interruption of Airline's business. In determining the value of Airline's business, all goodwill attributable to the location of the business shall belong to the Authority and Airline's business shall be valued based solely upon its operating results.

EVENTS OF DEFAULT; REMEDIES

Event of Default. Each of the following shall constitute a Default Event:

(a) (i) The voluntary or involuntary appointment of a receiver, trustee or liquidator to take possession of all or substantially all of the assets of Airline when such appointment is not dismissed, terminated or vacated in 60 days; or (ii) a general assignment by Airline for the benefit or protection of creditors; or (iii) Airline's admission of its inability to pay its debts as they become due; or (iv) any action taken against or suffered by Airline under any statute relating to insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution or other relief for debtors; unless, in the case of an involuntary petition filed against Airline to have Airline adjudged a bankrupt or for reorganization or arrangement, the petition is dismissed within 60 days.

(b) Any attachment, execution, distraint, judicial seizure, or other process of law pursuant to which Airline's rights or interest in the Premises or the Agreement may be taken, occupied or used by anyone other than Airline, when such attachment, execution, distraint, judicial seizure, or other process of law shall not be released, dismissed or stayed within 90 days.

(c) An attempted or purported assignment, sublease, transfer, conveyance, mortgage, grant of security interest, hypothecation or other encumbrance of all or any part of Airline's rights or interests under the Agreement or in the Premises in violation of the provisions of the Agreement described under "ASSIGNMENT OR SUBLEASE."

(d) Vacation or abandonment of the Premises or of possession of the Premises, except in conjunction with the exercise by Airline of any express right of Airline to terminate the Agreement.

(e) The failure by Airline to cure a violation of the Security Requirements within 30 days of Airline's receipt of a notice from the Authority of a violation of the TSA Regulations by Airline.

(f) The failure by Airline to pay any amount when due, where such failure to pay within 10 business days following receipt of the Authority's notice; provided, however, that after two instances within a consecutive 12-month period notice shall not be required and such a failure shall immediately constitute a Default Event.

(g) Subject to notice of violation from the Authority and 10 days to cure, any violation by Airline of a provision of the Agreement relating to insurance.

(h) Subject to notice of violation from the Authority and 10 days to cure, the failure by Airline to maintain in effect all licenses, permits, approvals, authorizations and registrations required by law.

(i) The failure by Airline to comply with the Airport Rules and Regulations within 30 days of Airline's receipt of the notice of such violation.

(j) Any violation by Airline of the Noise Abatement Rules; provided, however, that Airline may cure any such default within 24 hours after written notice by the Authority to Airline of such default, or, if the cure of such default is not in the opinion of the Authority reasonably susceptible to cure within 24 hours, Airline may cure such default within 20 days of the delivery of such written notice of default.

(k) Subject to notice of violation from the Authority and 10 days to cure, the failure by Airline to notify Authority of a violation of Environmental Law by Airline or any of its agents or employees, after Airline obtains knowledge of such violation.

(l) The failure by Airline to replenish the Security Deposit within 10 business days of Airline's receipt of written notice described in the Agreement regarding necessary replenishment after a draw down or collection to restore to the required amount.

(m) (i) The occurrence of any non-curable default in the keeping or performance of any provision of the Agreement to be kept and performed by Airline other than those described in subsections (a) through (l) of this Section, or (ii) failure to remedy any curable default in the keeping or performance of any other provision of the Agreement to be kept and performed by Airline other than those described in subsections (a) through (l) of this Section (A) within a period of 30 days after the delivery to Airline of written notice of such default (or, in the event such curable default is of such a nature as to reasonably require more than 30 days to cure, if Airline shall fail to commence such cure within such time or thereafter fails diligently to prosecute the same to completion), or (B) immediately in the event of an emergency.

(n) The occurrence and continuation of any default, breach or non-performance by Airline under the Agreement or any other written agreement between the Authority and Airline, after giving effect to any applicable grace period, notice requirement or opportunity to cure such default, breach or non-performance.

Remedies. Upon the occurrence and continuance of any Event of Default by Airline, the Authority may:

(a) Terminate Airline's right to possession of the Premises on 30 days' notice to Airline, in which case the Agreement shall terminate upon the date specified in the notice and Airline shall surrender possession of the Premises to the Authority on the date specified in the notice. In such event, the Authority shall be entitled to recover from Airline:

(1) The unpaid amounts (including late charges and interest) payable by Airline under the Agreement which have accrued to the date of termination;

(2) The worth at the time of termination of the Rental (computed by discounting such amount at one percentage point above the discount rate of the Federal Reserve Bank of San Francisco at the time of termination) which would have accrued under the Agreement from the date of termination until the Expiration Date less the worth at the time of termination of the amount of such Rental loss that Airline proves could have been reasonably avoided; and

(3) Any other amount necessary to compensate the Authority for all damages and losses proximately caused by Airline's failure to perform its obligations under the Agreement including the cost of recovering possession of the Premises, expenses of reletting (including advertising), brokerage commissions and fees, costs of putting the Premises in good order, condition and repair, including necessary renovation and alteration of the Premises,

reasonable attorneys' fees, court costs, all costs for maintaining the Premises, all costs incurred in the appointment of and performance by a receiver to protect the Premises or the Authority's interest under the Agreement and any other reasonable cost.

(b) Pursue any other remedy available to the Authority under the laws of the State, including the remedy provided in Civil Code Section 1951.4, to continue the Agreement in effect and enforce all rights and remedies under the Agreement, including the right to recover amounts payable by Airline under the Agreement as it becomes due, even though Airline has breached the Agreement and abandoned the Premises or failed to take possession of the Premises upon tender thereof by the Authority. In the event Airline fails to take possession of the Premises and commence payment of amounts due, the Authority shall have all of the rights and be entitled to recover from Airline all of the damages described in this Section.

(c) If the Authority terminates the Agreement pursuant to subsection (a) above, unless and until removed in accordance with the provisions of the Agreement described under "EFFECTIVE DATE, AIRPORT USE PERIOD, AND TERMINATION – Surrender of the Premises," take exclusive possession of all of Airline's fixtures, furniture, equipment, improvements, additions, alterations and other personal property on the Premises or other areas of the Airport, and to use the same, without rent or charge, until all defaults are cured, or, at its option, to require Airline to forthwith remove to same.

Default by the Authority. The Authority shall not be deemed to be in default in the performance of any obligation required to be performed by it under the Agreement unless and until it has failed to perform such obligation for 30 days following the delivery by Airline to the Authority of written notice specifying the obligation the Authority has failed to perform; provided, however, in the event that the nature of the Authority's obligation is such that more than 30 days are required for its performance, the Authority shall not be deemed to be in default if it shall commence such performance within such 30 day period and thereafter diligently prosecutes the same to completion. In the event of the Authority's default under the Agreement, subject to the notice and cure provisions described above in this Section, Airline's sole remedy shall be to terminate the Agreement with no further obligation or liability by either party.

ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

Hazardous Substances and Environmental Compliance.

(a) Airline shall carry no Hazardous Substances onto the Airport that are not permitted by law to be carried by passenger aircraft except those items required to maintain Airline's aircraft.

(b) Airline shall comply with all Environmental Law and shall not engage in any activity on or about the Airport that violates any Environmental Law. In conducting its operations and maintenance on the Airport, Airline shall comply with such regulations regarding the storage, distribution, processing, handling, and disposal, including Storm Water discharge requirements, of Hazardous Substances including gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, regardless of whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

(c) Airline shall at its own expense take all investigatory and remedial action required or ordered by any Agency or Environmental Law for clean-up and removal of any Contamination caused by Airline or an Airline Party.

(d) Airline shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Storm Water drainage system unless authorized by Environmental Law and the Airport's Storm Water discharge permit. Airline shall not allow or cause the entry of any unauthorized Non-Storm Water Discharge that is under its control into the Storm Water drainage system of the Airport or into the Storm Water drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the Authority for that purpose, and Airline complies with recommendations made by the State and/or federal Environmental Protection Agency and the Airport's Storm Water discharge permit requirements. Airline shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into such drainage systems prohibited by Environmental Law.

(e) Airline shall provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, Health and Safety Code Section 25249 et seq. Airline shall provide prompt written notice to the Authority within five days of receipt of all written notices of violation of any Environmental Law received by Airline.

Environmental Indemnification.

(a) To the fullest extent authorized by law, the Airline shall indemnify, defend, and hold harmless the Authority Parties from and against any and all Environmental Law Claims arising out of any actions by the Airline, the Airline's operations at the Airport or any action arising from and which involve any Airline Party. However, Airline's indemnity obligation shall not apply in the event of any claims for any loss, damage or expense arising from the violation of Environmental Law by, or the sole or active negligence or willful misconduct of, the Authority or agents, servants or independent contractors who are directly responsible to the Authority.

(b) In the event that a monetary judgment is awarded against the Authority and the Airline because of the concurrent negligence of the Authority and the Airline or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction.

(c) The rights and obligations of the parties as described under "ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION" shall survive the termination of the Agreement.

Air Quality Improvement Plan. Airline shall comply with the provisions of the Agreement pertaining to the Authority's Ground Support Equipment Emissions Policy and Clean Construction Policy.

SUBORDINATION

Subordination. The Agreement is subject and subordinate to all mortgages, deeds of trust, bond indentures, liens, encumbrances and other security interests affecting the Premises or any other areas of the Airport, and to all renewals, modifications, replacements, consolidations and extensions thereof.

Subordination to Bond Resolution. Without limiting any of the foregoing:

- (a) The Agreement is made subject and subordinate to each Bond Resolution.
- (b) In conflicts between the Agreement and any Bond Resolution, such Bond Resolution shall govern.
- (c) So long as any Bonds secured by a Bond Resolution are outstanding, all Airport Revenue, including interest income, shall be deposited, maintained, and paid as set forth in such Bond Resolution.

QUIET ENJOYMENT

Upon payment of all the amounts due under the Agreement and the observance and performance by Airline of all the provisions on Airline's part to be observed and performed pursuant to the Agreement, Airline may peaceably and quietly enjoy the Exclusive Use Space, subject to the provisions of the Agreement and to any mortgages, deeds of trust, bond indentures, security interests, liens and other encumbrances secured by the Airport or its revenues.

COVENANT NOT TO GRANT MORE FAVORABLE TERMS

Authority Covenant. The Authority covenants and agrees not to enter into any lease, contract or any other agreement with any other certificated air carrier containing more favorable terms than the Agreement, or to grant to any certificated air carrier engaged in Air Transportation, rights, privileges or concessions with respect to the Airport which are not accorded Airline under the Agreement, unless the same rights, terms and privileges are concurrently made available to Airline; provided, however, this covenant shall not extend to Exclusive Use Space leased to an entity other than a certificated air carrier.

Agreement with Other Aircraft Operator. In the event that any aircraft operator shall undertake any operation at the Airport for Air Transportation, the Authority shall require, to the extent legally permissible, such other aircraft operator to execute and deliver an agreement, permit, lease or contract with the Authority providing for:

(a) The payment of landing fees at rates and on such other terms and conditions as are not less than those rates or terms and conditions currently in effect for the Signatory Airlines;

(b) The payment of rental for any space leased from the Authority in the Replacement Passenger Terminal at rates not less than those rates then payable by the Signatory Airlines for similar space or, if space has been constructed by the Authority for such operator, then at rates that compensate the Authority for the cost of providing, maintaining, operating and administering such space over the term of the agreement with such operator;

(c) The payment for the use by such aircraft operator for all common leased areas and operating costs of all baggage handling or passenger service systems, calculated and billed to such operator as in the case of the Signatory Airlines; and

(d) The rent and landing fees for such aircraft operator shall be at least 135% of the rates payable by the Signatory Airlines; and in any event, the landing fees payable by such aircraft operator shall not be less than \$1.56 per 1,000 pounds of Maximum Gross Landing Weight.

AIRLINES COMMITTEE

Airline Representative. With respect to all matters required or permitted under the Agreement to be approved by the Signatory Airlines or a Majority-In-Interest, and further with respect to any other matter arising pursuant to the Agreement, Airline appoints and will continue to permit a representative to act in its behalf. Such person is and shall be Airline's designated representative on the AAAC.

Approval. Whenever in the Agreement approval of an act, thing or document is required or permitted by a Majority-In-Interest of Signatory Airlines, such act may be taken, such thing may be done or such document shall be considered approved if a Majority-In-Interest as certified by the then Chairman of the AAAC, has not objected in writing. The Authority, Signatory Airlines, and all affected third parties may rely upon such approval as conclusively binding on Airline.

SECURITY DEPOSIT

Airline shall deposit with the Authority on the Commencement Date an irrevocable letter of credit, surety bond or cash ("Security Deposit") in the amount equal to three times the estimated monthly Rental and Landing Fees due during the first full Fiscal Year after the Commencement Date, as determined by the Authority. The Authority may use the Security Deposit to pay delinquent rentals, fees and other charges payable by Airline under the Agreement (including PFCs) in order to ensure prompt payment thereof. Airline shall be obligated to maintain such Security Deposit during the term of the Agreement. If Airline shall have fully performed all terms and conditions of the Agreement, any cash constituting the Security Deposit shall be paid to Airline no later than 30 days after the Expiration Date, without interest, except in cases specified in the Agreement.

MISCELLANEOUS PROVISIONS

JPA Supermajority Vote Requirement Incorporation. The Supermajority Vote requirements of the Authority's governing Amended and Restated Joint Exercise of Powers Agreement, which apply to certain decisions of the Authority Commission, are incorporated by reference.

Governing Law. The Agreement shall be governed by and construed pursuant to the law of the State of California.

Nonliability of Individuals. No commissioner, councilman, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of the Agreement or because of any breach thereof or because of its or their execution or attempted execution.

Relationship Between Parties. Nothing contained in the Agreement shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties to the Agreement, other than the relationship of landlord and tenant and licensor and licensee. Neither the Authority nor Airline is the legal representatives or agents of the other party for any purpose whatsoever and neither party shall have the power or authority to assume or create, in writing or otherwise, any obligation or responsibility of any kind, express or implied, to transact business, to make any warranty or otherwise to act in any manner in the name of or on behalf of the other party. The Agreement shall not be construed as constituting or creating a partnership between the Authority and Airline or as creating any other form of legal association between the Authority and Airline which would impose liability upon one party for the act or the failure to act of the other party.

Successors and Assigns. The provisions contained in the Agreement shall bind and inure to the benefit of the Authority, Airline and, except as otherwise provided in the Agreement, their respective successors and assigns.

Amendment; Modification. The Agreement may not be amended, nor any provision or breach waived, except in a writing that is signed by the parties and that expressly refers to the Agreement.

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APPENDIX E

DTC BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the 2024 Bonds, payments of principal, premium, if any, and interest on the 2024 Bonds to DTC, its nominee, Participants, or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the 2024 Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2024 Bonds, or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2024 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the 2024 Bonds. The 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 2024 Bond certificate will be issued for each maturity of each Series of the 2024 Bonds, each in the aggregate principal amount of such Series and maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated into this Official Statement.

Purchases of the 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 Bond (the “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 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 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 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 the 2024 Bonds with DTC and their registration in the name of Cede & Co.

or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

So long as a book-entry system is used for determining beneficial ownership of the 2024 Bonds, the Trustee is to send redemption notice to DTC or to Cede & Co., as partnership nominee for DTC. Any failure of DTC to advise any Participant, or of any Direct Participant or Indirect Participant to notify the actual purchaser of each 2024 Bond, or any such notice of its content or effect does not affect the validity of the redemption of the 2024 Bonds called for redemption or any other action premised on that notice. In the event of a call for optional redemption, the Authority's notification to DTC initiates DTC's standard call; and if a partial call, DTC's practice is to determine by lot the amount of the interest of each Participant in the 2024 Bonds to be redeemed, and each such Participant then selects by lot the ownership interest in such 2024 Bonds to be redeemed. When DTC and its Participants allocate the call, the Beneficial Owners of the book-entry interests called are to be notified by the broker or other organization responsible for maintaining the records of those interests and subsequently credited by that organization with the process once the 2024 Bonds are redeemed.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2024 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND OF ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2024 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 the 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 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 Authority or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the 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 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 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, 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, 2024 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO., ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2024 BONDS; (iii) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2024 BONDS; (iv) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2024 BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2024 BONDS; OR (vi) ANY OTHER MATTER.

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APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2024 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Burbank-Glendale-Pasadena Airport Authority, proposes to render its final opinion in connection with the 2024 Bonds in substantially the following form:

[Date of Delivery]

Burbank-Glendale-Pasadena Airport Authority
Burbank, California

Burbank-Glendale-Pasadena Airport Authority
Airport Senior Revenue Bonds,
2024 Series A (Non-AMT), 2024 Series B (AMT) and 2024 Series C (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the Burbank-Glendale-Pasadena Airport Authority (the “Authority”) in connection with the issuance of \$34,680,000 aggregate principal amount of its Airport Senior Revenue Bonds, 2024 Series A (Non-AMT) (the “2024A Bonds”), \$642,420,000 aggregate principal amount of its Airport Senior Revenue Bonds, 2024 Series B (AMT) (the “2024B Bonds”), and \$47,680,000 aggregate principal amount of its Airport Senior Revenue Bonds, 2024 Series C (Taxable) (the “2024C Bonds” and, together with the 2024A Bonds and the 2024B Bonds, the “2024 Bonds”). The 2024 Bonds are being issued pursuant to the Master Indenture of Trust, dated as of May 1, 2005 (the “Master Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.) (the “Trustee”), as amended and supplemented, including as amended and supplemented by the Fifth Supplemental Indenture of Trust, dated as of May 1, 2024 (the “Fifth Supplemental Indenture”), between the Authority and the Trustee. As provided in the Fifth Supplemental Indenture, the Master Indenture is being amended and restated by the Amended and Restated Master Indenture of Trust, dated as of May 1, 2005, and amended and restated as of May 1, 2024, and effective on the date hereof upon the issuance of the 2024 Bonds (the “Amended and Restated Master Indenture”), between the Authority and the Trustee. The Master Indenture, as so supplemented, amended and restated, is referred to herein as the “Indenture.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the 2024 Tax Certificate, opinions of counsel to the Authority, the Trustee and others, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the 2024 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the 2024 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have

assumed compliance with all covenants and agreements contained in the Indenture and the 2024 Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2024A Bonds and the 2024B Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the 2024 Bonds, the Indenture and the 2024 Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2024 Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2024 Bonds constitute the valid and binding special obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the 2024 Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. Interest on the 2024A Bonds and the 2024B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any 2024B Bond for any period that such 2024B Bond is held by a "substantial user" of the facilities financed or refinanced by the 2024B Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Interest on the 2024A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the 2024B Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the 2024A Bonds and 2024B Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the 2024C Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the 2024 Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Bonds.

Faithfully yours,

APPENDIX G

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon delivery of the 2024 Bonds, the Burbank-Glendale-Pasadena Airport Authority and The Bank of New York Mellon Trust Company, N.A., will enter into a Continuing Disclosure Agreement relating to the 2024 Bonds in substantially the following form:

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of May 1, 2024, is executed and delivered by the Burbank-Glendale-Pasadena Airport Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee and as dissemination agent (the “Trustee” and “Dissemination Agent,” respectively), in connection with the issuance by the Authority of its Airport Senior Revenue Bonds, 2024 Series A (Non-AMT) (the “2024A Bonds”), Airport Senior Revenue Bonds, 2024 Series B (AMT) (the “2024B Bonds”) and its Airport Senior Revenue Bonds, 2024 Series C (Taxable) (the “2024C Bonds” and, together with the 2024A Bonds and the 2024B Bonds, the “2024 Bonds”). The 2024 Bonds are being issued pursuant to a Master Indenture of Trust, dated as of May 1, 2005 (as amended and supplemented to the date hereof, the “Master Indenture”), as supplemented by the Fifth Supplemental Indenture of Trust, dated as of May 1, 2024 (the “Fifth Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), between the Authority and the Trustee. Pursuant to Section 6.01 of the Fifth Supplemental Indenture, the Authority and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Holders and Beneficial Owners of the 2024 Bonds and in order to assist the Participating Underwriter in complying with the Securities and Exchange Commission (the “Commission”) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Audited Financial Statements” shall mean the audited financial statements of the Authority required by Section 6.12 of the Indenture.

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2024 Bonds (including persons holding 2024 Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the person designated by the Authority on the signature page hereof or such person’s designee, or such other person as the Authority shall designate in writing to the Trustee and Dissemination Agent from time to time.

“Dissemination Agent” shall mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any 2024 Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated May 22, 2024 relating to the 2024 Bonds.

“Participating Underwriter” shall mean the original underwriters of the 2024 Bonds required to comply with the Rule in connection with the offering of the 2024 Bonds.

“Responsible Officer” shall mean an officer of the Trustee at the corporate front office of the Trustee with regular responsibility for the administration of matters related to the Indenture.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or, upon written direction, shall cause the Dissemination Agent to, not later than 185 days after the end of the Authority’s fiscal year (currently ending as of June 30 of each year), commencing with the report for the 2024 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the Audited Financial Statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority’s fiscal year changes, it shall give notice of such change in a filing with the MSRB, and the due date shall be adjusted by the same number of days. The Annual Report shall identify the 2024 Bonds by name and CUSIP number.

(b) Not later than fifteen (15) Business Days prior to the date specified in Section 3(a), the Authority shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Authority and the Dissemination Agent to determine if the Authority is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to provide to the MSRB or verify that an Annual Report consistent with Section 4 has been provided to the MSRB by the date required in Section 3(a), the Trustee shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall file a report with the Authority and the Trustee (if the Trustee is not the Dissemination Agent) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Authority’s Annual Report shall contain or include by reference the following:

(a) The Audited Financial Statements. If the Audited Financial Statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the Audited Financial Statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the Audited Financial Statements (including the notes thereto), the Annual Report shall also include an update of the following information substantially similar in type and scope, contained in the tables with the following headings in the Official Statement for the most recently ended fiscal year (and not to include any stub period for any fiscal year):

1. Table 5: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Comparative Summary of Traffic Activities”;
2. Table 6: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Top 10 Domestic O&D Enplaned Passenger Markets”;
3. Table 8: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Aircraft Operations”;
4. Table 9: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Total Passengers by Airline”;
5. Table 10: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Aircraft Operations – Cargo and Other Non-Airline Services”;
6. Table 11: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Trends in Total Air Cargo by Type of Carrier”;
7. Table 12: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Comparative Summary of Operating Revenues”;
8. Table 13: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Statements of Revenues, Expenses and Changes in Net Position”;
9. Table 15: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Investments as of December 31, 2023”; and
10. Table 16: “Burbank-Glendale-Pasadena Airport Authority Bob Hope Airport, commonly known as Hollywood Burbank Airport – Historical Net Revenues and Debt Service Coverage”.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been made available to the public on the MSRB’s website. The Authority shall clearly identify each such other document so included by reference. Updates to information referenced in Section 4(b) may involve adding additional financial and operating data, displaying data in a different format or table, or eliminating data this is no longer material.

SECTION 5. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2024 Bonds in a timely manner not later than ten business days after the occurrence of the event:

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 determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), other material notices or determinations with respect to the tax status of the 2024 Bonds or other material events affecting the tax status of the 2024 Bonds;
7. Modifications to rights of Bond holders, if material;
8. Optional, unscheduled or contingent 2024 Bond calls, if material and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the 2024 Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Authority;

Note: for the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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 affect Holders, if material; and
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.

(b) The Trustee shall, as soon as reasonably practicable, upon a Responsible Officer's obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Authority promptly notify the Trustee in writing whether or not to report the event pursuant to Section 5(c) below. The Trustee shall have no duty to determine the materiality of any such Listed Events. For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by a Responsible Officer.

(c) Upon the occurrence of a Listed Event described in Section 5(a), the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected 2024 Bonds pursuant to the Indenture.

(d) The Authority intends to comply with the Listed Events described in Section 5(a)(15) and (16), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority’s and the Trustee’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2024 Bonds. If the obligations of the Authority or the Trustee under the Indenture are assumed in full by some other entity, such person shall become responsible for compliance with this Disclosure Agreement as if it were the original Authority or Trustee, and the Authority or the Trustee shall have no further responsibility hereunder. If such termination or assumption occurs prior to the final maturity of the 2024 Bonds, the Authority or the Trustee shall give notice of such termination or assumption in a filing with the MSRB.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Authority shall be the Dissemination Agent. The Dissemination Agent may resign by providing at least thirty (30) days’ written notice to the Authority and the Trustee.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority, Dissemination Agent and the Trustee may amend this Disclosure Agreement (and the Trustee and Dissemination Agent shall agree to any amendment so requested by the Authority provided, the Trustee and Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 9, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority with respect to the 2024 Bonds, or the type of business conducted;

(b) The undertaking herein, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2024 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the 2024 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2024 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the 2024 Bonds, and shall create no rights in any other person or entity.

SECTION 15. Electronic Signatures. Each of the parties hereto agrees that the transaction consisting of this Disclosure Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Disclosure Agreement using an electronic signature, it is signing, adopting, and accepting this Disclosure Agreement and that signing this Disclosure Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Agreement in a usable format.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

BURBANK-GLENDALE-PASADENA AIRPORT
AUTHORITY

By _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee and Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Burbank-Glendale-Pasadena Airport Authority

Name of Bond Issue: Burbank-Glendale-Pasadena Airport Authority Senior Airport Revenue Bonds,
2024 Series A (Non-AMT)
Burbank-Glendale-Pasadena Airport Authority Senior Airport Revenue Bonds,
2024 Series B (AMT)
Burbank-Glendale-Pasadena Airport Authority Senior Airport Revenue Bonds,
2024 Series C (Taxable)

Date of Issuance: May 30, 2024

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Agreement, dated as of May 1, 2024, between the Authority and the Trustee. [The Authority anticipates that the Annual Report will be filed by _____.]

Dated:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

cc: Authority

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

